



ASIA ENTERPRISES HOLDING LIMITED

ASIA ENTERPRISES HOLDING LIMITED
(Registration No: 200501021H)

**Condensed Interim Financial Statements
For the six months and full year ended
31 December 2022**

ASIA ENTERPRISES HOLDING LIMITED

Contents	Page
Condensed interim consolidated statement of profit or loss and other comprehensive income	3
Condensed interim statements of financial position	4
Condensed interim statements of changes in equity	5
Condensed interim consolidated statement of cash flows	6
Notes to the condensed interim consolidated financial statements	7
Other information	18

ASIA ENTERPRISES HOLDING LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2022

	Group					
	6 months ended 31 December 2022	6 months ended 31 December 2021	% +/-	12 months ended 31 December 2022	12 months ended 31 December 2021	% +/-
	\$'000	\$'000		\$'000	\$'000	
Revenue	42,519	17,798	139	73,522	35,412	108
Cost of sales	(36,267)	(11,638)	212	(59,888)	(24,011)	149
Gross profit	6,252	6,160	1	13,634	11,401	20
Other income and gains	184	389	(53)	875	966	(9)
Marketing and distribution costs	(455)	(135)	237	(721)	(287)	151
Administrative expenses	(2,655)	(2,596)	2	(6,829)	(6,802)	0
Finance costs	(158)	(206)	(23)	(340)	(354)	(4)
Other losses	(144)	(934)	NM	(1,150)	(941)	NM
Profit before tax from continuing operations	3,024	2,678	13	5,469	3,983	37
Income tax expenses	(1,718)	(248)	593	(1,720)	(257)	NM
Total comprehensive income for the year	1,306	2,430	(46)	3,749	3,726	1
Earnings per share	Cents	Cents		Cents	Cents	
Earnings per share currency unit						
Basic	0.38	0.71		1.10	1.09	
Diluted	0.38	0.71		1.10	1.09	

The accompanying notes form an integral part of these financial statements.

ASIA ENTERPRISES HOLDING LIMITED

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Notes	Group		Company	
		As at 31 Dec 2022 2022 \$'000	As at 31 Dec 2021 2021 \$'000	As at 31 Dec 2022 2022 \$'000	As at 31 Dec 2021 2021 \$'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	11	13,975	15,871	-	-
Right-of-use assets		8,457	8,836	-	-
Investment property	12	390	410	-	-
Investments in subsidiaries		-	-	45,680	45,680
Other financial assets, non-current		4,582	7,646	1,254	2,779
Other assets		-	50	-	-
Total non-current assets		27,404	32,813	46,934	48,459
<u>Current assets</u>					
Inventories		34,176	23,353	-	-
Trade and other receivables		19,515	7,798	12,539	12,912
Other financial assets, current		5,857	5,607	1,139	888
Cash and cash equivalents		33,740	44,279	1,095	201
Total current assets		93,288	81,037	14,773	14,001
Total assets		120,692	113,850	61,707	62,460
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	13	58,856	58,856	58,856	58,856
Treasury shares		(138)	(138)	(138)	(138)
Retained earnings		37,873	36,853	2,728	3,505
Capital reserve		575	575	-	-
Total equity		97,166	96,146	61,446	62,223
<u>Non-current liabilities</u>					
Provision, non-current		1,504	1,461	-	-
Deferred tax liabilities		864	595	-	-
Lease liabilities, non-current		8,448	8,712	-	-
Total non-current liabilities		10,816	10,768	-	-
<u>Current liabilities</u>					
Provision, current		533	580	-	-
Income tax payable		1,466	257	19	-
Lease liabilities, current		504	484	-	-
Trade and other payables		10,207	5,615	242	237
Total current liabilities		12,710	6,936	261	237
Total liabilities		23,526	17,704	261	237
Total equity and liabilities		120,692	113,850	61,707	62,460

The accompanying notes form an integral part of these financial statements.

ASIA ENTERPRISES HOLDING LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

<u>Group</u>	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Retained earnings \$'000
Current year:					
Opening balance at 1 January 2022	96,146	58,856	(138)	575	36,853
Changes in equity:					
Total comprehensive income for the year ended 31 December 2022	3,749	-	-	-	3,749
Dividends	(2,729)	-	-	-	(2,729)
Closing balance at 31 December 2022	97,166	58,856	(138)	575	37,873
Previous year:					
Opening balance at 1 January 2021	94,126	58,856	(138)	575	34,833
Changes in equity:					
Total comprehensive income for the year ended 31 December 2021	3,726	-	-	-	3,726
Dividends	(1,706)	-	-	-	(1,706)
Closing balance at 31 December 2021	96,146	58,856	(138)	575	36,853
Company	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	
Current year:					
Opening balance at 1 January 2022	62,223	58,856	(138)	3,505	
Changes in equity:					
Total comprehensive income for the year ended 31 December 2022	1,952	-	-	1,952	
Dividends	(2,729)	-	-	(2,729)	
Closing balance at 31 December 2022	61,446	58,856	(138)	2,728	
Previous year:					
Opening balance at 1 January 2021	62,956	58,856	(138)	4,238	
Changes in equity:					
Total comprehensive income for the year ended 31 December 2021	973	-	-	973	
Dividends	(1,706)	-	-	(1,706)	
Closing balance at 31 December 2021	62,223	58,856	(138)	3,505	

The accompanying notes form an integral part of these financial statements.

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

	Group	
	2022	2021
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	5,469	3,983
<u>Adjustments for:</u>		
Interest income	(514)	(505)
Interest expenses on lease liabilities	297	282
Unwinding of discount arise from provision for dismantling and removing	43	43
Inventory writedown	342	846
Provision for club membership	50	-
Depreciation of investment property	20	19
Depreciation of property, plant and equipment	2,127	2,136
Depreciation of right-of-use assets	600	576
(Reversal of)/Provision for employee benefits	(47)	580
Bad debts recovered – trade receivables	-	(27)
Gain on disposal of property, plant and equipment	(2)	(77)
(Gain)/Loss on disposal of Investments in debt investment assets at amortised cost	(7)	6
Fair value losses on investments at FVTPL	758	89
Operating cash flows before changes in working capital	9,136	7,951
Inventories	(11,163)	(10,298)
Trade and other receivables, current	(11,744)	(401)
Other assets	-	3
Trade and other payables, current	4,593	2,461
Net cash used in operations	(9,178)	(284)
Income taxes paid	(243)	(13)
Net cash flows used in operating activities	(9,421)	(297)
Cash flows from investing activities		
Other financial assets - decrease/(increase)	2,065	(4,548)
Proceeds from disposal of property, plant and equipment	2	105
Purchase of plant and equipment	(231)	(198)
Interest received	540	505
Net cash flows from/(used in) investing activities	2,376	(4,136)
Cash flows from financing activities		
Dividends paid to equity owners	(2,729)	(1,706)
Lease liabilities - principal paid	(468)	(470)
Lease liabilities - interest portion	(297)	(282)
Net cash flows used in financing activities	(3,494)	(2,458)
Net decrease in cash and cash equivalents	(10,539)	(6,891)
Cash and cash equivalents, statement of cash flows, beginning balance	44,279	51,170
Cash & cash equivalent Total	33,740	44,279

The accompanying notes form an integral part of these financial statements.

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Asia Enterprises Holding Limited is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST). These condensed consolidated financial statements as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the Group).

The Company is an investment holding company.

The principal activities of the Group are:

- (a) importing, exporting and marketing of steel products; and
- (b) processing and marketing of steel products; and
- (c) investment and management activities.

2. Basis of preparation of the financial statements

2.1. Statement of compliance

The condensed financial statements for the six months and full year ended 31 December 2022 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 interim financial statements for the half year ended 30 June 2022.

2.2. Basis of measurement

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

2.3. Functional and presentation currencies

The condensed financial statements are presented in Singapore Dollar which is the Company's functional currency.

2.4. New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s,

2.5. Use of judgements and estimates

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2. Basis of preparation of the financial statements (Cont'd)

Assessment of expected credit loss allowance on trade receivables:

The allowance for expected credit losses (“ECL”) assessment requires a degree of estimation and judgement. It is based on the lifetime ECL for trade receivables. In measuring the expected credit losses, management considers all reasonable and supportable information such as the reporting entity’s past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions (including the impact of the Covid-19 pandemic). The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year.

Assessment of allowance on inventories:

The allowance for impairment of inventories assessment requires a degree of estimation and judgement. The level of the loss allowance is assessed by taking into account the recent sales experience, the ageing of inventories, other factors that affect inventory obsolescence and subsequent events. Possible changes in these estimates could result in revisions to the stated value of the inventories.

Estimation of useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset or class of assets at the end of the reporting year affected by the assumption is \$13,975,000 (2021: \$15,871,000).

Provisions for dismantling and removing:

Provision is made for dismantling and removing costs, based on future estimated expenditures, discounted to present values. Where appropriate, the establishment of a provision is recorded as part of the original cost of the related property, plant and equipment. Changes in the provision arising from revised estimates or discount rates or changes in the expected timing of expenditures that relate to property, plant and equipment are recorded as adjustments to their carrying value and depreciated prospectively over their remaining estimated useful economic lives; otherwise such changes are recognised in profit or loss. The unwinding of the discount is included within the profit or loss as a financing charge.

3. Seasonal operations

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

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Segment and revenue information

The Group is organised into the following main business segments:

- Segment 1: Steel distribution - procuring, distributing and trading of steel products; and
- Segment 2: Provision of steel processing - processing of steel materials for sale; and
- Segment 3: Corporate - investment and management activities

These operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

4.1. Reportable segments

<u>Group</u>	Steel distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
1 July 2022 to 31 December 2022					
Revenue by segment:					
Total revenue by segment	41,293	1,319	27	-	42,639
Inter-segment sales	(50)	(43)	(27)	-	(120)
Total revenue	41,243	1,276	-	-	42,519
Recurring EBITDA					
Depreciation	3,826	349	74	-	4,249
Interest income	(1,185)	(180)	-	-	(1,365)
Interest expense on lease liabilities	-	-	-	298	298
Unwinding of discount from provision for dismantling and removing	-	-	-	(137)	(137)
ORBIT	-	-	-	(21)	(21)
Other unallocated items	2,641	169	74	140	3,024
Profit before tax from continuing operations					-
Income tax expense					3,024
Profit from continuing operations					(1,718)
					1,306
Other material items and reconciliations:					
Depreciation expense	1,185	180	-	-	1,365
Assets and reconciliation:					
Total assets for reportable segments	100,789	16,004	3,528	-	120,321
Unallocated assets	-	-	-	371	371
Total group assets	100,789	16,004	3,528	371	120,692
Liabilities and reconciliations:					
Total liabilities for reportable segments	9,350	5,272	240	-	14,862
Other payables	6,231	103	-	-	6,334
Income tax payable	-	-	-	1,466	1,466
Deferred tax liabilities	-	-	-	864	864
Total group liabilities	15,581	5,375	240	2,330	23,526

ASIA ENTERPRISES HOLDING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4.1. Reportable segments (Cont'd)

Group	Steel distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
1 July 2021 to 31 December 2021					
Revenue by segment:					
Total revenue by segment	15,790	2,032	27	-	17,849
Inter-segment sales	(24)	-	(27)	-	(51)
Total revenue	<u>15,766</u>	<u>2,032</u>	<u>-</u>	<u>-</u>	<u>17,798</u>
Recurring EBITDA					
Depreciation	(1,180)	(188)	-	-	(1,368)
Interest income	-	-	-	266	266
Interest expense on lease liabilities	-	-	-	(155)	(155)
Unwinding of discount from provision for dismantling and removing ORBIT	-	-	-	(22)	(22)
ORBIT	1,788	61	740	89	2,678
Other unallocated items					-
Profit before tax from continuing operations					<u>2,678</u>
Income tax expense					<u>(248)</u>
Profit from continuing operations					<u>2,430</u>
Other material items and reconciliations:					
Depreciation expense	1,180	188	-	-	1,368
Assets and reconciliation:					
Total assets for reportable segments	94,065	15,663	3,910	-	113,638
Unallocated assets	-	-	-	212	212
Total group assets	<u>94,065</u>	<u>15,663</u>	<u>3,910</u>	<u>212</u>	<u>113,850</u>
Liabilities and reconciliations:					
Total liabilities for reportable segments	11,274	5,263	237	-	16,774
Other payables	20	58	-	-	78
Income tax payable	-	-	-	257	257
Deferred tax liabilities	-	-	-	595	595
Total group liabilities	<u>11,294</u>	<u>5,321</u>	<u>237</u>	<u>852</u>	<u>17,704</u>

ASIA ENTERPRISES HOLDING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4.2. Reportable segments (Cont'd)

Group	Steel distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
1 January 2022 to 31 December 2022					
Revenue by segment:					
Total revenue by segment	70,314	3,348	55	-	73,717
Inter-segment sales	(85)	(55)	(55)	-	(195)
Total revenue	70,229	3,293	-	-	73,522
Recurring EBITDA					
Depreciation	7,758	409	(125)	-	8,042
Interest income	(2,369)	(378)	-	-	(2,747)
Interest expense on lease liabilities	-	-	-	514	514
Unwinding of discount from provision for dism	-	-	-	(297)	(297)
	-	-	-	(43)	(43)
ORBIT	5,389	31	(125)	174	5,469
Other unallocated items					-
Profit before tax from continuing operations					5,469
Income tax expense					(1,720)
Profit from continuing operations					3,749
Other material items and reconciliations:					
Depreciation expense	2,369	378	-	-	2,747
Assets and reconciliation:					
Total assets for reportable segments	100,789	16,004	3,528	-	120,321
Unallocated assets	-	-	-	371	371
Total group assets	100,789	16,004	3,528	371	120,692
Liabilities and reconciliations:					
Total liabilities for reportable segments	9,350	5,272	240	-	14,862
Other payables	6,231	103	-	-	6,334
Income tax payable	-	-	-	1,466	1,466
Deferred tax liabilities	-	-	-	864	864
Total group liabilities	15,581	5,375	240	2,330	23,526

ASIA ENTERPRISES HOLDING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4.1. Reportable segments (Cont'd)

Group	Steel distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
1 January 2021 to 31 December 2021					
Revenue by segment:					
Total revenue by segment	31,981	3,495	55	-	35,531
Inter-segment sales	(46)	(18)	(55)	-	(119)
Total revenue	31,935	3,477	-	-	35,412
Recurring EBITDA					
Depreciation	6,172	565	(203)	-	6,534
Interest income	(2,339)	(392)	-	-	(2,731)
Interest expense on lease liabilities	-	-	-	505	505
Unwinding of discount from provision for dism.	-	-	-	(282)	(282)
	-	-	-	(43)	(43)
ORBIT	3,833	173	(203)	180	3,983
Other allocated items					-
Profit before tax from continuing operations					3,983
Income tax expense					(257)
Profit from continuing operations					3,726
Other material items and reconciliations:					
Depreciation expense	2,339	392	-	-	2,731
Assets and reconciliation:					
Total assets for reportable segments	94,065	15,663	3,910	-	113,638
Unallocated assets	-	-	-	212	212
Total group assets	94,065	15,663	3,910	212	113,850
Liabilities and reconciliations:					
Total liabilities for reportable segments	11,274	5,263	237	-	16,774
Other payables	20	58	-	-	78
Income tax payable	-	-	-	257	257
Deferred tax liabilities	-	-	-	595	595
Total group liabilities	11,294	5,321	237	852	17,704

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4.2 Revenue

The Company's revenue is from sales of goods and services based on point in time and all the contracts are less than 12 months.

	Group			
	6 months ended 31 December 2022 \$'000	6 months ended 31 December 2021 \$'000	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000
Sales of goods and related services	41,518	16,896	71,597	33,894
Service income	934	775	1,847	1,379
Rental income	66	124	66	124
Others	1	3	12	15
Total revenue	<u>42,519</u>	<u>17,798</u>	<u>73,522</u>	<u>35,412</u>

4.3 Geographical information

The Group's operations are located in Singapore. An analysis of the Group revenue by geographical area which is analysed based on the billing address of each individual customer is provided below.

	Group			
	6 months ended 31 December 2022 \$'000	6 months ended 31 December 2021 \$'000	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000
Singapore	24,988	10,251	39,240	23,311
Indonesia	15,686	6,071	31,006	9,940
Malaysia	1,844	927	3,160	1,606
Other regions	1	549	116	555
Total revenue	<u>42,519</u>	<u>17,798</u>	<u>73,522</u>	<u>35,412</u>

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 31 December 2021:

	Group		Company	
	As at 31 Dec 2022 \$'000	As at 31 Dec 2021 \$'000	As at 31 Dec 2022 \$'000	As at 31 Dec 2021 \$'000
Financial assets:				
Financial assets at amortised cost	60,111	60,977	15,901	16,644
Financial assets at fair value through profit or loss	3,583	4,353	126	136
At end of the year	<u>63,694</u>	<u>65,330</u>	<u>16,027</u>	<u>16,780</u>
Financial liabilities:				
Financial liabilities measured at amortised cost	19,159	14,811	242	237

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6. Profit before taxation

6.1 Significant items

	Group			
	6 months ended 31 December 2022 \$'000	6 months ended 31 December 2021 \$'000	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000
Income				
Gain on disposal of property, plant and equipment	2	28	2	77
Foreign exchange adjustment (loss)/gain	(271)	8	54	75
Interest income from financial institutions	183	69	251	105
Other interest income	115	196	263	400
Bad debts recovered – trade receivables	-	-	-	27
Dividend income	115	37	207	50
Government grant	10	78	41	204
Expenses				
Gain/(Loss) on disposal of Investments in debt investment assets at amortised cost	-	-	7	(6)
Fair value gain/(losses) on investments at FVTPL	198	(88)	(758)	(89)
Unwinding of discount from provision for dismantling and removing	(21)	(29)	(43)	(43)
Interest expenses on lease liabilities	(137)	(148)	(297)	(282)
Inventory writedown	(342)	(846)	(342)	(846)
Provision for club membership	-	-	(50)	-
Depreciation of investment property	(10)	(9)	(20)	(19)
Depreciation of property, plant and equipment	(1,065)	(1,071)	(2,127)	(2,136)
Depreciation of right-of-use assets	(290)	(288)	(600)	(576)

6.2 Related party transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, including; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

Members of a group:

<u>Name</u>	<u>Relationship</u>	<u>Country of incorporation</u>
Asia Enterprises (Private) Limited	Subsidiary	Singapore
Asia-Beni Steel Industries (Pte) Ltd	Subsidiary	Singapore

Related companies in these financial statements include the members of the Company's group of companies.

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations, if any, are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intra-group transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

ASIA ENTERPRISES HOLDING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6.2 Related party transactions (Cont'd)

Significant related party transactions:

	Group			
	6 months ended 31 December 2022 \$'000	6 months ended 31 December 2021 \$'000	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000
Penta Transport Services	-	28	-	69

The Group has nil IPT transactions for 2022.

The Company has no IPT general mandate.

7. Taxation

	Group			
	6 months ended 31 December 2022 \$'000	6 months ended 31 December 2021 \$'000	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000
<u>Current tax expense</u>				
Current income tax expense	1,681	248	1,681	257
Under adjustments in respect of prior periods	37	-	39	-
Total income tax expense	<u>1,718</u>	<u>248</u>	<u>1,720</u>	<u>257</u>

8. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported for?

Yes

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

(c) Date payable

To be announced later.

(d) Book closure date

To be announced later.

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9. Net asset value

	Group		Company	
	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2022	As at 31 Dec 2021
Net asset value per ordinary share (cents)	28.48	28.18	18.01	18.24

10. Financial assets at fair value through profit and loss

Fair value measurement

	Level	Group	
		As at 31 Dec 2022	As at 31 Dec 2021
<u>Quoted equity shares:</u>			
Trading companies and distributors industry: Singapore	1	-	12
<u>Debt assets investments:</u>			
Hedge fund investments - High yield debt securities, China, US, Taiwan, North America, UK, Europe, Asia Pacific ex Japan	2	3,583	4,341
	Level	Company	
		As at 31 Dec 2022	As at 31 Dec 2021
<u>Debt assets investments:</u>			
Hedge fund investments - High yield debt securities, China, US, Taiwan, North America, UK, Europe, Asia Pacific ex Japan	2	126	136

For fair value measurements categorised within Level 2 of the fair value hierarchy, the carrying value approximate the fair values of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

11. Property, plant and equipment

	Leasehold Property \$'000	Group Plant and Equipment \$'000	Total \$'000
<u>At cost:</u>			
At 1 January 2021	26,149	11,810	37,959
Additions	-	198	198
Disposals	(900)	(423)	(1,323)
At 31 December 2021	25,249	11,585	36,834
Additions	-	231	231
Disposals	-	(145)	(145)
At 31 December 2022	25,249	11,671	36,920
<u>Accumulated depreciation:</u>			
At 1 January 2021	10,310	9,812	20,122
Depreciation for the year	1,605	531	2,136
Disposals	(900)	(395)	(1,295)
At 31 December 2021	11,015	9,948	20,963
Depreciation for the year	1,570	557	2,127
Disposals	-	(145)	(145)
At 31 December 2022	12,585	10,360	22,945
<u>Net book value:</u>			
At 31 December 2021	14,234	1,637	15,871
At 31 December 2022	12,664	1,311	13,975

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

12. Investment property

	Group	
	2022 \$'000	2021 \$'000
<u>At cost:</u>		
At 1 January	886	886
At 31 December	<u>886</u>	<u>886</u>
<u>Accumulated depreciation:</u>		
At 1 January	476	457
Depreciation for the year	20	19
At 31 December	<u>496</u>	<u>476</u>
<u>Net book value:</u>		
At 1 January	410	429
At 31 December	<u>390</u>	<u>410</u>
<u>Fair value of disclosure purpose only:</u>		
Fair value at end of the year	<u>2,125</u>	<u>2,125</u>

The investment properties are leased out under operating leases. The fair value of the investment property is stated on the existing use basis to reflect the actual market state and circumstances as of the end of the year and not as of either a past or future date. The fair value is determined periodically on a systematic basis. The fair value was based on a valuation made by management based on reference to market evidence of transaction prices to similar properties. The fair value is regarded as Level 3, the lowest level for fair value measurement, as the valuation includes inputs for the asset that are not based on observable market data (unobservable inputs).

13. Share capital

	Number of shares issued '000	Share capital \$'000	Treasury shares \$'000	Total \$'000
<u>Group and Company</u>				
<u>Ordinary shares of no par value:</u>				
Balance at the beginning of 1 January 2021 and period end of 31 December 2022	341,129 *	58,856	(138)	<u>58,718</u>

* Excluding non-voting 788,600 treasury shares and subsidiary shareholdings.

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

ASIA ENTERPRISES HOLDING LIMITED

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Asia Enterprises Holding Limited and its subsidiaries as at 31 December 2022 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 year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of Performance of the Group

Review of the Steel Industry

Based on data compiled by World Steel Association (worldsteel), global crude steel production in 2022 declined 4.2% to 1,878.5 million tonnes (Mt) compared to 2021.

With the exception of the Middle East, all the main steel producing regions covered by worldsteel recorded contractions in output during 2022. While output from China contracted by 2% to 1,013.0 Mt in 2021, it still accounted for 55% of global crude steel production to remain as the world's largest steel producing country.

In its short range outlook released on 19 October 2022, worldsteel had lowered its forecast for steel demand in 2022 to a contraction of 2.3% to 1,796.7 Mt. Steel demand is projected to stage a mild recovery to 1,814.7 Mt in 2023. worldsteel said the downward revision in its forecasts reflects the repercussion of persistently high inflation and rising interest rates globally. While it expects infrastructure demand to lift steel demand slightly in 2023, worldsteel said the prospects this year depends on the impact of tightening monetary policies and central banks' ability to anchor inflation expectations.

In a report issued on 24 November 2022, MEPS said a recovery in global steel prices is likely to be undermined by the ongoing demand weakness in China and the wider Asian region. China is suffering from a prolonged period of low market activity, exacerbated further by supply chain difficulties and financial problems in its real estate sector.

Overview

Asia Enterprises is a major distributor of steel products to industrial end-users in Singapore and the Asia-Pacific region. The Group offers a wide range of products that is complemented by its value-added steel processing services to offer a 'one-stop' solution and 'just-in-time' delivery to its customers in the marine and offshore, oil and gas, engineering/fabrication, construction and manufacturing industries. With operating history dating back to 1973, the Group has forged a strong reputation as a reliable distributor of steel products to the marine and offshore industries.

Review of Statement of Comprehensive Income

Revenue

Revenue (\$ m)	1H	2H	Full Year
FY2022	31.0	42.5	73.5
FY2021	17.6	17.8	35.4
y-o-y change	76%	139%	108%

For the 12 months ended 31 December 2022 (FY2022), Group revenue more than doubled to \$73.5 million from \$35.4 million in FY2021. This was boosted by increased volume of sales and relatively higher average selling prices (ASP).

On a six-month basis, the Group's revenue also rose significantly by 139% to \$42.5 million in the second half of FY2022 (2H22) compared to \$17.8 million in 2H21, attributed mainly to higher tonnage of sales.

ASIA ENTERPRISES HOLDING LIMITED

OTHER INFORMATION

Revenue Breakdown by Industry

Industry	FY2022		FY2021		y-o-y %
	(\$ m)	%	(\$ m)	%	
Marine and Offshore	57.7	79	24.6	70	135
Engineering/fabrication	8.0	11	5.2	15	54
Construction	1.9	3	1.1	3	73
Stockists and traders	3.4	5	3.0	8	13
Manufacturing, precision metal stamping & Others	2.5	2	1.5	4	67
Total	73.5	100	35.4	100	108

The robust growth in top line was driven by a broad-based increase in sales across the Group's key end-user industries during FY2022 compared to FY2021.

The marine and offshore segment registered the strongest improvement as sales soared 135% to \$57.7 million in FY2022 from \$24.6 million on the back of increased demand and higher ASP. This segment continued to account for the largest proportion of Group revenue with a contribution of 79% in FY2022 (FY2021: 70%).

Sales to the engineering/fabrication and construction segments also climbed higher in FY2022, driven mainly by an increase in purchases of steel raw materials by customers for their projects.

Sales to engineering/fabrication segment in FY2022 increased to \$8.0 million from \$5.2 million in FY2021, and accounted for 11% of Group revenue (FY2021: 15%). Sales to customers in the construction sector also rose to \$1.9 million from \$1.1 million previously, and made up 3% of Group revenue in FY2022 (FY2021: 3%)

Revenue Breakdown by Geographical Market*

Countries	FY2022		FY2021		y-o-y %
	(\$ m)	%	(\$ m)	%	
Singapore	39.2	53	23.3	66	68
Indonesia	31.0	42	9.9	28	213
Malaysia	3.2	4	1.6	5	100
Others	0.1	1	0.6	1	(83)
Total	73.5	100	35.4	100	108

*based on billing addresses of customers

The Group's sales to customers in Singapore jumped 68% to \$39.2 million in FY2022 from \$23.3 million in FY2021, driven by higher sales tonnage and ASP. Billings to customers in Singapore include sales that are shipped to domestic and overseas destinations. The Singapore segment accounted for 53% of Group revenue in FY2022 (FY2021: 66%).

Sales to customers in Indonesia in FY2022 trebled to \$31.0 million from \$9.9 million in FY2021. This was lifted by increased volume of sales to shipyards there as demand rose in tandem with their newbuilding activities, as well as higher ASP. As a result, the revenue contribution from Indonesia segment expanded to 42% in FY2022 (FY2021: 28%).

Revenue derived from Malaysia market also expanded to \$3.2 million in FY2022, up 100% from \$1.6 million in FY2021 as a result of higher customer orders. This market made up 4% of Group revenue in FY2022 (FY2021: 5%).

ASIA ENTERPRISES HOLDING LIMITED

OTHER INFORMATION

Gross Profit and Gross Profit Margin

		1H	2H	Full Year
Gross Profit (\$ m)	FY2022	7.4	6.2	13.6
	FY2021	5.2	6.2	11.4
Gross Profit Margin	FY2022	23.8%	14.7%	18.5%
	FY2021	29.8%	34.8%	32.2%

The Group's gross profit increased 20% to \$13.6 million in FY2022 from \$11.4 million in FY2021. Gross profit for 2H22 was stable at \$6.2 million compared to 2H21. Correspondingly, the Group's gross profit margin contracted to 18.5% in FY2022 and 14.7% for 2H22. This decline was attributed mainly to an increase in bulk ordering by customers.

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 income and gains

Other income and gains in FY2022 amounted to \$0.9 million, which was slightly lower than \$1.0 million in FY2021. The decline in other income was due mainly to lower other interest income and government grant.

Distribution Costs, Administrative Expenses, Finance Costs and Other Losses

Marketing and distribution costs in FY2022 increased to \$0.7 million from S\$0.3 million in FY2021 in tandem with the level of freight and handling services that were required to fulfill customers' orders. Administrative expenses remained unchanged at \$6.8 million in FY2022.

In line with the adoption of SFRS(I) 16, the Group recognised non-cash interest expense on lease liabilities of around \$0.3 million in FY2022. The Group recorded other losses of around \$1.2 million in FY2022 compared to \$0.9 million in FY2021. The increase arose primarily from higher fair value losses on investments measured at FVTPL (fair value through profit or loss), offset partially by lower inventory write-down.

Net Profit

		1H	2H	Full Year
Net Profit (\$ m)	FY2022	2.4	1.3	3.7
	FY2021	1.3	2.4	3.7

The Group's profit before tax (PBT) in FY2022 gained 37% to \$5.5 million from \$4.0 million in FY2021 on the back of increased revenue and gross profit. Similarly, PBT for 2H22 also improved 13% to \$3.0 million compared to \$2.7 million in 2H21.

Income tax expenses increased significantly to \$1.7 million respectively in 2H22 and FY2022 compared to \$0.2 million in 2H21 and \$0.3 million in FY2021. The increase was due mainly to the absence of unutilized losses/enhanced building allowances which had been fully utilised in prior financial years.

As a result, net profit after tax for 2H22 contracted 46% year-on-year to \$1.3 million. Net profit for FY2022 however, remained steady at \$3.7 million.

On a segmental basis, the Group recorded operating results before interest and tax (ORBIT) of \$5.4 million from its steel distribution business in FY2022, an increase from \$3.8 million in FY2021. Its

ASIA ENTERPRISES HOLDING LIMITED

OTHER INFORMATION

steel processing business registered a modest profit of \$0.03 million in FY2022 compared to ORBIT of \$0.2 million in FY2021.

Dividend

The Board of Directors has recommended a final dividend payment of 0.8 cent per share with respect to FY2022 (FY2021: 0.8 cent per share). The proposed dividend is subject to shareholders' approval at the Company's annual general meeting.

Review of Financial Position

Statement of Financial Position as at 31 December 2022

The Group's balance sheet remained sound with cash and cash equivalents of \$33.7 million and zero borrowings as at 31 December 2022. Shareholders' equity (excluding treasury shares) stood at \$97.2 million as at 31 December 2022. The Group had net asset value of 28.5 cents per share that included cash and cash equivalents of 9.9 cents per share and inventory with book value of 10.0 cents per share.

Property, plant and equipment decreased to \$14.0 million as at 31 December 2022 from \$15.9 million as at 31 December 2021 due mainly to depreciation charges. In line with the SFRS(I) 16, the present value of the operating lease payment commitments for the Group's warehouse facilities are recognised on its balance sheet as right-of-use assets and lease liabilities. As at 31 December 2022, the Group's right-of-use assets and lease liabilities stood at \$8.5 million and \$9.0 million respectively.

Other financial assets as at 31 December 2022 decreased to \$10.4 million from \$13.3 million as at 31 December 2021 due to redemption of investments in financial instruments and mark-to-market adjustments for these investments.

Trade and other receivables increased to \$19.5 million as at 31 December 2022 from \$7.8 million as at 31 December 2021 in line with increased sales.

Inventories (measured on a weighted average cost basis) comprise primarily the stock of steel materials that the Group purchases and holds for sale to its customers as part of its core steel distribution business. As at 31 December 2022, inventories increased to \$34.2 million compared to \$23.4 million as at 31 December 2021 in tandem with the Group's sales and inventory replenishment activities. Inventory turnover for FY2022 was around 208 days compared to 343 days for FY2021.

Non-current and current provisions as at 31 December 2022 were unchanged at \$2.0 million.

Trade and other payables arose mainly from purchases of inventories and services from third parties on credit terms. Trade and other payables as at 31 December 2022 increased to \$10.2 million from \$5.6 million as at 31 December 2021, attributable mainly to deferred revenue received in advance from customers.

Statement of Cash Flows

Net cash used in operating activities amounted to \$9.4 million in FY2022. This was attributed to operating cash flows before changes in working capital of \$9.1 million, offset by net working capital outflows of \$18.3 million due to an increase in inventories, trade and other receivables.

Net cash generated from investing activities in FY2022 was \$2.4 million. This was attributed mainly to a redemption of other financial assets and interest income.

Net cash used in financing activities in FY2022 amounted to \$3.5 million, which was due mainly to the payment of dividend with respect to FY2021 and lease liabilities.

As a result of the above factors, the Group's cash and cash equivalents decreased to \$33.7 million as at 31 December 2022 compared to \$44.3 million as at 31 December 2021.

ASIA ENTERPRISES HOLDING LIMITED

OTHER INFORMATION

Significant trends and competitive conditions

Notwithstanding the difficult operating environment in FY2022, the Group delivered improved revenue on the back of a pick-up in customer orders for steel materials across its key market segments. This helped to drive an increase in Group profit before tax in FY2022. In line with its commitment to reward shareholders, the Group has recommended a final dividend of 0.8 cent per share for FY2022.

The Group however, maintains a cautious business outlook for FY2023 in view of the myriad uncertainties weighing on the global economy and steel market.

After deteriorating significantly during 2022, the global economic environment is expected to remain challenging this year due to continuing headwinds from prevailing geopolitical tensions, the prolonged Russia-Ukraine war and economic slowdown in China. Moreover, further supply chain disruptions, rising interest rates and inflationary pressures could fuel downside risks to the global economic growth outlook.

The steel industry in Singapore is also expected to experience challenging operating conditions due to increased volatility of international steel prices, inflationary cost pressures, and heightened competitive conditions amid a backdrop of potentially slower demand from steel industrial end-users.

As a result of volatile steel prices, the demand and purchasing patterns of steel end-users remain unpredictable as changes in steel prices affect the economic viability of their projects. In addition, rising interest rates and cost inflation could lead to a reduction in capital investments which has an adverse impact on steel-intensive industries such as construction and shipbuilding.

Fluctuations in international steel prices and the US Dollar versus the Singapore Dollar also affect the cost of replenishing inventory and the market selling prices of steel products, which invariably have an influence on the Group's gross profit margin.

To be prepared for potential opportunities and challenges in the global business environment, the Group intends to remain vigilant in its sales and credit management, as well as maintain tight control of its operating expenses. It will also take a prudent approach in inventory management while ensuring sufficient steel inventory and mix of products to meet the project requirements of customers. The Group believes these steps are imperative to its ability to sustain a sound, debt-free balance sheet and build financial resilience to weather difficult business cycles.

3. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company hereby confirms that it has procured undertakings from all its Directors and Executive Officers in accordance with Rule 720(1) of the Listing Manual.

4. Disclosure pursuant to Rule 706A of the Listing Manual

During FY2022 and as at the date of this announcement, there were no changes to the Company's and the Group's shareholding percentage in its respective subsidiaries or associated companies nor incorporation of any new subsidiary or associate by the Company or any of the Group's entities.

5. Confirmation pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

ASIA ENTERPRISES HOLDING LIMITED

OTHER INFORMATION

6. 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.

The Group confirms that the following persons occupying a managerial position in the Company or in any of its principal subsidiaries is a relative of a director, chief executive officer or substantial shareholder of the Company by way of following relationship:

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	63	Uncle of Lee Yih Chyi, Lee Yih Hwan and Lee Yih Lin	Head of Production (since 1 July 2005). In charge of production and maintenance	NIL
Lee Yih Lin	49	Brother of Lee Yih Chyi and Lee Yih Hwan, 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 activities.	NIL

By Order of the Board

Siau Kuei Lian
Company Secretary
9 February 2023