

Company Registration No. 193800054G

BRC Asia Limited and its Subsidiaries

Condensed Unaudited Financial Statements
For the Half Year and Full Year Ended 30 September 2023

BRC Asia Limited and its Subsidiaries

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BRC Asia Limited and its Subsidiaries

Condensed unaudited consolidated Statement of Comprehensive Income
For half year and year ended 30 September 2023

	Note	Group Half year ended 30 September			Group Full year ended 30 September		
		2023 \$'000	2022 \$'000	Change %	2023 \$'000	2022 \$'000	Change %
Revenue		909,941	905,936	0	1,626,998	1,699,266	(4)
Cost of sales		(823,608)	(820,996)	0	(1,487,949)	(1,545,549)	(4)
Gross profit		86,333	84,940	2	139,049	153,717	(10)
Other income	5	10,780	2,508	330	14,435	5,085	184
Expenses							
Distribution expenses		(3,706)	(3,867)	(4)	(7,585)	(6,693)	13
Administrative expenses		(14,862)	(16,556)	(10)	(24,242)	(29,508)	(18)
Finance costs		(6,518)	(4,820)	35	(12,852)	(7,166)	79
Other operating expenses		(5,636)	(4,859)	16	(8,866)	(10,255)	(14)
(Provision for)/reversal of impairment loss on trade receivables		(1,614)	481	n.m.	(1,739)	(448)	288
Share of results of joint venture		540	1,054	(49)	830	1,996	(58)
Share of results of an associate		(6,754)	1,116	n.m.	(7,809)	705	n.m.
Profit before tax	6	58,563	59,997	(2)	91,221	107,433	(15)
Income tax expense	8	(9,053)	(9,621)	(6)	(15,473)	(17,217)	(10)
Profit for the period/year		49,510	50,376	(2)	75,748	90,216	(16)
Other comprehensive income:							
Items that will not be reclassified to profit or loss							
Net fair value loss on equity instruments at fair value through other comprehensive income		(14)	(19)	(26)	(10)	(19)	(47)
Items that may be reclassified subsequently to profit or loss							
Net exchange gain on net investment in foreign operations		2,725	1,450	88	349	1,340	(74)
Foreign currency translation: Exchange differences on translation of foreign operations		(758)	(949)	(20)	(922)	(1,083)	(15)
Other comprehensive income for the period/year, net of tax		1,953	482	n.m.	(583)	238	n.m.
Total comprehensive income for the period/year		51,463	50,858	1	75,165	90,454	(17)
Basic and diluted earnings per share (cents)		18.05	18.36		27.61	33.03	

n.m. denotes not meaningful

BRC Asia Limited and its Subsidiaries

Condensed unaudited Statement of Financial Position
As at 30 September 2023

	Note	Group 30 September		Company 30 September	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Non-current assets					
Property, plant and equipment	9	117,640	128,357	107,094	58,019
Investment properties		2,124	2,194	-	-
Investment in subsidiaries		-	-	36,517	125,708
Interest in joint venture		9,989	15,761	6,076	6,076
Interest in associate		4,120	10,704	4,120	10,704
Investment securities		28	38	28	38
Deferred tax assets		-	2,086	-	2,086
Other receivables	10	1,994	-	1,994	-
		135,895	159,140	155,829	202,631
Current assets					
Inventories		407,094	445,771	402,740	440,861
Trade and other receivables	10	180,622	187,633	176,925	174,487
Prepayments		42,614	24,458	42,469	24,243
Deposits		505	405	492	263
Derivatives		1,007	1,124	1,007	1,124
Cash and cash equivalents		184,624	154,574	180,188	141,595
		816,466	813,965	803,821	782,573
Total assets		952,361	973,105	959,650	985,204
Current liabilities					
Trade and other payables		89,173	43,533	97,396	80,737
Contract liabilities		19,733	9,743	19,698	9,544
Loans and borrowings	11	359,664	410,128	359,664	408,970
Provisions	12	12,411	35,494	12,374	34,769
Current income tax liabilities		14,504	20,059	14,437	16,666
		495,485	518,957	503,569	550,686
Net current assets		320,981	295,008	300,252	231,887
Non-current liabilities					
Loans and borrowings	11	21,015	47,849	21,015	40,750
Provisions	12	1,230	1,221	1,230	841
Deferred tax liabilities		7,320	6,292	6,918	-
		29,565	55,362	29,163	41,591
Total liabilities		525,050	574,319	532,732	592,277
Net assets		427,311	398,786	426,918	392,927

BRC Asia Limited and its Subsidiaries

**Condensed unaudited Statement of Financial Position
As at 30 September 2023**

		Group		Company	
	Note	30 September		30 September	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Equity attributable to owners of the Company					
Share capital	13	184,546	184,546	184,546	184,546
Treasury shares	13	(1,105)	(1,105)	(1,105)	(1,105)
Other reserves		(2,608)	(2,025)	5,563	475
Retained earnings		246,478	217,370	237,914	209,011
Total equity		427,311	398,786	426,918	392,927
Total equity and liabilities		952,361	973,105	959,650	985,204

BRC Asia Limited and its Subsidiaries

**Condensed unaudited Statements of Changes in Equity
For the year ended 30 September 2023**

	Note	Share capital \$'000	Treasury shares \$'000	Group Other reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 October 2021		138,754	(1,105)	(2,263)	165,563	300,949
Profit for the financial year		-	-	-	90,216	90,216
Other comprehensive income for the financial year		-	-	238	-	238
Total comprehensive income for the financial year		-	-	238	90,216	90,454
Cash dividends on ordinary shares	14	-	-	-	(38,409)	(38,409)
Issuance of shares		45,902	-	-	-	45,902
Share issuance expense		(110)	-	-	-	(110)
Total contributions by and distributions to owners		45,792	-	-	(38,409)	7,383
Balance at 30 September 2022 and 1 October 2022		184,546	(1,105)	(2,025)	217,370	398,786
Profit for the financial year		-	-	-	75,748	75,748
Other comprehensive income for the financial year		-	-	(583)	-	(583)
Total comprehensive income for the financial year		-	-	(583)	75,748	75,165
Cash dividends on ordinary shares	14	-	-	-	(46,640)	(46,640)
Total contributions by and distributions to owners		-	-	-	(46,640)	(46,640)
Balance at 30 September 2023		184,546	(1,105)	(2,608)	246,478	427,311

BRC Asia Limited and its Subsidiaries

Condensed unaudited Statements of Changes in Equity
For the year ended 30 September 2023

	Note	Share capital \$'000	Treasury shares \$'000	Company Other reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 October 2021		138,754	(1,105)	494	166,541	304,684
Profit for the financial year		-	-	-	80,879	80,879
Other comprehensive income for the financial year		-	-	(19)	-	(19)
Total comprehensive income for the financial year		-	-	(19)	80,879	80,860
Cash dividends on ordinary shares	14	-	-	-	(38,409)	(38,409)
Issuance of shares		45,902	-	-	-	45,902
Share issuance expense		(110)	-	-	-	(110)
Total contributions by and distributions to owners		45,792	-	-	(38,409)	7,383
Balance at 30 September 2022 and 1 October 2022		184,546	(1,105)	475	209,011	392,927
Effects of amalgamation	1	-	-	5,098	(18,502)	(13,404)
Profit for the financial year		-	-	-	94,045	94,045
Other comprehensive income for the financial year		-	-	(10)	-	(10)
Total comprehensive income for the financial year		-	-	(10)	94,045	94,035
Cash dividends on ordinary shares	14	-	-	-	(46,640)	(46,640)
Total contributions by and distributions to owners		-	-	-	(46,640)	(46,640)
Balance at 30 September 2023		184,546	(1,105)	5,563	237,914	426,918

BRC Asia Limited and its Subsidiaries

**Condensed unaudited consolidated Statement of Cash Flows
For the year ended 30 September 2023**

	Group Year ended 30 September	
	2023	2022
	\$'000	\$'000
Operating activities		
Profit before tax	91,221	107,433
Adjustments for:		
Share of results of joint venture	(830)	(1,996)
Share of results of an associate	7,809	(705)
Depreciation of investment properties	70	70
Depreciation of property, plant and equipment	18,363	17,659
Write-off of property, plant and equipment	179	4
(Reversal of)/allowance for inventory obsolescence	(6,970)	3,370
Provision for impairment loss on trade receivables	1,739	448
Fair value changes on trade receivables subject to provisional pricing	3,731	1,990
Fair value changes on derivatives, net	117	(150)
Loss on disposal of property, plant and equipment	103	416
Reversal of provision for onerous contracts	(23,772)	(12,820)
Provision for retirement benefits	8	3
Unrealised exchange differences	4,611	(604)
Interest expense	12,852	7,166
Interest income	(3,737)	(1,826)
Dividend income from investment securities	-	(3)
Operating cash flow before working capital changes	105,494	120,455
Changes in working capital:		
Trade and other receivables	3,358	(36,200)
Inventories	45,647	17,030
Prepayments and deposits	(18,256)	(15,886)
Trade and other payables and contract liabilities	41,202	(19,336)
Cash flows generated from operations	177,445	66,063
Income taxes paid	(17,914)	(17,012)
Retirement benefits paid	-	(89)
Net cash flows generated from operating activities	159,531	48,962
Investing activities		
Purchase of property, plant and equipment	(3,267)	(2,912)
Proceeds from disposal of property, plant and equipment	16	26
Interest received	1,920	429
Dividend income from interest in joint venture	3,988	1,070
Dividend income from available-for-sale financial assets	-	3
Net cash flows generated from/(used) in investing activities	2,657	(1,384)
Financing activities		
Repayment of principal obligations under lease liabilities	(6,101)	(5,629)
(Repayment of)/proceeds from bills payable, net	(48,498)	53,905
Repayment of bank loans	(27,359)	(26,321)
Proceeds from issuance of shares	-	45,902
Share issuance expense	-	(110)
Dividends paid on ordinary shares	(32,922)	(38,409)
Interest paid	(12,142)	(6,522)
Net cash flows (used in)/generated from financing activities	(127,022)	22,816
Net increase in cash and cash equivalents	35,166	70,394
Cash and cash equivalents at beginning of financial year	154,574	82,970
Effects of exchange rate changes on cash and cash equivalents	(5,116)	1,210
Cash and cash equivalents at end of financial year	184,624	154,574

BRC Asia Limited and its Subsidiaries

Notes to the financial statements For the year ended 30 September 2023

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 immediate and ultimate holding company is Green Estee Pte. Ltd. (formerly known as Estee Enterprise Pte. Ltd.) ("Estee"), a private limited company incorporated and domiciled in Singapore.

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.

During the financial year, BRC's wholly-owned subsidiaries, Lee Metal Group Pte. Ltd. ("LMG") and Lee Welded Mesh Singapore Pte. Ltd. ("LWM"), amalgamated with the Company, with BRC Asia Limited being the surviving company after the amalgamation. The amalgamation is undertaken to streamline the operations to improve operational efficiencies, attain economies of scale and synergies from better allocation of resources within the Group. The entire shares of these entities were cancelled pursuant to Section 215D of the Companies Act.

The amalgamation was accounted for in the books using the pooling of interest method and accordingly, all the assets, liabilities and reserves of these entities were recorded by the Company at their existing carrying amounts.

2. Basis of preparation

The condensed unaudited financial statements for the six months and full year ended 30 September 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed unaudited financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 September 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed unaudited financial statements are presented in Singapore Dollars ("SGD" or "\$") and all values in the tables are rounded to the nearest thousand ("'\$000"), except when otherwise indicated.

2.1 *New and amended standards adopted by the Group*

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

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

2.2 *Use of judgements and estimates*

In preparing the condensed unaudited financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 3.2 in the audited financial statements for the year ended 30 September 2022.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

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Notes to the financial statements
For the year ended 30 September 2023

4. Segment and revenue information

(a) Reportable segments

Period from 1 April 2023 to 30 September 2023	Fabrication and manufacturing \$'000	Others \$'000	Trading \$'000	Adjustments and eliminations \$'000	Group \$'000
Revenue:					
External customers	685,578	-	224,363	-	909,941
Inter-segment	-	-	-	-	-
Total revenue	685,578	-	224,363	-	909,941
Results:					
Interest income	3,512	-	-	-	3,512
Interest expense	(6,250)	(268)	-	-	(6,518)
Depreciation expense	(9,564)	(34)	-	-	(9,598)
Share of results of joint venture	540	-	-	-	540
Share of results of associates	-	(6,754)	-	-	(6,754)
Reversal of provision for onerous contracts	15,858	-	-	-	15,858
Provision for impairment loss on trade receivables, net	(1,614)	-	-	-	(1,614)
Fair value changes on trade receivables subject to provisional pricing	(4,530)	-	-	-	(4,530)
Other non-cash expense	6,964	-	-	-	6,964
Income tax expense	(8,520)	(104)	(429)	-	(9,053)
Segment profit/(loss)	53,244	(7,332)	3,598	-	49,510

BRC Asia Limited and its Subsidiaries

Notes to the financial statements
For the year ended 30 September 2023

4. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

Period from 1 April 2022 to 30 September 2022	Fabrication and manufacturing \$'000	Others \$'000	Trading \$'000	Adjustments and eliminations \$'000	Group \$'000
Revenue:					
External customers	608,753	-	297,183	-	905,936
Inter-segment	-	-	-	-	-
Total revenue	608,753	-	297,183	-	905,936
Results:					
Interest income	1,689	-	-	44	1,733
Interest expense	(4,323)	(43)	(410)	(44)	(4,820)
Dividend income	3	-	-	-	3
Depreciation expense	(8,246)	(586)	-	-	(8,832)
Share of results of joint venture	1,054	-	-	-	1,054
Share of results of associates	-	1,116	-	-	1,116
Reversal of provision for onerous contracts	11,015	-	-	-	11,015
Reversal of provision for impairment loss on trade receivables, net	481	-	-	-	481
Fair value changes on trade receivables subject to provisional pricing	(23)	-	-	-	(23)
Other non-cash expense	(3,075)	-	-	-	(3,075)
Income tax expense	(9,015)	(35)	(571)	-	(9,621)
Segment profit	47,201	660	2,515	-	50,376

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Notes to the financial statements
For the year ended 30 September 2023

4. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

Period from 1 October 2022 to 30 September 2023	Fabrication and manufacturing \$'000	Others \$'000	Trading \$'000	Adjustments and eliminations \$'000	Group \$'000
Revenue:					
External customers	1,213,728	-	413,270	-	1,626,998
Inter-segment	-	-	-	-	-
Total revenue	1,213,728	-	413,270	-	1,626,998
Results:					
Interest income	3,737	-	-	-	3,737
Interest expense	(12,006)	(43)	(803)	-	(12,852)
Depreciation expense	(17,733)	(700)	-	-	(18,433)
Share of results of joint venture	830	-	-	-	830
Share of results of associates	-	(7,809)	-	-	(7,809)
Reversal of provision for onerous contracts	23,772	-	-	-	23,772
Provision for impairment loss on trade receivables, net	(1,739)	-	-	-	(1,739)
Fair value changes on trade receivables subject to provisional pricing	(3,731)	-	-	-	(3,731)
Other non-cash expense	6,791	-	-	-	6,791
Income tax expense	(14,786)	(175)	(512)	-	(15,473)
Segment profit/(loss)	78,654	(6,753)	3,847	-	75,748
30 September 2023					
Assets:					
Segment assets	898,574	40,002	15,401	(1,616)	952,361
Additions to property, plant and equipment	3,267	-	-	-	3,267
Interest in joint venture	9,989	-	-	-	9,989
Interest in associates	-	4,120	-	-	4,120
Liabilities:					
Segment liabilities	(501,695)	(7,028)	(17,943)	1,616	(525,050)

BRC Asia Limited and its Subsidiaries

Notes to the financial statements
For the year ended 30 September 2023

4. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

Period from 1 October 2021 to 30 September 2022	Fabrication and manufacturing \$'000	Others \$'000	Trading \$'000	Adjustments and eliminations \$'000	Group \$'000
Revenue:					
External customers	1,402,083	-	297,183	-	1,699,266
Inter-segment	-	-	-	-	-
Total revenue	1,402,083	-	297,183	-	1,699,266
Results:					
Interest income	1,826	-	-	-	1,826
Interest expense	(6,669)	(87)	(410)	-	(7,166)
Dividend income	3	-	-	-	3
Depreciation expense	(16,557)	(1,172)	-	-	(17,729)
Share of results of joint venture	1,996	-	-	-	1,996
Share of results of associates	-	705	-	-	705
Reversal of provision for onerous contracts	12,820	-	-	-	12,820
Provision for impairment loss on trade receivables, net	(448)	-	-	-	(448)
Fair value changes on trade receivables subject to provisional pricing	(1,990)	-	-	-	(1,990)
Other non-cash expense	(3,374)	-	-	-	(3,374)
Income tax expense	(16,538)	(108)	(571)	-	(17,217)
Segment profit	86,956	745	2,515	-	90,216
30 September 2022					
Assets:					
Segment assets	909,082	39,489	26,960	(2,426)	973,105
Additions to property, plant and equipment	2,912	-	-	-	2,912
Interest in joint venture	15,761	-	-	-	15,761
Interest in associates	-	10,704	-	-	10,704
Liabilities:					
Segment liabilities	(553,309)	(7,599)	(15,837)	2,426	(574,319)

BRC Asia Limited and its Subsidiaries

Notes to the financial statements
For the year ended 30 September 2023

4. Segment and revenue information (cont'd)

(b) Disaggregation of revenue

	Group Half year ended 30 September		Group Full year ended 30 September	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Primary geographical markets				
Australia	5,548	8,770	10,385	13,090
Brunei	8,876	5,903	14,777	14,867
China	-	-	-	25,863
Hong Kong	10,532	6,377	12,884	26,260
India	1,140	-	5,367	-
Indonesia	20,686	7,048	35,941	14,081
Malaysia	59,750	58,337	101,856	101,283
Singapore	704,458	753,265	1,252,742	1,431,729
Thailand	96,535	60,031	190,476	63,237
Others	2,416	6,205	2,570	8,856
	909,941	905,936	1,626,998	1,699,266
Timing of transfer of goods				
At a point in time	909,941	905,936	1,626,998	1,699,266

5. Other income

	Group Half year ended 30 September		Group Full year ended 30 September	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Bad debts recovered	236	19	419	36
Dividend income from investment securities	-	3	-	3
Interest income from debt instruments at amortised cost	3,512	1,733	3,737	1,826
Government grant	16	342	30	1,432
Rental income	85	84	170	162
Sundry income	99	45	167	45
Loss on disposal of property, plant and equipment	-	(3)	-	-
Fair value changes on derivatives, net	-	150	-	150
Foreign exchange gain, net	1,782	-	4,436	-
Insurance claims for bad debts	5,050	135	5,476	1,431
	10,780	2,508	14,435	5,085

BRC Asia Limited and its Subsidiaries

**Notes to the financial statements
For the year ended 30 September 2023**

6. Profit before tax

Profit before tax is arrived after charging/(crediting) the following:

	Group Half year ended 30 September		Group Full year ended 30 September	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Depreciation of property, plant and equipment	9,564	8,798	18,363	17,659
Depreciation of investment properties	34	34	70	70
Interest expense	6,518	4,820	12,852	7,166
Expenses relating to short-term leases	1,775	1,020	2,465	2,544
Expenses relating to low-value assets	30	8	51	17
Foreign exchange (gain)/loss, net	(1,782)	2,755	(4,436)	2,108
Fair value changes on derivatives, net	(1,504)	(1,172)	117	(150)
Reversal of provision for onerous contracts	(15,858)	(11,015)	(23,772)	(12,820)
(Reversal of)/allowance for inventory obsolescence	(6,970)	3,074	(6,970)	3,370
Provision for/(reversal of) impairment loss on trade receivables	1,614	(481)	1,739	448
Fair value changes on trade receivables	4,530	23	3,731	1,990
(Gain)/loss on disposal of property, plant and equipment	(1)	419	103	416
Write-off of property, plant and equipment	6	1	179	4

BRC Asia Limited and its Subsidiaries

Notes to the financial statements For the year ended 30 September 2023

7. 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:

Sales and purchases of goods and services

	Group Half year ended 30 September		Group Full year ended 30 September	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Interest income from an associate	1,817	974	1,817	974
Sales commission paid to company related to shareholder	42	-	42	-
Sales to companies related to substantial shareholder	11,481	11,588	22,690	19,630
Purchases from a company related to substantial shareholder	310	442	1,568	720
Settlement of cancellation of purchase contract with company related to shareholder	2,107	-	2,107	-

8. Income tax expense

Major components of income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed unaudited consolidated statement of profit or loss are:

	Group Half year ended 30 September		Group Full year ended 30 September	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current income tax	5,773	9,463	12,347	17,210
Deferred income tax	3,280	158	3,126	7
Income tax expense recognised in profit or loss	9,053	9,621	15,473	17,217

9. Property, plant and equipment

During the financial year, the Group acquired assets amounting to \$3,267,000 (30 September 2022: \$2,912,000) and disposed assets amounting to \$463,000 (30 September 2022: \$1,011,000).

BRC Asia Limited and its Subsidiaries

Notes to the financial statements
For the year ended 30 September 2023

10. Trade and other receivables

	Group		Company	
	30 September		30 September	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Trade receivables (current)				
Trade receivables, net:				
- Third parties	175,789	180,796	168,051	163,328
- Related parties	3,996	6,805	2,777	5,373
- Subsidiaries	-	-	5,277	5,756
	<u>179,785</u>	<u>187,601</u>	<u>176,105</u>	<u>174,457</u>
Other receivables (current)				
- Third parties	831	24	789	-
- Subsidiaries	-	-	25	22
- Joint venture	6	8	6	8
	<u>837</u>	<u>32</u>	<u>820</u>	<u>30</u>
Total trade and other receivables (current)	<u>180,622</u>	<u>187,633</u>	<u>176,925</u>	<u>174,487</u>
Other receivables (non-current)				
- Dividend receivable from a joint venture	1,994	-	1,994	-
Total trade and other receivables (current and non-current)	<u>182,616</u>	<u>187,633</u>	<u>178,919</u>	<u>174,487</u>

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	30 September	
	2023	2022
	\$'000	\$'000
Movements in allowance accounts:		
At beginning of financial year	5,339	6,625
Charge for the financial year	1,739	448
Exchange differences	(29)	(28)
Written off	(502)	(1,706)
At end of financial year	<u>6,547</u>	<u>5,339</u>

Trade receivables relating to debtors who were undergoing liquidation were written off as the Group does not expect to receive future cash flows from these debtors.

BRC Asia Limited and its Subsidiaries

Notes to the financial statements
For the year ended 30 September 2023

11. Loans and borrowings

	Group 30 September		Company 30 September	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<i>Current</i>				
Bills payable to banks (unsecured)	349,248	397,746	349,248	396,811
Lease liabilities (unsecured)	5,462	4,645	5,462	4,422
Bank loans (secured)	3,657	6,469	3,657	6,469
Bank loans (unsecured)	1,297	1,268	1,297	1,268
	<u>359,664</u>	<u>410,128</u>	<u>359,664</u>	<u>408,970</u>
<i>Non-current</i>				
Lease liabilities (unsecured)	18,923	21,181	18,923	14,082
Bank loans (secured)	1,100	24,379	1,100	24,379
Bank loans (unsecured)	992	2,289	992	2,289
	<u>21,015</u>	<u>47,849</u>	<u>21,015</u>	<u>40,750</u>
Total loans and borrowings (current and non-current)	<u>380,679</u>	<u>457,977</u>	<u>380,679</u>	<u>449,720</u>

Bank loans are secured by mortgage over a leasehold property of the Group.

BRC Asia Limited and its Subsidiaries

Notes to the financial statements
For the year ended 30 September 2023

12. Provisions

	Group 30 September		Company 30 September	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current				
Provision for onerous contracts	9,471	33,262	9,434	32,537
Provision for restoration costs	2,884	2,232	2,884	2,232
Provision for retirement benefits	56	-	56	-
	12,411	35,494	12,374	34,769
Non-current				
Provision for retirement benefits	44	92	44	92
Provision for restoration costs	1,186	1,129	1,186	749
	1,230	1,221	1,230	841

Provision for onerous contracts

Provision for onerous contracts are recorded in respect of certain sales contracts for which the estimated unavoidable costs to meet contractual obligations are expected to exceed the economic benefits to be received under it. Increase in provision arises from rising steel prices on fixed price contracts and the ultimate realisation or reversal of the provision is dependent on the timing of fulfilment of the contracts and the actual steel prices at that point.

	Group 30 September		Company 30 September	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At beginning of the financial year	33,262	46,104	32,537	43,110
Effects of amalgamation	-	-	233	-
Reversal for the year, net	(23,772)	(12,820)	(23,336)	(10,573)
Exchange differences	(19)	(22)	-	-
At end of the financial year	9,471	33,262	9,434	32,537

BRC Asia Limited and its Subsidiaries

Notes to the financial statements For the year ended 30 September 2023

13. Share capital and treasury shares

Group and Company	No. of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital \$'000	Treasury shares \$'000
Balance as at 1 October 2021	244,962	1,627	138,754	(1,105)
Shares issued	31,015	-	45,902	-
Share issuance expense	-	-	(110)	-
Balance as at 30 September 2022, 1 October 2022 and 30 September 2023	275,977	1,627	184,546	(1,105)

Percentage of number of treasury shares against the total number of issued share capital excluding treasury shares was 0.59% as at 30 September 2022 and 30 September 2023.

The holders of ordinary shares (except treasury 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. Treasury shares relate to ordinary shares of the Company that are held by the Company.

There were no purchase of treasury shares during the financial years ended 30 September 2023 and 30 September 2022 and there have been no reissuance of treasury shares since their acquisitions.

During the previous financial year, the Company issued 31,015,000 ordinary shares at \$1.48 per share pursuant to a share placement exercise. The net proceeds of this placement were utilised to repay the Group's outstanding bank borrowings in line with the intended use of proceeds.

BRC Asia Limited and its Subsidiaries

Notes to the financial statements
For the year ended 30 September 2023

14. Dividends

Group and Company	Year ended 30 September	
	2023 \$'000	2022 \$'000
Declared and paid/payable during the financial year:		
<i>Cash dividends on ordinary shares:</i>		
- Interim tax-exempt (one-tier) dividend for 2023: 5 cents (2022: 6 cents) per share	13,718	16,461
- Final tax-exempt (one-tier) dividend for 2022: 6 cents (2021: 4 cents) per share	16,461	10,974
- Special tax-exempt (one-tier) dividend for 2022: 6 cents (2021: 4 cents) per share	16,461	10,974
	46,640	38,409
Proposed but not recognised as a liability as at 30 September:		
Dividends on ordinary shares, subject to shareholders' approval at the forthcoming AGM:		
- Final tax-exempt (one-tier) dividend for 2023: 5.5 cents (2022: 6 cents) per share	15,089	16,461
- Special tax-exempt (one-tier) dividend for 2023: 5.5 cents (2022: 6 cents) per share	15,089	16,461
	30,178	32,922

15. Net asset value

	Group 30 September		Company 30 September	
	2023	2022	2023	2022
Net asset value per ordinary share (cents)	155.75	145.36	155.61	143.22

Net asset value per ordinary share was calculated based on 274,350,089 outstanding shares as at 30 September 2023 and 30 September 2022.

BRC Asia Limited and its Subsidiaries

Notes to the financial statements
For the year ended 30 September 2023

16. 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 and liabilities measured at fair value

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

	Group			Total
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
	\$'000	\$'000	\$'000	
30 September 2023				
Assets measured at fair value				
Financial assets:				
<u>Investment securities</u>				
- <i>Quoted equity securities at FVOCI</i>	28	-	-	28
<u>Debt instruments at FVPL</u>				
- <i>Trade receivables subject to provisional pricing</i>	-	-	55,492	55,492
<u>Derivatives</u>				
- <i>Currency forward contracts</i>	-	1,007	-	1,007
Financial assets as at 30 September 2023	28	1,007	55,492	56,527

BRC Asia Limited and its Subsidiaries

Notes to the financial statements
For the year ended 30 September 2023

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

(b) Assets and liabilities measured at fair value (cont'd)

	Group			Total
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
	\$'000	\$'000	\$'000	
30 September 2022				
Assets measured at fair value				
Financial assets:				
<u>Investment securities</u>				
- <i>Quoted equity securities at FVOCI</i>	38	-	-	38
<u>Debt instruments at FVPL</u>				
- <i>Trade receivables subject to provisional pricing</i>	-	-	79,869	79,869
<u>Derivatives</u>				
- <i>Currency forward contracts</i>	-	1,124	-	1,124
Financial assets as at 30 September 2022	38	1,124	79,869	81,031

(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:

Derivatives:

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

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

(d) Level 3 fair value measurements

The Group applied the 'most likely amount method' to predict steel reinforcement index based on historical published indices from the Building and Construction Authority, spot sales prices and steel price trends. The Group also takes into consideration the credit risk with reference to the provisional matrix developed under the simplified approach for lifetime ECL, which involves adjustment to historical credit loss experience with forward-looking information such as forecast of economic conditions.

(e) 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 is not disclosed for the following financial instruments of the Group as at 30 September 2023 as the difference between the carrying amounts and their fair values are not significant.

	Group	
	30 September	
	2023	2022
	\$'000	\$'000
<i>Financial liabilities:</i>		
Bank loans (unsecured) (non-current)	992	2,289

17. Subsequent events

There are no known subsequent events which have led to adjustments to this set of unaudited financial statements.

BRC Asia Limited and its Subsidiaries

Other Information required by Listing Rule Appendix 7.2 For the year ended 30 September 2023

1. Review

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 September 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the financial period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Statement of Comprehensive Income

Revenue

The Group's revenue for twelve months ended 30 September 2023 ("12M2023") decreased by 4% to S\$1.6 billion from twelve months ended 30 September 2022 ("12M2022") whilst the Group's revenue for six months ended 30 September 2023 ("2H2023") remained unchanged at S\$0.9 billion compared with the six months ended 30 September 2022 ("2H2022"). Sales volume in 12M2023 improved as compared to that of 12M2022 in spite of a lower contractual offtake due to slower site progress in the first half of current financial year partly because of higher trading sales. However, sales revenue decreased slightly due to lower selling prices which was in tandem with steel costs.

Gross profit margin and gross profit

The Group's gross profit margin decreased to 8.5% in 12M2023 from 9.0% in 12M2022 but increased marginally to 9.5% in 2H2023 compared with 9.4% in 2H2022. Gross profit decreased by 10% to S\$139.0 million in 12M2023 from S\$153.8 million in 12M2022 but increased marginally by 2% to S\$86.3 million in 2H2023 compared with S\$84.9 million in 2H2022. There was a net reversal of provision for onerous contracts of S\$23.8 million in 12M2023 as compared to S\$12.8 million in 12M2022, of which S\$15.9 million of reversal was taken up in 2H2023 as compared to S\$11.0 million in 2H2022.

Other income

The increase in other income of 184% to S\$14.4 million in 12M2023 from S\$5.1 million in 12M2022 and 330% to S\$10.8 million in 2H2023 from S\$2.5 million in 2H2022, were mainly attributable to increases in insurance claims for bad debt, net foreign exchange gain and interest income from an associate, partly offset by the reduction in government grants.

Distribution and administrative expenses

Distribution expenses increased by 13% to S\$7.6 million in 12M2023 from S\$6.7 million in 12M2022 but decreased marginally by 4% to S\$3.7 million in 2H2023 compared with S\$3.9 million in 2H2022. The higher distribution expenses were mainly attributable to higher costs associated with the increase in trading business.

The decrease in administrative expenses by 18% to S\$24.2 million in 12M2023 from S\$29.5 million in 12M2022 and 10% to S\$14.9 million in 2H2023 compared with S\$16.6 million in 2H2022 were mainly due to lower provision for bonus, professional fees and trade credit insurance costs in line with the lower revenue in Fabrication & Manufacturing Business.

BRC Asia Limited and its Subsidiaries

Other Information required by Listing Rule Appendix 7.2 For the year ended 30 September 2023

Review of performance of the Group (cont'd)

Statement of Comprehensive Income (cont'd)

Finance costs

Finance costs increased by 79% to S\$12.9 million in 12M2023 from S\$7.2 million in 12M2022 and 35% to S\$6.5 million compared with S\$4.8 million in 2H2022. These were mainly due to the rising interest rates on borrowings.

Other operating expenses

Other operating expenses decreased to S\$8.7 million in 12M2023 from S\$10.3 million in 12M2022 but increased 14% to S\$5.5 million in 2H2023 as compared with S\$4.9 million in 2H2022. These were mainly due to fair value changes on higher increase in trade receivables which was subjected to provisional pricing, partly offset by absence of net foreign exchange loss. The net foreign exchange gain was recorded under other income.

Provision for / (reversal of) impairment loss on trade receivables

Impairment loss on trade receivables increased S\$1.7 million in 12M2023 from S\$0.4 million in 12M2022 and S\$1.6 million in 2H2023 compared to a reversal of S\$0.5 million in 2H2022. These were mainly due to a higher increase in trade receivables carried at amortised costs as compared to the corresponding periods in 2022.

Share of results of joint venture

The Group's share of profits from joint venture decreased by 58% to S\$0.8 million in 12M2023 from S\$2.0 million in 12M2022 and 49% to S\$0.5 million in 2H2023 from S\$1.1 million in 2H2022. This was due to lower sales volume and gross profit margin for its joint venture in the People's Republic of China in the current financial year.

Share of results of an associate

The Group's has a 17% interest in Pristine Islands Investment Pte Ltd, an investment holding company with a 100% interest in a subsidiary that operates and manages an airport, hotel and resort in the Maldives. The share of losses increased to S\$7.8 million in 12M2023 compared to the share of profits of S\$0.7 million in 12M2022 and the share of losses increased to S\$6.8 million in 2H2023 compared to the share of profits of S\$1.1 million in 2H2022. Operating losses increased to S\$2.4 million in 12M2023 compared to S\$1.7 million in 12M2022 due to higher finance costs as well as escalated operating expenses such as fuel and labour costs. An impairment loss of S\$5.4 million was recorded in 12M2023 compared to a reversal of S\$2.4 million in 12M2022. The Group performed an impairment assessment of the interest in the associate and the recoverable amount of the investment was estimated.

Statement of Financial Position

As at 30 September 2023, the Group's balance sheet remained strong with net assets of S\$427.3 million and net asset value per ordinary share of S\$1.56.

The Group's interest in joint venture increased by S\$5.8 million due to reversal of allowance for impairment of dividend receivable of S\$6.0 million which was made in the previous financial year. S\$4.0 million of the said dividend receivable was received in the current financial year with the remaining S\$2.0 million recorded as the Group's other receivables (non-current asset).

2. Review of performance of the Group (cont'd)

Statement of Financial Position (cont'd)

The Group's deferred tax assets were exhausted in the current financial year compared to S\$2.1 million in the prior year. The Group's deferred tax liabilities increased by S\$1.0 million to S\$7.3 million in the current financial year.

The Group's inventories decreased by S\$38.7 million, correspondingly the loans and borrowings decreased by S\$77.3 million.

The Group's trade and other receivables (current asset) decreased by S\$7.0 million, approximately 3.9% from prior year.

The Group's prepayments increased by S\$18.2 million due to advances paid to suppliers for steel purchases.

The Group's trade and other payables increased by S\$45.6 million, mainly due to goods-in-transit.

The Group's contract liabilities increased by S\$10.0 million due to payments received in advance from customers for which the Group has contractual obligations to deliver.

The Group's provisions decreased by S\$23.1 million due to a reversal of provision for onerous contracts.

Statement of Cash Flow

Net cash flows generated from operating activities of S\$159.5 million were mainly used to repay loans and borrowings as well as dividend payments to shareholders.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's results for the year ended 30 September 2023 are in line with the commentary in paragraph 4 of the half year results announcement dated 10 May 2023.

Other Information required by Listing Rule Appendix 7.2
For the year ended 30 September 2023

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

In Singapore, the Ministry of Trade and Industry ("MTI") narrowed the country's 2023 growth forecast from 0.5%-2.5% to 0.5%-1.5% on the back of a weak external demand outlook amid an expected slowdown in Singapore's key markets and a protracted global electronics downturn. Based on advance estimates, the Singapore economy only grew by 0.7% on a year-on-year basis in the third quarter of 2023, and 1.0% on a quarter-on-quarter seasonally-adjusted basis.^{1 2}

For the local construction sector, it continued to grow in the third quarter of 2023, by 6.0% year-on-year, extending the 7.7% growth of the preceding quarter. According to the MTI, *"Growth was supported by expansions in both public and private construction sector output."* Indeed, we observe in the last six months that local construction projects had generally accelerated, particularly after the Ministry of Manpower ("MOM") mandated "Heightened Safety" period ended on 31 May 2023 after 9 months from its introduction on 1 September 2022. Having said that, whilst offtake had normalised somewhat, its stability remained interspersed by bouts of project downtime due to resource tightness and safety issues. Nevertheless, overall local construction demand remains robust, with the Building and Construction Authority ("BCA") projecting total construction demand for 2023 to be between S\$27-S\$32 billion³, which is comparable to pre-pandemic levels.

Going forward, this bodes well for the local reinforcing steel sector, in which BRC is a leading player, and while that may be the case, the operating climate has become increasingly challenging, as rising costs for electricity, manpower and financing can be expected to erode margins throughout the construction supply chain.

As of 30 September 2023, our sales order book stood at approximately S\$1.3 billion. The duration of projects in our sales order book range up to 5 years and may be subject to further changes.

¹ <https://www.singstat.gov.sg/-/media/files/news/gdp2q2023.ashx>

² <https://www.singstat.gov.sg/-/media/files/news/advgdp3q2023.ashx>

³ <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2023/01/12/singapore's-construction-demand-to-remain-strong-in-2023>

BRC Asia Limited and its Subsidiaries

**Other Information required by Listing Rule Appendix 7.2
For the year ended 30 September 2023**

5. Dividend

a) Current Financial Period reported on

FY2023

Name of dividend	Interim tax exempt (one-tier)	Final tax exempt (one-tier)	Special exempt (one-tier)
Dividend type	Cash	Cash	Cash
Dividend rate (per ordinary share)	5 cents	5.5 cents	5.5 cents
Books closure date	27 October 2023	To be announced later	To be announced later
Payment date	17 November 2023	To be announced later	To be announced later

b) Corresponding period of the immediately preceding financial year

FY2022

Name of dividend	Interim tax exempt (one-tier)	Final tax exempt (one-tier)	Special exempt (one-tier)
Dividend type	Cash	Cash	Cash
Dividend rate (per ordinary share)	6 cents	6 cents	6 cents

c) If no dividend has been declared/recommended, a statement to that effect

Not applicable.

BRC Asia Limited and its Subsidiaries

Other Information required by Listing Rule Appendix 7.2 For the year ended 30 September 2023

6. Interested person transactions

Name of interested person and nature of transaction	Aggregate value of all interested person transactions during the financial period (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions under shareholders' mandate pursuant to Rule 920 during the financial period (excluding transactions less than S\$100,000)	
	FY2023	FY2022	FY2023	FY2022
	S\$'000	S\$'000	S\$'000	S\$'000
HL Building Materials Pte Ltd - Sale of goods to	-	8,979	14,914	5,021
HL-Manufacturing Industries Sdn.Bhd. - Sale of goods to	-	3,592	7,776	2,038
King Topwell International Limited - Sales commission paid to	42	-	-	-
Southern Steel Berhad - Purchase of goods from	-	556	1,568	164
Shanghai Emetal Hong Energy - Settlement of cancellation of purchase contract	-	-	2,107	-

Interested person transactions mandates for the following had been renewed at the annual general meeting held on 31 January 2023:

- the mutual supply of steel products between the Company and associates of the Company's controlling shareholder, Bright Point Trading Pte. Ltd. and Shanghai Emetal Hong Energy Co., Ltd; and
- sales and purchases of raw materials and steel products between the Company and associates of the Company's shareholder, HL Building Materials Pte. Ltd., Southern Steel Berhad and HL-Manufacturing Industries Sdn. Bhd.

BRC Asia Limited and its Subsidiaries

**Other Information required by Listing Rule Appendix 7.2
For the year ended 30 September 2023**

7. Breakdown of sales

	2023	2022	Change
	S\$'000	S\$'000	%
Sales reported for the first half year	717,057	793,330	(10)
Profit after tax reported for first half year	26,238	39,840	(34)
Sales reported for remaining period	909,941	905,936	0
Profit after tax reported for remaining period	49,510	50,376	(2)

8. Breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	2023	2022
	S\$'000	S\$'000
Interim dividend	13,718	16,461
Final dividend*	15,089	16,461
Special dividend*	15,089	16,461
Total annual dividend	43,896	49,383

* Proposed final dividend of 5.5 cents and special dividend of 5.5 cents for the financial year ended 30 September 2023 will be subject to shareholder's approval at the forthcoming Annual General Meeting. The dividends are computed based on 274,350,089 shares excluding treasury shares as at the date of this announcement.

9. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement

Not applicable.

10. Confirmation that the issuer has procured undertakings for all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Group confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the listing manual.

On behalf of the Board of Directors

Xu Jiguo
Executive Director

Seah Kiin Peng
Executive Director

Singapore
21 November 2023