

Company Registration No. 193800054G

BRC Asia Limited and its Subsidiaries

**Condensed Unaudited Interim Financial Statements
For the six months ended 31 March 2024**

BRC Asia Limited and its Subsidiaries

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BRC Asia Limited and its Subsidiaries

**Condensed unaudited interim consolidated Statement of Comprehensive Income
For the financial period 6 months ended 31 March 2024**

	Note	6 months ended 31 March		Change %
		2024 S\$'000	2023 S\$'000	
Revenue		758,291	717,057	6
Cost of sales		(683,616)	(664,341)	3
Gross profit		74,675	52,716	42
Other income	5	2,153	3,655	(41)
Expenses				
Distribution expenses		(3,590)	(3,879)	(7)
Administrative expenses		(11,961)	(9,380)	28
Finance costs		(6,587)	(6,334)	4
Other operating expenses		(5,539)	(3,230)	71
Allowance for expected credit losses on trade receivables		(670)	(125)	436
Share of results of joint venture		4	290	(99)
Share of results of associate		(1,500)	(1,055)	42
Profit before tax	6	46,985	32,658	44
Income tax expense	8	(8,459)	(6,420)	32
Profit for the period		38,526	26,238	47
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Net fair value (loss)/gain on equity instruments at fair value through other comprehensive income		(3)	4	n.m.
Items that may be reclassified subsequently to profit or loss				
Net exchange gain/(loss) on net investment in foreign operations		1,044	(2,376)	n.m.
Foreign currency translation:				
Exchange differences on translation of foreign operations		(232)	(164)	41
Other comprehensive income for the period, net of tax		809	(2,536)	n.m.
Total comprehensive income for the period		39,335	23,702	66
Basic and diluted earnings per share (cents)		14.04	9.61	

n.m. denotes not meaningful

BRC Asia Limited and its Subsidiaries

**Condensed unaudited interim Statements of Financial Position
As at 31 March 2024**

	Note	Group		Company	
		31.3.2024 S\$'000	30.9.2023 S\$'000	31.3.2024 S\$'000	30.9.2023 S\$'000
Non-current assets					
Property, plant and equipment	9	110,618	117,640	100,628	107,094
Investment properties		2,089	2,124	-	-
Investment in subsidiaries		-	-	30,383	36,517
Interest in joint venture		9,865	9,989	6,076	6,076
Interest in associate		2,478	4,120	3,775	4,120
Investment securities		25	28	25	28
Other receivables	10	-	1,994	-	1,994
		125,075	135,895	140,887	155,829
Current assets					
Inventories		373,801	407,094	370,666	402,740
Trade and other receivables	10	164,512	180,622	164,534	176,925
Prepayments		61,160	42,614	60,885	42,469
Deposits		511	505	496	492
Derivatives		343	1,007	343	1,007
Cash and cash equivalents		130,696	184,624	125,811	180,188
		731,023	816,466	722,735	803,821
Total assets		856,098	952,361	863,622	959,650
Current liabilities					
Trade and other payables		76,389	89,173	84,678	97,396
Contract liabilities		40,433	19,733	40,354	19,698
Loans and borrowings	11	251,678	359,664	251,678	359,664
Provisions	12	8,678	12,411	8,669	12,374
Income tax liabilities		16,249	14,504	15,964	14,437
		393,427	495,485	401,343	503,569
Net current assets		337,596	320,981	321,392	300,252
Non-current liabilities					
Loans and borrowings	11	17,196	21,015	17,196	21,015
Provisions	12	1,836	1,230	1,836	1,230
Deferred tax liabilities		7,171	7,320	6,785	6,918
		26,203	29,565	25,817	29,163
Total liabilities		419,630	525,050	427,160	532,732
Net assets		436,468	427,311	436,462	426,918

BRC Asia Limited and its Subsidiaries**Condensed unaudited interim Statements of Financial Position
As at 31 March 2024**

		Group		Company	
	Note	31.3.2024	30.9.2023	31.3.2024	30.9.2023
		S\$'000	S\$'000	S\$'000	S\$'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		(1,799)	(2,608)	5,560	5,563
Retained earnings		254,826	246,478	247,461	237,914
Total equity		436,468	427,311	436,462	426,918
Total equity and liabilities		856,098	952,361	863,622	959,650

BRC Asia Limited and its Subsidiaries

**Condensed unaudited interim Statements of Changes in Equity
For the financial period 6 months ended 31 March 2024**

	Note	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total equity S\$'000
Group						
Balance at 1 October 2022		184,546	(1,105)	(2,025)	217,370	398,786
Profit for the financial period		-	-	-	26,238	26,238
Other comprehensive income for the financial period		-	-	(2,536)	-	(2,536)
Total comprehensive income for the financial period		-	-	(2,536)	26,238	23,702
Cash dividends on ordinary shares	14	-	-	-	(32,922)	(32,922)
Total distributions to owners		-	-	-	(32,922)	(32,922)
Balance at 31 March 2023		184,546	(1,105)	(4,561)	210,686	389,566
Balance at 1 October 2023		184,546	(1,105)	(2,608)	246,478	427,311
Profit for the financial period		-	-	-	38,526	38,526
Other comprehensive income for the financial period		-	-	809	-	809
Total comprehensive income for the financial period		-	-	809	38,526	39,335
Cash dividends on ordinary shares	14	-	-	-	(30,178)	(30,178)
Total distributions to owners		-	-	-	(30,178)	(30,178)
Balance at 31 March 2024		184,546	(1,105)	(1,799)	254,826	436,468

BRC Asia Limited and its Subsidiaries

**Condensed unaudited interim Statements of Changes in Equity
For the financial period 6 months ended 31 March 2024**

	Note	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total equity S\$'000
Company						
Balance at 1 October 2022		184,546	(1,105)	475	209,011	392,927
Profit for the financial period		-	-	-	27,468	27,468
Other comprehensive income for the financial period		-	-	4	-	4
Total comprehensive income for the financial period		-	-	4	27,468	27,472
Cash dividends on ordinary shares	14	-	-	-	(32,922)	(32,922)
Total distributions to owners		-	-	-	(32,922)	(32,922)
Balance at 31 March 2023		184,546	(1,105)	479	203,557	387,477
Balance at 1 October 2023		184,546	(1,105)	5,563	237,914	426,918
Profit for the financial period		-	-	-	39,725	39,725
Other comprehensive income for the financial period		-	-	(3)	-	(3)
Total comprehensive income for the financial period		-	-	(3)	39,725	39,722
Cash dividends on ordinary shares	14	-	-	-	(30,178)	(30,178)
Total distributions to owners		-	-	-	(30,178)	(30,178)
Balance at 31 March 2024		184,546	(1,105)	5,560	247,461	436,462

BRC Asia Limited and its Subsidiaries

**Condensed unaudited interim consolidated Statement of Cash Flows
For the financial period 6 months ended 31 March 2024**

	6 months ended 31 March	
	2024	2023
	S\$'000	S\$'000
Operating activities		
Profit before tax	46,985	32,658
Adjustments for:		
Share of results of joint venture	(4)	(290)
Share of results of associate	1,500	1,055
Depreciation of investment properties	35	36
Depreciation of property, plant and equipment	9,775	8,799
Write-off of property, plant and equipment	4	173
Allowance for inventory obsolescence	413	-
Allowance for expected credit losses on trade receivables	670	125
Fair value changes on trade receivables subject to provisional pricing	(564)	(799)
Fair value changes on derivatives, net	664	1,621
(Gain)/loss on disposal of property, plant and equipment	(127)	104
Reversal of provision for onerous contracts	(3,063)	(7,914)
Unrealised exchange differences	2,476	6,748
Interest expense	6,587	6,334
Interest income	(1,704)	(225)
Operating cash flow before working capital changes	63,647	48,425
Changes in working capital:		
Trade and other receivables	17,998	22,192
Inventories	32,880	100,134
Prepayments and deposits	(18,552)	(23,978)
Trade and other payables and contract liabilities	(22,699)	32,805
Cash flows generated from operations	73,274	179,578
Income taxes paid	(6,863)	(9,032)
Restoration costs paid	(670)	-
Net cash flows generated from operating activities	65,741	170,546
Investing activities		
Purchase of property, plant and equipment	(2,353)	(2,330)
Proceeds from disposal of property, plant and equipment	140	15
Interest received	1,704	225
Dividend income from interest in joint venture	-	1,994
Net cash flows used in investing activities	(509)	(96)
Financing activities		
Repayment of principal obligations under lease liabilities	(3,319)	(2,882)
Repayment of bills payable, net	(106,013)	(189,486)
Repayment of bank loans	(2,473)	(3,865)
Interest paid	(6,150)	(5,872)
Net cash flows used in financing activities	(117,955)	(202,105)
Net decrease in cash and cash equivalents	(52,723)	(31,655)
Cash and cash equivalents at beginning of period	184,624	154,574
Effects of exchange rate changes on cash and cash equivalents	(1,205)	(7,704)
Cash and cash equivalents at end of period	130,696	115,215

BRC Asia Limited and its Subsidiaries

Notes to the financial statements

For the financial period 6 months ended 31 March 2024

1. Corporate information

BRC Asia Limited (the "Company") is a public company limited by shares incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The immediate and ultimate holding company is Green Esteel Pte. Ltd. ("Esteel"), 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.

2. Basis of preparation

The condensed unaudited interim financial statements for the six months ended 31 March 2024 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim 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 2023.

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 interim financial statements are presented in Singapore Dollars ("SGD" or "\$") and all values in the tables are rounded to the nearest thousand ("S\$'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.

2.2 Use of judgements and estimates

In preparing the condensed interim 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 2023.

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 and assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements is included in Note 3 in the audited financial statements for the year ended 30 September 2023.

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 financial period 6 months ended 31 March 2024

4. Segment and revenue information

(a) Reportable segments

Period from 1 October 2023 to 31 March 2024	Fabrication and manufacturing SS\$'000	Others SS\$'000	Trading SS\$'000	Adjustments and eliminations SS\$'000	Group SS\$'000
Revenue:					
External customers	662,946	-	95,345	-	758,291
Inter-segment	-	-	-	-	-
Total revenue	662,946	-	95,345	-	758,291
Results:					
Interest income	1,704	-	-	-	1,704
Interest expense	(6,251)	-	(336)	-	(6,587)
Depreciation expense	(9,775)	(35)	-	-	(9,810)
Share of results of joint venture	4	-	-	-	4
Share of results of associate	-	(1,500)	-	-	(1,500)
Reversal of provision for onerous contracts	3,063	-	-	-	3,063
Allowance for expected credit losses on trade receivables	(670)	-	-	-	(670)
Fair value changes on trade receivables subject to provisional pricing	564	-	-	-	564
Other non-cash expense	(417)	-	-	-	(417)
Income tax expense	(8,245)	-	(214)	-	(8,459)
Segment profit	39,386	(2,143)	1,283	-	38,526

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Notes to the financial statements

For the financial period 6 months ended 31 March 2024

4. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

Period from 1 October 2022 to 31 March 2023	Fabrication and manufacturing SS\$'000	Others SS\$'000	Trading SS\$'000	Adjustments and eliminations SS\$'000	Group SS\$'000
Revenue:					
External customers	528,150	-	188,907	-	717,057
Inter-segment	-	-	-	-	-
Total revenue	528,150	-	188,907	-	717,057
Results:					
Interest income	225	-	-	-	225
Interest expense	(5,756)	(43)	(535)	-	(6,334)
Depreciation expense	(8,169)	(666)	-	-	(8,835)
Share of results of joint venture	290	-	-	-	290
Share of results of associate	-	(1,055)	-	-	(1,055)
Reversal of provision for onerous contracts	7,914	-	-	-	7,914
Allowance for expected credit losses on trade receivables	(125)	-	-	-	(125)
Fair value changes on trade receivables subject to provisional pricing	799	-	-	-	799
Other non-cash expense	(173)	-	-	-	(173)
Income tax expense	(6,266)	(71)	(83)	-	(6,420)
Segment profit	25,410	579	249	-	26,238

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Notes to the financial statements

For the financial period 6 months ended 31 March 2024

4. Segment and revenue information (cont'd)

(b) Disaggregation of revenue

	Group	
	6 months ended	
	31 March	
	2024	2023
	S\$'000	S\$'000
Primary geographical markets		
Australia	2,815	4,837
Brunei	4,031	5,901
Hong Kong	1,650	2,352
India	1,714	4,227
Indonesia	14,710	15,255
Malaysia	53,248	42,106
Singapore	666,223	548,284
Thailand	13,788	93,941
Others	112	154
	758,291	717,057
	758,291	717,057
Timing of transfer of goods		
At a point in time	758,291	717,057
	758,291	717,057

5. Other income

	Group	
	6 months ended	
	31 March	
	2024	2023
	S\$'000	S\$'000
Bad debts recovered	1	183
Interest income	1,704	225
Government grant	76	14
Rental income	88	85
Sundry income	83	68
Foreign exchange gain, net	-	2,654
Gain on disposal of property, plant and equipment	127	-
Insurance claims for bad debts	74	426
	2,153	3,655
	2,153	3,655

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Notes to the financial statements

For the financial period 6 months ended 31 March 2024

6. Profit before tax

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

	Group 6 months ended 31 March	
	2024	2023
	S\$'000	S\$'000
Depreciation of property, plant and equipment	9,775	8,799
Depreciation of investment properties	35	36
Interest expense	6,587	6,334
Expenses relating to short-term leases	1,386	690
Expenses relating to low-value assets	9	21
Foreign exchange loss/(gain), net	3,174	(2,654)
Fair value changes on derivatives, net	664	1,621
Reversal of provision for onerous contracts	(3,063)	(7,914)
Allowance for inventory obsolescence	413	-
Allowance for expected credit losses on trade receivables	670	125
Fair value changes on trade receivables, subject to provisional pricing	(564)	(799)
(Gain)/loss on disposal of property, plant and equipment	(127)	104
Write-off of property, plant and equipment	4	173

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 6 months ended 31 March	
	2024	2023
	S\$'000	S\$'000
Sales to companies related to substantial shareholder	10,371	11,209
Purchases from companies related to substantial shareholder	235	1,258

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 interim consolidated statement of profit or loss are:

	Group 6 months ended 31 March	
	2024 S\$'000	2023 S\$'000
Current income tax	8,591	6,574
Deferred income tax	(132)	(154)
Income tax expense recognised in profit or loss	8,459	6,420

In the 2024 Budget presented in Parliament on 16 February 2024, Singapore announced that it will implement the Global Anti-Base Erosion ("GloBE") rules including an income inclusion rule ("IIR") and a domestic top-up tax ("DTT") for in-scope multinational enterprises from their financial year beginning on or after 1 January 2025. The Group is within the scope of the OECD Pillar Two model rules. The Group operates in jurisdictions such as Singapore, Malaysia and Australia.

Pillar Two legislation is effective in Australia from 1 January 2024 and the legislation is expected to come into effect from 1 January 2025 for Singapore and Malaysia.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to SFRS(I) 1-12 issued in May 2023.

Under the legislation, the group is liable to pay a top-up tax for the difference between the GloBE effective tax rate for each jurisdiction and the 15% minimum rate. All entities within the group have an effective tax rate that exceeds 15%.

Due to complexities in applying the legislation and uncertainties surrounding when and how each jurisdiction will enact the legislations, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there might still be Pillar Two tax implications. The Group is currently engaged with tax specialists to assist them with applying the legislation.

9. Property, plant and equipment

During the 6 months ended 31 March 2024, the Group acquired assets amounting to S\$2,353,000 (31 March 2023: S\$2,330,000) and disposed property, plant and equipment amounting to S\$522,000 (31 March 2023: S\$459,000).

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Notes to the financial statements

For the financial period 6 months ended 31 March 2024

10. Trade and other receivables

	Group		Company	
	31.3.2024 S\$'000	30.9.2023 S\$'000	31.3.2024 S\$'000	30.9.2023 S\$'000
Trade receivables (current)				
Trade receivables, net:				
- Due from third parties	159,204	175,789	153,143	168,051
- Due from related parties	3,378	3,996	2,374	2,777
- Due from subsidiaries	-	-	7,118	5,277
	<u>162,582</u>	<u>179,785</u>	<u>162,635</u>	<u>176,105</u>
Other receivables (current)				
- Due from third parties	55	831	-	789
- Due from subsidiaries	-	-	24	25
- Due from a joint venture	6	6	6	6
- Dividend receivable from a joint venture	1,869	-	1,869	-
	<u>1,930</u>	<u>837</u>	<u>1,899</u>	<u>820</u>
Total trade and other receivables (current)	<u>164,512</u>	<u>180,622</u>	<u>164,534</u>	<u>176,925</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>164,512</u>	<u>182,616</u>	<u>164,534</u>	<u>178,919</u>

Expected credit losses

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

	Group	
	31.3.2024 S\$'000	30.9.2023 S\$'000
Movements in allowance accounts:		
At beginning of financial period	6,547	5,339
Charge for the financial period	670	1,739
Exchange differences	(8)	(29)
Written off	(402)	(502)
At end of financial period	<u>6,807</u>	<u>6,547</u>

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

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For the financial period 6 months ended 31 March 2024

11. Loans and borrowings

	Group		Company	
	31.3.2024 S\$'000	30.9.2023 S\$'000	31.3.2024 S\$'000	30.9.2023 S\$'000
Current				
Bills payable to banks (unsecured)	243,235	349,248	243,235	349,248
Lease liabilities (unsecured)	4,203	5,462	4,203	5,462
Bank loans (secured)	2,929	3,657	2,929	3,657
Bank loans (unsecured)	1,311	1,297	1,311	1,297
	251,678	359,664	251,678	359,664
Non-current				
Lease liabilities (unsecured)	16,863	18,923	16,863	18,923
Bank loans (secured)	–	1,100	–	1,100
Bank loans (unsecured)	333	992	333	992
	17,196	21,015	17,196	21,015
Total loans and borrowings (current and non-current)	268,874	380,679	268,874	380,679

Bank loans are secured by a mortgage over leasehold properties of the Company.

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Notes to the financial statements

For the financial period 6 months ended 31 March 2024

12. Provisions

	Group		Company	
	31.3.2024 S\$'000	30.9.2023 S\$'000	31.3.2024 S\$'000	30.9.2023 S\$'000
Current				
Provision for onerous contracts	6,408	9,471	6,399	9,434
Provision for restoration costs	2,214	2,884	2,214	2,884
Provision for retirement benefits	56	56	56	56
	8,678	12,411	8,669	12,374
Non-current				
Provision for retirement benefits	44	44	44	44
Provision for restoration costs	1,792	1,186	1,792	1,186
	1,836	1,230	1,836	1,230

Provisions for onerous contracts

Provisions 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. Reversal of the provision is dependent on the timing of fulfilment of the contracts and the actual steel prices at that point.

	Group		Company	
	31.3.2024 S\$'000	30.9.2023 S\$'000	31.3.2024 S\$'000	30.9.2023 S\$'000
At beginning of the financial period	9,471	33,262	9,434	32,537
Effects of amalgamation	-	-	-	233
Reversal for the period, net	(3,063)	(23,772)	(3,035)	(23,336)
Exchange differences	-	(19)	-	-
At end of the financial period	6,408	9,471	6,399	9,434

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Notes to the financial statements

For the financial period 6 months ended 31 March 2024

13. Share capital and treasury shares

Group and Company	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital	Treasury shares
	'000	'000	S\$'000	S\$'000
Balance as at 1 October 2022, 30 September 2023, 1 October 2023 and 31 March 2024	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 2023 and 31 March 2024.

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 has been no purchase of treasury shares during the period (2023: Nil) and there has been no reissuance of treasury shares since their acquisitions.

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Notes to the financial statements

For the financial period 6 months ended 31 March 2024

14. Dividends

	Group 6 months ended 31 March	
	2024 S\$'000	2023 S\$'000
<i>Declared and paid/payable during the financial period:</i>		
<i>Cash dividends on ordinary shares:</i>		
- Final tax-exempt (one-tier) dividend for 2023 of 5.5 cents (2022: 6 cents) per share in respect of the previous financial year	15,089	16,461
- Special tax-exempt (one-tier) dividend for 2023 of 5.5 cents (2022: 6 cents) per share in respect of the previous financial year	15,089	16,461
	<u>30,178</u>	<u>32,922</u>

Final and special tax-exempt (one-tier) dividend for 2023 of 5.5 cents each per ordinary share respectively had been approved by members at the 2024 Annual General Meeting and will be paid on 17 May 2024.

15. Net asset value

	Group		Company	
	31.3.2024	30.9.2023	31.3.2024	30.9.2023
Net asset value per ordinary share (cents)	159.09	155.75	159.09	155.61

Net asset value per ordinary share was calculated based on 274,350,089 shares as at 31 March 2024 and 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.

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Notes to the financial statements

For the financial period 6 months ended 31 March 2024

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

(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) S\$'000	Significant observable inputs other than quoted prices (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000	
31 March 2024				
Assets measured at fair value				
Financial assets:				
<u>Investment securities</u>				
- <i>Quoted equity securities at FVOCI</i>	25	-	-	25
<u>Debt instruments at FVPL</u>				
- <i>Trade receivables subject to provisional pricing</i>	-	-	44,129	44,129
<u>Derivatives</u>				
- <i>Currency forward contracts</i>	-	343	-	343
Financial assets as at 31 March 2024	25	343	44,129	44,497

BRC Asia Limited and its Subsidiaries

Notes to the financial statements

For the financial period 6 months ended 31 March 2024

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)	
	S\$'000	S\$'000	S\$'000	S\$'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

(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 31 March 2024 as the difference between the carrying amounts and their fair values are not significant.

	Group	
	31.3.2024	30.9.2023
	S\$'000	S\$'000
<i>Financial assets:</i>		
Other receivables (non-current)	-	1,994
<i>Financial liabilities:</i>		
Bank loans (unsecured) (non-current)	333	992

1. Review

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 31 March 2024 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 six-month 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 increased by 6% to S\$758.3 million for the first half ended 31 March 2024 ("1H2024") from S\$717.1 million in the first half ended 31 March 2023 ("1H2023"). Despite lower overall selling prices which was in tandem with declining steel costs, the increase in revenue was attributable to higher site offtake in 1H2024 compared to 1H2023 offset by lower sales volume in the international trading segment.

Gross profit margin and gross profit

The Group's gross profit for 1H2024 was S\$74.7 million, an increase of 42% from S\$52.7 million in 1H2023. This is mainly attributable to higher gross margins resulting from change in sales mix as well as lower inventory costs. This was evidenced by the improved gross profit margin to 9.8% in 1H2024 from 7.4% in 1H2023.

Other income

Other income was S\$2.2 million in 1H2024, a decrease of 41% from S\$3.7 million in 1H2023. This was mainly attributable to an absence of foreign exchange gain of S\$2.7 million and decrease in insurance claim for bad debts of S\$0.4 million, partly offset by the increase in interest income of S\$1.5 million.

Distribution and administrative expenses

Distribution expenses decreased by 7% to S\$3.6 million in 1H2024 from S\$3.9 million in 1H2023 mainly due to lower commission fee and bank charges as a result of a reduction in international trading volumes.

Administrative expenses increased by 28% to S\$12.0 million in 1H2024 from S\$9.4 million in 1H2023 was largely due to larger provisions for incentives in line with the better financial performance, increased trade credit insurance premiums due to higher fabrication and manufacturing revenue, and increased legal and professional fees related to acquisitions and disposals.

Finance costs

Finance costs increased marginally by 4% to S\$6.6 million in 1H2024 from S\$6.3 million in 1H2023. This was mainly due to the higher quantum of bills payable to banks in 1H2024 partly offset by lower mortgage loans because of redemption.

BRC Asia Limited and its Subsidiaries

Other Information required by Listing Rule Appendix 7.2 For the financial period 6 months ended 31 March 2024

Review of performance of the Group (cont'd)

Statement of Comprehensive Income (cont'd)

Other operating expenses

Other operating expenses increased by 71% to S\$5.5 million in 1H2024 from S\$3.2 million in 1H2023 mainly due to a net foreign exchange loss of S\$3.2 million. In comparison, there was a foreign exchange gain of S\$2.7 million taken as other income in 1H2023.

Allowance for expected credit losses on trade receivables

The allowance for expected credit losses on trade receivables increased by S\$0.6 million to S\$0.7 million in 1H2024 mainly due to a specific trade debt provision.

Share of results of joint venture

The Group's share of profit from its joint venture decreased by S\$0.3 million in 1H2024 due to both lower sales volume and gross profit margins.

Share of results of associate

Despite an improvement in room occupancy rate, the share of losses of the Group's 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 increased by S\$0.4 million to S\$1.5 million in 1H2024 because of lower room rates.

Statement of Financial Position

As at 31 March 2024, the Group's balance sheet remained strong with net assets of S\$436.5 million and net asset value per ordinary share of S\$1.59.

The Group reclassified dividend receivable of S\$1.9 million from the joint venture to current in 1H2024 as the payment is expected to be received within the current financial year.

The Group's prepayments increased by S\$18.5 million due to advances paid to suppliers for purchases of raw materials.

The Group's derivatives decreased by S\$0.7 million mainly due to a lower quantum of currency forward contracts denominated in US dollar as of 31 March 2024.

The Group's trade and other payables decreased by S\$12.8 million mainly due to a lower payable arising from goods-in-transit and also a reduction in accrued employee compensation, offset by higher dividend payable.

The Group's contract liabilities increased by S\$20.7 million mainly attributable to more advances received from customers.

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

Statement of Financial Position (cont'd)

The Group's net loans and borrowings after offsetting the cash and cash equivalents balances, decreased by S\$57.9 million mainly due lower inventories level as well as more advances received from customers.

The Group's provisions decreased by S\$3.1 million mainly due to a reversal of provision for onerous contracts.

Statement of Cash Flow

Net cash flows generated from operating activities of S\$65.7 million was mainly used to repay bank loans and borrowings.

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 first half ended 31 March 2024 are in line with the commentary in the full year results announcement dated 21 November 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.

Through a press release issued on 12 April 2024¹, the Singapore Ministry of Trade and Industry ("MTI") updated that, based on advance estimates, the Singapore economy expanded by 2.7% on a year-on-year ("y-o-y") basis in the first quarter of 2024, faster than the 2.2% growth in the preceding quarter. On a quarter-on-quarter ("q-o-q") seasonally adjusted basis, it also grew by 0.1%, extending the 1.2% expansion in the last quarter of 2023.

The Singapore construction sector continued to be a growth sector within the local economy. On a y-o-y basis in the first quarter of 2024, the local construction industry extended its previous quarter's 5.2% expansion to grow by 4.3%. According to the MTI, this industry's growth during the quarter was supported by an increase in public sector construction output even as private sector construction output declined. Be that as it may, on a q-o-q seasonally-adjusted basis, the sector contracted by 1.7% in the first quarter, pulling back from the 2% expansion in the previous quarter.

¹ <https://www.singstat.gov.sg/-/media/files/news/advgrp1q2024.ashx>

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. (cont'd)

The Building and Construction Authority ("BCA") had projected that Singapore's total construction demand in 2024 would reach between S\$32 and S\$38 billion in nominal terms, with the public sector contributing about 55% of the total demand. The BCA further expects a steady improvement in construction demand over the medium term, projecting it to reach between S\$31 and S\$38 billion per year from 2025 to 2028.² Indeed, the last 6 months saw a steady stream of projects being launched for tender, particularly from the public sector. On the other hand, however, project offtake from ongoing projects seemed to have slowed down generally. Anecdotally, our customers pointed to a lack of resources from the consulting engineering and architectural segments, as well as regulatory challenges, for a general slow down in progress at project sites. Further, whilst most of the larger builders seemed to have become more financially stable with the completion of pre-Covid work and the advent of newly tendered jobs that are profitable, credit concerns remained, particularly with the smaller main contractors, as interest rates remained persistently high.

For BRC, our sales order book continued to remain healthy, standing at S\$1.3 billion as at 31 March 2024.³ Despite short-term challenges in offtake volumes, we remain cautiously optimistic about the broader construction demand landscape, even as we continue to exercise caution over credit risk by managing this at a micro level.

² <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2024/01/15/steady-demand-for-the-construction-sector-projected-for-2024>

³ The duration of projects in our sales order book range up to 5 years and may be subject to further changes.

BRC Asia Limited and its Subsidiaries

**Other Information required by Listing Rule Appendix 7.2
For the financial period 6 months ended 31 March 2024**

5. Dividend

a) Current Financial Period reported on

1H2024

Name of dividend	Interim tax exempt (one-tier)
Dividend type	Cash
Dividend rate (per ordinary share)	6 cents
Books closure date	To be announced later
Payment date	To be announced later

b) Corresponding period of the immediately preceding financial year

1H2023

Name of dividend	Interim tax exempt (one-tier)
Dividend type	Cash
Dividend rate (per ordinary share)	5 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 financial period 6 months ended 31 March 2024

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)	
	1st Half 2024	1st Half 2023	1st Half 2024	1st Half 2023
	S\$'000	S\$'000	S\$'000	S\$'000
HL Building Materials Pte Ltd - Sale of goods to	-	-	4,793	7,436
HL-Manufacturing Industries Sdn.Bhd. - Sale of goods to	-	-	5,578	3,773
Southern Steel Berhad - Purchase of goods from	-	-	202	1,258
Southern PC Steel Berhad - Purchase of goods from	33	-	-	-

Interested person transactions mandates for the following had been renewed at the annual general meeting held on 31 January 2024:

- 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 financial period 6 months ended 31 March 2024**

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

We, Xu Jiguo and Seah Kiin Peng, being two directors of BRC Asia Limited, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the six-month period ended 31 March 2024 to be false or misleading in any material aspects.

8. 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
8 May 2024