

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

Unaudited Full Year Financial Statement and Dividend Announcement for the Year ended 31 December 2013

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group					
	4Q FY2013 S\$'000	4Q FY2012 S\$'000	% + / (-)	Year Ended 31/12/2013 S\$'000	Year Ended 31/12/2012 S\$'000	% + / (-)
Revenue	22,995	25,923	(11)	115,119	133,732	(14)
Cost of Sales	(20,451)	(25,665)	(20)	(102,672)	(123,346)	(17)
Gross Profit	2,544	258	886	12,447	10,386	20
<u>Other Items of Income</u>						
Interest Income	65	76	(14)	241	170	42
Other Credits	145	1	NM	440	883	(50)
<u>Other Items of Expense</u>						
Marketing and Distribution Costs	(319)	(262)	22	(1,134)	(1,531)	(26)
Administrative Expenses	(1,478)	(1,062)	39	(6,534)	(6,152)	6
Finance Costs	-	-	NM	(1)	(7)	(86)
Other Charges	(536)	(1,267)	(58)	(917)	(1,594)	(42)
Profit/(Loss) Before Tax from Continuing Operations	421	(2,256)	NM	4,542	2,155	111
Income Tax Expense	(10)	298	NM	(809)	(486)	66
Profit/(Loss) Net of Tax	411	(1,958)	NM	3,733	1,669	124
Profit/(Loss) Attributable to Owners of the Parent, Net of Tax	378	(1,975)	NM	3,728	1,710	118
Profit/(Loss) Attributable to Non-Controlling Interests, Net of Tax	33	17	94	5	(41)	NM
	411	(1,958)	NM	3,733	1,669	124
Earnings/(Loss) Per Share						
Basic (Cents)	0.11	(0.58)		1.09	0.50	
Diluted (Cents)	0.11	(0.58)		1.09	0.50	

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

	Group					
	4Q FY2013 S\$'000	4Q FY2012 S\$'000	% + / (-)	Year Ended 31/12/2013 S\$'000	Year Ended 31/12/2012 S\$'000	% + / (-)
Gain on disposal of plant and equipment	9	-	NM	11	-	NM
(Write-off)/Write-back of doubtful debts and bad debts	(30)	-	NM	(411)	882	NM
Foreign exchange adjustment gain/(loss)	135	(72)	NM	428	(399)	NM
Dividend income	1	1	-	1	1	-
Inventory written down	(506)	(1,195)	(58)	(506)	(1,195)	(58)
Depreciation expenses	(110)	(108)	2	(431)	(439)	(2)

NM : Not meaningful

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- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

Consolidated Statement of Comprehensive Income

	Group					
	4Q FY2013 S\$'000	4Q FY2012 S\$'000	% + / (-)	Year Ended 31/12/2013 S\$'000	Year Ended 31/12/2012 S\$'000	% + / (-)
Profit/(Loss) Net of Tax	411	(1,958)	NM	3,733	1,669	124
Other Comprehensive Income	-	-		-	-	
Total Comprehensive Income/(Loss) for the Period	411	(1,958)	NM	3,733	1,669	124
Total Comprehensive Income/(Loss) Attributable to Owners of the Parent	378	(1,975)	NM	3,728	1,710	118
Total Comprehensive Income/(Loss) Attributable to Non-Controlling Interests	33	17	94	5	(41)	NM
Total Comprehensive Income/(Loss)	411	(1,958)	NM	3,733	1,669	124

NM : Not meaningful

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Statements of Financial Position

	Group		Company	
	As at 31/12/2013 S\$'000	As at 31/12/2012 S\$'000	As at 31/12/2013 S\$'000	As at 31/12/2012 S\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	6,101	6,403	-	-
Investment Property	565	584	-	-
Investments in Subsidiaries	-	-	43,530	43,530
Other Assets	100	100	-	-
Total Non-Current Assets	6,766	7,087	43,530	43,530
<u>Current Assets</u>				
Inventories	46,990	56,920	-	-
Trade and Other Receivables	19,138	21,411	19,151	21,231
Other Financial Assets	12	12	-	-
Cash and Cash Equivalents	47,702	40,197	2,357	2,269
Total Current Assets	113,842	118,540	21,508	23,500
Total Assets	120,608	125,627	65,038	67,030
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	58,856	58,856	58,856	58,856
Retained Earnings	50,280	49,971	5,961	7,947
Other Reserves	575	575	-	-
Equity, Attributable to Owners of the Parent	109,711	109,402	64,817	66,803
Non-Controlling Interests	6,339	6,334	-	-
Total Equity	116,050	115,736	64,817	66,803
<u>Non-Current Liabilities</u>				
Deferred Tax Liabilities	643	643	-	-
Total Non-Current Liabilities	643	643	-	-
<u>Current Liabilities</u>				
Income Tax Payable	734	417	9	8
Trade and Other Payables	3,181	8,831	212	219
Total Current Liabilities	3,915	9,248	221	227
Total Liabilities	4,558	9,891	221	227
Total Equity and Liabilities	120,608	125,627	65,038	67,030

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

Amount repayable in one year or less, or on demand

As at 31/12/2013 S\$'000		As at 31/12/2012 S\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31/12/2013 S\$'000		As at 31/12/2012 S\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Not applicable.

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- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Cash Flows

	Group			
	4Q FY2013 S\$'000	4Q FY2012 S\$'000	Year Ended 31/12/2013 S\$'000	Year Ended 31/12/2012 S\$'000
<u>Cash Flows from Operating Activities</u>				
Profit/(Loss) Before Tax	421	(2,256)	4,542	2,155
Adjustments for:				
Depreciation of Investment Property	5	5	19	20
Depreciation of Property, Plant and Equipment	105	103	412	419
Interest Income	(65)	(76)	(241)	(170)
Interest Expense	-	-	1	7
Gain on Disposal of Plant and Equipment	(9)	-	(11)	-
Operating Cash Flows Before Changes in Working Capital	457	(2,224)	4,722	2,431
Inventories	3,632	3,423	9,930	(2,256)
Trade and Other Receivables	2,476	4,003	2,273	(673)
Trade and Other Payables	(95)	6,271	(5,650)	3,020
Net Cash Flows From Operations Before Interest and Tax	6,470	11,473	11,275	2,522
Income Taxes Paid	(47)	(223)	(492)	(1,991)
Net Cash Flows From Operating Activities	6,423	11,250	10,783	531
<u>Cash Flows from Investing Activities</u>				
Disposal of Plant and Equipment	9	-	11	-
Purchase of Plant and Equipment	-	(1)	(110)	(29)
Interest Received	65	76	241	170
Net Cash Flows From Investing Activities	74	75	142	141
<u>Cash Flows from Financing Activities</u>				
Dividends Paid to Equity Owners	-	-	(3,419)	(3,590)
Trade and Other Payables	-	-	-	-
Interest Paid	-	-	(1)	(7)
Net Cash Flows Used in Financing Activities	-	-	(3,420)	(3,597)
Net Increase/(Decrease) in Cash and Cash Equivalents	6,497	11,325	7,505	(2,925)
Cash and Cash Equivalents, Beginning Balance	41,205	28,872	40,197	43,122
Cash and Cash Equivalents, Ending Balance	47,702	40,197	47,702	40,197

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- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statements of Changes in Equity

	Attributable to					Non-Controlling Interests
	Total Equity	Parent Sub-Total	Share Capital	Other Reserves	Retained Earnings	
Group (\$'000)						
Opening Balance at 1 January 2013	115,736	109,402	58,856	575	49,971	6,334
Total Comprehensive Income for the Year ended 31 December 2013	3,733	3,728	-	-	3,728	5
Dividends paid	(3,419)	(3,419)	-	-	(3,419)	-
Closing Balance at 31 December 2013	116,050	109,711	58,856	575	50,280	6,339
	(a)					
Opening Balance at 1 January 2012	117,657	111,282	58,856	575	51,851	6,375
Total Comprehensive Income/(Loss) for the Year ended 31 December 2012	1,669	1,710	-	-	1,710	(41)
Dividends paid	(3,590)	(3,590)	-	-	(3,590)	-
Closing Balance at 31 December 2012	115,736	109,402	58,856	575	49,971	6,334
	(a)					

(a) Unrealised and not available for distribution as cash dividends.

	Total Equity	Share Capital	Retained Earnings
Company (\$'000)			
Opening Balance at 1 January 2013	66,803	58,856	7,947
Total Comprehensive Income for the Year ended 31 December 2013	1,433	-	1,433
Dividends paid	(3,419)	-	(3,419)
Closing Balance at 31 December 2013	64,817	58,856	5,961
Opening Balance at 1 January 2012	66,978	58,856	8,122
Total Comprehensive Income for the Year ended 31 December 2012	3,415	-	3,415
Dividends paid	(3,590)	-	(3,590)
Closing Balance at 31 December 2012	66,803	58,856	7,947

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There are no changes in the share capital since the end of the previous period reported on.

The Company has no outstanding convertibles and treasury shares at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

The total number of issued shares excluding treasury shares

As at 31 December 2013	341,917,487
As at 31 December 2012	341,917,487

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

The Company has no treasury shares as at 31 December 2013.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have neither been audited nor reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period, which are consistent with the audited financial statements for the year ended 31 December 2012.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Please refer to Item 4 above.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group			
	4Q FY2013	4Q FY2012	Year Ended 31/12/2013	Year Ended 31/12/2012
Earnings per ordinary share for the period based on net profit attributable to shareholders				
(a) Based on 341,917,487 ordinary shares	0.11 cents	(0.58) cents	1.09 cents	0.50 cents
(b) On a fully diluted basis	0.11 cents	(0.58) cents	1.09 cents	0.50 cents

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- 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

	Group		Company	
	As at 31/12/2013	As at 31/12/2012	As at 31/12/2013	As at 31/12/2012
Net asset value per ordinary share (cents) *	32.09	32.00	18.96	19.54

* Based on share capital of 341,917,487 ordinary shares for both period and year.

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review of the Steel Industry

World crude steel production for the year 2013 reached 1,607 megatonnes (Mt), up by 3.5% compared to 2012. This was driven mainly by Asia and Middle East regions. Crude steel production in all other regions decreased in 2013 compared to 2012. China, which accounted for nearly 50% of world crude steel production, saw its steel output expanding by 7.5% to 779.0 Mt in 2013. The average capacity utilisation in 2013 increased to 78.1% compared to 76.2% in 2012. (Source: World Steel Association)

From October to December 2013, the MEPS Global All Products Composite prices were stable compared to the same quarter last year. This was a contrast to the continued year-on-year price declines seen during the first nine months of 2013. MEPS said that 2013 is expected to be the low point in the latest steel price cycle. (Source: MEPS data, "MEPS predicts world steel prices to rise over the next three years", published 8 January 2014)

Review of Statement of Comprehensive Income

In the three months ended 31 December 2013 ("4Q13"), overall demand conditions for steel products remained slow. While this resulted in lower Group revenue, gross profit improved significantly and enabled the Group to achieve a profit turnaround in 4Q13 as compared to 4Q12.

During the year 2013, the business climate was generally cautious while end-user demand was subdued. Coupled with ample inventory in the steel supply chain, this led to intense competitive pressures. On average, international steel prices during 2013 were also lower than in 2012. However, the Group achieved a higher gross profit margin throughout 2013 as compared to 2012. As a result of this, the Group's net profit for 2013 more than doubled to S\$3.7 million from S\$1.7 million last year despite weaker revenue.

As at 31 December 2013, the Group's financial position remained sound with cash and cash equivalents of S\$47.7 million and zero borrowings. Net asset value per share stood at 32.09 cents per share.

Revenue

Revenue (S\$ m)	1Q	2Q	3Q	4Q	Full Year
FY2013	40.3	32.2	19.7	23.0	115.1
FY2012	37.3	43.6	26.9	25.9	133.7
y-o-y change	8%	(26%)	(27%)	(11%)	(14%)

Group revenue in 4Q13 slipped 11% year-on-year to S\$23.0 million due mainly to lower sales volume. The decrease of S\$2.9 million was attributed mainly to lower sales to the marine and offshore customer segment, which was partially mitigated by increased sales to customers in the engineering/fabrication segment. On a sequential basis, Group revenue in 4Q13 gained 17% from S\$19.7 million in 3Q13 on the back of a pick-up in orders from the marine and offshore segment.

For the 12 months ended 31 December 2013 ("FY2013"), Group revenue decreased 14% to S\$115.1 million as a result of lower average selling prices and sales volume. The market sentiment from the second quarter of FY2013 was generally cautious. Given fragile end-user demand and ample inventory in the steel supply chain, end-users were more inclined to buy amounts sufficient to meet their immediate requirements.

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8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (cont'd)

Revenue Breakdown by Industry

Industry	FY2013		FY2012		y-o-y
	(S\$ m)	%	(S\$ m)	%	%
Marine and Offshore	76.8	67	93.1	70	(18)
Engineering/fabrication	16.1	14	15.5	12	4
Construction	7.7	7	11.2	8	(31)
Stockists and traders	9.5	8	9.4	7	1
Manufacturing, precision metal stamping & Others	5.0	4	4.5	3	11
Total	115.1	100	133.7	100	(14)

The decrease in full year revenue of S\$18.6 million was due mainly to the marine and offshore, and construction segments. The orders for steel products from the marine and offshore segment were dampened by slower newbuilding activities and intense market competition in FY2013. On the other hand, sales to the engineering/fabrication customers remained steady in FY2013 despite lower average selling prices.

Revenue Breakdown by Geographical Market

Countries	FY2013		FY2012		y-o-y
	(S\$ m)	%	(S\$ m)	%	%
Indonesia	71.3	62	79.9	60	(11)
Singapore	36.2	31	43.8	33	(17)
Malaysia	4.3	4	4.4	3	(2)
Others	3.3	3	5.6	4	(41)
Total	115.1	100	133.7	100	(14)

N.B. Revenue breakdown is based on shipment destination

In terms of performance by geographical market, sales to Indonesia in FY2013 were lower compared to FY2012 due mainly to weaker sales of the marine and offshore segment. Revenue generated from the Singapore market also declined as a result of lower sales contributions from the construction and marine and offshore sectors.

Gross Profit and Gross Profit Margin

		1Q	2Q	3Q	4Q	Full Year
Gross Profit (S\$ m)	FY2013	4.0	3.6	2.3	2.5	12.4
	FY2012	3.2	4.6	2.3	0.3	10.4
Gross Profit Margin	FY2013	9.8%	11.2%	11.9%	11.1%	10.8%
	FY2012	8.6%	10.6%	8.6%	1.0%	7.8%

Gross profit in 4Q13 increased significantly to S\$2.5 million compared to S\$0.3 million despite weaker revenue. This was attributed mainly to a recovery of the Group's gross profit margin to 11.1% in 4Q13 compared to 1.0% in 4Q12. In 4Q12, gross profit margin was dragged down by the downturn in international steel prices which caused average selling prices to decline faster than the weighted average cost of inventory sold.

For FY2013, the Group's gross profit improved by 20% to S\$12.4 million from S\$10.4 million in FY2012, driven by better profit margin. Notwithstanding lower average selling prices, gross profit margin in FY2013 expanded to 10.8% from 7.8% previously due mainly to relatively lower weighted average cost of inventory sold.

The Group's gross profit margin typically fluctuates across the quarters during a financial year. Underlying factors include differences in selling prices due to seasonal factors and market conditions, sales mix, and changes in its weighted average cost of inventory sold as the Group sells and replaces its inventory across different periods.

Other Items of Income

In 4Q13, the Group recorded other income S\$210,000 which comprised interest income and foreign exchange gain. For FY2013, other income totalled S\$681,000, a decrease of 35% from S\$1.1 million in FY2012. While the Group recorded a foreign exchange gain in FY2013 as opposed to a foreign exchange loss in FY2012, other income declined due to the absence of a write-back of doubtful and bad debts.

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8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (cont'd)

Marketing and Distribution Costs and Administrative Expenses

Marketing and distribution costs in 4Q13 increased 22% to S\$319,000 from S\$262,000 previously in tandem with the level of freight and handling services that are required for customers' orders. Administrative expenses increased 39% to S\$1.5 million from S\$1.1 million as a result of the provision for performance-based bonus for employees.

For FY2013, marketing and distribution costs declined 26% to S\$1.1 million in line with lower sales. Administrative expenses increased marginally by 6% to S\$6.5 million from S\$6.2 million previously. The Group's marketing, distribution and administrative expenses in FY2013 remained steady at S\$7.7 million when compared to FY2012. However, as a percentage of revenue, these expenses increased slightly to 6.7% in FY2013 from 5.7% in FY2012 due to a lower revenue base.

Finance Costs and other charges

The Group did not incur any finance cost in 4Q13. For FY2013, the Group had minimal finance cost of S\$1,000. This cost arose from the utilisation of trust receipts to finance purchase of inventories as part of the ordinary course of the Group's business.

Other charges in 4Q13 amounted to S\$536,000, lower than S\$1.3 million in 4Q12. This was attributed mainly to a decrease in the value of inventory written-down. For FY2013, other charges decreased to S\$0.9 million from S\$1.6 million as a result of lower amount of inventory written-down and a foreign exchange gain as opposed to a foreign exchange loss in FY2012.

Net Profit and Net Profit Margin

		1Q	2Q	3Q	4Q	Full Year
Net Profit (S\$ m)	FY2013	1.7	1.3	0.4	0.4	3.7
	FY2012	0.9	1.9	0.9	(2.0)	1.7
	y-o-y change	86%	(30%)	(59%)	n.m.	124%
Net Profit Margin	FY2013	4.1%	4.1%	1.8%	1.8%	3.2%
	FY2012	2.4%	4.3%	3.2%	n.m.	1.2%

As a result of higher gross profit, the Group posted a net profit of S\$0.4 million in 4Q13, reversing a loss after tax of S\$2.0 million in 4Q12. For FY2013, Group net profit more than doubled to S\$3.7 million from S\$1.7 million in FY2012, lifted primarily by stronger gross profit margin.

Dividend

The Board of Directors is pleased to recommend a final dividend of 0.5 cents per share (S\$1.7 million in total) with respect to FY2013. This represents a dividend payout of around 46%.

Review of Financial Position

Statement of Financial Position as at 31 December 2013

As at 31 December 2013, shareholders' equity improved to S\$109.7 million from S\$109.4 million as at 31 December 2012. The profit attributable to equity holders of S\$3.7 million in FY2013 was offset partially by a dividend payment of S\$3.4 million with respect to FY2012. Correspondingly, net asset value was 32.09 cents per share.

The Group closed FY2013 with cash and cash equivalents of S\$47.7 million and zero borrowings.

Trade and other receivables at the end of December 2013 amounted to S\$19.1 million, down slightly from S\$21.4 million at the end of December 2012 in line with lower sales. Debtor turnover in FY2013 was 61 days compared to 58 days for FY2012.

Inventories (measured on a weighted average cost basis) as at 31 December 2013 decreased to S\$47.0 million compared to S\$56.9 million as at 31 December 2012.

Trade and other payables as at 31 December 2013 were S\$3.2 million, down from S\$8.8 million as at 31 December 2012.

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- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (cont'd)

Statement of Cash Flows

The Group generated net cash from operating activities of S\$10.8 million during FY2013. This arose from earnings before interest, tax and depreciation of S\$4.7 million, as well as a reduction in inventory and trade and other receivables totalling S\$12.2 million. These were offset partially by the payment of trade payables and income taxes of S\$5.7 million and S\$0.5 million respectively.

Net cash generated from investing activities amounted to S\$142,000, attributed mainly to interest income which was partially offset by purchase of equipment during FY2013. Net cash used in financing activities totalled S\$3.4 million, primarily for the payment of dividends with respect to FY2012. As a result of the above, the Group's cash and cash equivalents increased by S\$7.5 million to S\$47.7 million as at 31 December 2013 from S\$40.2 million as at 31 December 2012.

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

Not applicable.

- 10 A commentary at the date of the announcement of the significant trends and 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.

Industry Outlook

MEPS predicted that average steel prices should expand in the years to 2016. This is based on expectations of a steady economic recovery which would underpin steel demand growth. At the same time, MEPS expects higher cost of input material for steelmakers to be a factor driving the increase in steel prices over the next three years. However, the global price increases in 2014 are likely to be fairly modest, below a double-digit rate. Leading steelmakers have also become more positive on the outlook though challenges remain. Industry players said that the three-year low in June 2013 marked a trough in the steel market cycle. (Source: "MEPS predicts world steel prices to rise over the next three years", published 8 January 2014; "Steel market recovery to carry on despite price drop, published 11 December 2013")

In its Short Range Outlook on 7 October 2013, the World Steel Association (worldsteel) predicted that global apparent steel use will increase by 3.1% to 1,475 Mt in 2013. Despite uncertain and challenging economic conditions for the global steel industry, worldsteel forecasts global steel demand will grow further by 3.3% in 2014 as the developed economies return to positive growth. (Source: worldsteel Short Range Outlook, published 7 October 2013)

Group Outlook

While the macro-economic backdrop is generally expected to improve this year, the Group believes that steel market conditions could remain delicate in the short term until demand is able to strengthen on a sustained basis. End-users of steel in some industries are also facing challenges of slower orders and heightened competition which affect their steel purchasing patterns.

International steel prices appear to have reached a support level. However, the recent decline in iron ore prices, coupled with the mills' ability to raise their capacities fairly quickly, could place a lid on potential upside gain in steel prices in the absence of sustained end-user demand.

The Group expects challenging conditions to prevail and will continue to align its inventory strategy to changes in market situations and fluctuations in the US dollar. By maintaining financial prudence, the Group believes it can overcome challenges and continue to explore and pursue growth opportunities when they arise.

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11 Dividends

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

Yes

Name of Dividend	:	Final Dividend
Dividend Type	:	Cash
Dividend Amount Per Share (in cents)	:	0.5 cent per ordinary share (tax exempt one-tier)

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

Name of Dividend	:	Final Dividend
Dividend Type	:	Cash
Dividend Amount Per Share (in cents)	:	0.2 cent per ordinary share (tax exempt one-tier)

Name of Dividend	:	Special Dividend
Dividend Type	:	Cash
Dividend Amount Per Share (in cents)	:	0.8 cent per ordinary share (tax exempt one-tier)

(c) Date payable

To be announced later.

(d) Book closure date

To be announced later.

12 If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13 Interested Person Transactions ("IPT")

If the Group has obtained a general mandate from shareholders for IPT, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Aggregate value of all IPT during the financial year under review (excluding transactions less than S\$100,000)

	Year Ended 31/12/2013 S\$'000	Year Ended 31/12/2012 S\$'000
Penta Transport Services	640	594

The value of IPT of the Group is well below 3% of the Group's latest net tangible assets as at 31 December 2013.

The Company has no IPT general mandate.

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year results)

- 14 Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year

Continuing Operations 2013	Steel Distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
Revenue by Segment					
Total revenue by segment	107,249	8,769	56	-	116,074
Inter-segment sales	(195)	(705)	(55)	-	(955)
Total revenue	<u>107,054</u>	<u>8,064</u>	<u>1</u>	<u>-</u>	<u>115,119</u>
Recurring EBITDA	5,136	(61)	(353)	-	4,722
Depreciation	(214)	(217)	-	-	(431)
Interest income				241	241
Finance costs				(1)	(1)
ORBIT *	<u>4,922</u>	<u>(278)</u>	<u>(353)</u>	<u>240</u>	<u>4,531</u>
Other unallocated items					11
Profit before tax from continuing operations					<u>4,542</u>
Income tax expense					<u>(809)</u>
Profit from continuing operations					<u>3,733</u>
Non-controlling interests					<u>(5)</u>
Profit attributable to owners of the parent					<u>3,728</u>
Other Material Items and Reconciliations:-					
Expenditure for non-current assets	48	62	-	-	110
Depreciation expense	214	217	-	-	431
Impairment of trade receivables	30	381	-	-	411
Inventories written down	<u>480</u>	<u>26</u>	<u>-</u>	<u>-</u>	<u>506</u>
Assets and Reconciliations					
Total assets for reportable segments	<u>101,577</u>	<u>16,480</u>	<u>2,358</u>	<u>-</u>	<u>120,415</u>
Unallocated corporate assets					193
Total group assets					<u>120,608</u>
Liabilities and Reconciliations					
Total liabilities for reportable segments	<u>2,119</u>	<u>188</u>	<u>212</u>	<u>-</u>	<u>2,519</u>
Unallocated corporate liabilities:-					
Other payables					662
Income tax payable					734
Deferred tax liabilities					643
Total group liabilities					<u>4,558</u>
Information about major customers:-					
Top 1 customer	22,772	-	-		22,772
Top 2 customers	<u>33,876</u>	<u>-</u>	<u>-</u>		<u>33,876</u>

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14 Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year (cont'd)

Continuing Operations 2012	Steel Distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
Revenue by Segment					
Total revenue by segment	126,971	7,585	55	-	134,611
Inter-segment sales	(140)	(684)	(55)	-	(879)
Total revenue	<u>126,831</u>	<u>6,901</u>	<u>-</u>	<u>-</u>	<u>133,732</u>
Recurring EBITDA	2,961	(133)	(398)	-	2,430
Depreciation	(226)	(213)	-	-	(439)
Interest income				170	170
Finance costs				(7)	(7)
ORBIT *	<u>2,735</u>	<u>(346)</u>	<u>(398)</u>	<u>163</u>	<u>2,154</u>
Other unallocated items					1
Profit before tax from continuing operations					2,155
Income tax expense					(486)
Profit from continuing operations					1,669
Non-controlling interests					41
Profit attributable to owners of the parent					<u>1,710</u>
Other Material Items and Reconciliations:-					
Expenditure for non-current assets	25	4	-	-	29
Depreciation expense	226	213	-	-	439
Write-back of trade receivables	882	-	-	-	882
Inventories written down	<u>1,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,195</u>
Assets and Reconciliations					
Total assets for reportable segments	<u>106,124</u>	<u>17,048</u>	<u>2,270</u>	<u>-</u>	125,442
Unallocated corporate assets					185
Total group assets					<u>125,627</u>
Liabilities and Reconciliations					
Total liabilities for reportable segments	<u>7,653</u>	<u>802</u>	<u>218</u>	<u>-</u>	8,673
Unallocated corporate liabilities:-					
Other payables					158
Income tax payable					417
Deferred tax liabilities					643
Total group liabilities					<u>9,891</u>
Information about major customers:-					
Top 1 customer	18,639	-	-		18,639
Top 2 customers	33,009	-	-		33,009
Top 3 customers	<u>46,727</u>	<u>-</u>	<u>-</u>		<u>46,727</u>

* ORBIT - Operating results before income tax.

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- 14 Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year (cont'd)**

The Group's operations are located in Singapore. An analysis of the Group revenue by geographical market which is analysed based on the billing address of each individual customer is provided below. In addition, the segment assets and capital expenditure analysed by the geographic area in which the assets are located are also tabled below.

	Revenue \$'000	Segment non-current assets \$'000	Segment assets \$'000	Capital expenditure \$'000
2013				
Singapore	48,821	6,766	111,595	110
Indonesia	59,109	-	8,576	-
Malaysia	4,276	-	437	-
Other regions	2,913	-	-	-
	<u>115,119</u>	<u>6,766</u>	<u>120,608</u>	<u>110</u>
	Revenue \$'000	Segment non-current assets \$'000	Segment assets \$'000	Capital expenditure \$'000
2012				
Singapore	53,414	7,087	114,471	29
Indonesia	72,049	-	10,303	-
Malaysia	4,382	-	735	-
Other regions	3,887	-	118	-
	<u>133,732</u>	<u>7,087</u>	<u>125,627</u>	<u>29</u>

- 15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business and geographical segments**

Please refer to item no. 8.

- 16 A breakdown of sales**

	Group		
	Year ended 31/12/2013 S\$'000	Year ended 31/12/2012 S\$'000	Increase/ (Decrease) %
First Half			
Sales reported for first half year	<u>72,457</u>	<u>80,930</u>	(10)
Profit after tax and before minority interest for first half year	<u>2,972</u>	<u>2,773</u>	7
Second Half			
Sales reported for second half year	<u>42,662</u>	<u>52,802</u>	(19)
Profit after tax and before minority interest for second half year	<u>761</u>	<u>(1,104)</u>	NM

- 17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

	Latest Full Year \$'000	Previous Full Year \$'000
Ordinary	1,710	3,419
Preference	-	-
Total	<u>1,710</u>	<u>3,419</u>

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- 18 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(9) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Lee Choon Yam	55	Brother of Lee Choon Bok Uncle of Lee Yih Chyi	Head of Production (since 1 July 2005). In charge of production and maintenance	NIL
Lee Yih Lin	41	Son of Lee Choon Bok Brother of Lee Yih Chyi Nephew of Lee Choon Yam	General Manager (since 3 July 2006). His duties include business development, sales and marketing and to solicit, study, propose and negotiate for favourable and feasible projects and businesses in line with corporate directives.	NIL

BY ORDER OF THE BOARD

Chew Kok Liang
Company Secretary
28 January 2014