



ASIA ENTERPRISES HOLDING LIMITED

ASIA ENTERPRISES HOLDING LIMITED
(Registration No: 200501021H)

Interim Financial Information
As at and for the Period Ended
30 June 2023

ASIA ENTERPRISES HOLDING LIMITED

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ASIA ENTERPRISES HOLDING LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2023

	Notes	Group 6 month ended 30 June		% + / (-)
		2023 \$'000	2022 \$'000	
Revenue	4.2	62,578	31,003	102
Cost of sales		(53,372)	(23,621)	126
Gross profit		9,206	7,382	25
Other income and gains		1,102	691	59
Marketing and distribution costs		(1,235)	(266)	364
Administrative expenses		(5,333)	(4,174)	28
Finance costs		(160)	(182)	(12)
Other losses		(12)	(1,006)	(99)
Profit before tax from continuing operations	6.1	3,568	2,445	46
Income tax expenses	7	(777)	(2)	NM
Total comprehensive income for the year		2,791	2,443	14
Earnings per share		Cents	Cents	
Earnings per share currency unit				
Basic		0.82	0.72	
Diluted		0.82	0.72	

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

ASIA ENTERPRISES HOLDING LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	Group		Company	
		As at 30 Jun 2023 \$'000	As at 31 Dec 2022 \$'000	As at 30 Jun 2023 \$'000	As at 31 Dec 2022 \$'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	11	13,138	13,975	-	-
Right-of-use assets		8,156	8,457	-	-
Investment property	12	380	390	-	-
Investments in subsidiaries		-	-	45,680	45,680
Other financial assets, non-current		3,307	4,582	750	1,254
Total non-current assets		24,981	27,404	46,430	46,934
<u>Current assets</u>					
Inventories		31,163	34,176	-	-
Trade and other receivables		33,273	19,515	10,431	12,539
Other financial assets, current		6,849	5,857	1,385	1,139
Cash and cash equivalents		21,593	33,740	722	1,095
Total current assets		92,878	93,288	12,538	14,773
Total assets		117,859	120,692	58,968	61,707
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		37,935	37,873	63	2,728
Capital reserve		575	575	-	-
Total equity		97,228	97,166	58,781	61,446
<u>Non-current liabilities</u>					
Provision, non-current		1,527	1,504	-	-
Deferred tax liabilities		864	864	-	-
Lease liabilities, non-current		8,196	8,448	-	-
Total non-current liabilities		10,587	10,816	-	-
<u>Current liabilities</u>					
Provision, current		482	533	-	-
Income tax payable		1,541	1,466	14	19
Lease liabilities, current		523	504	-	-
Trade and other payables		5,347	3,992	173	242
Other non-financial liabilities		2,151	6,215	-	-
Total current liabilities		10,044	12,710	187	261
Total liabilities		20,631	23,526	187	261
Total equity and liabilities		117,859	120,692	58,968	61,707

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

ASIA ENTERPRISES HOLDING LIMITED

STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 JUNE 2023

<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 2023	97,166	58,856	(138)	575	37,873
Changes in equity:					
Total comprehensive income for the period ended 30 June 2023	2,791	-	-	-	2,791
Dividends	(2,729)	-	-	-	(2,729)
Closing balance at 30 June 2023	97,228	58,856	(138)	575	37,935
Previous year:					
Opening balance at 1 January 2022	96,146	58,856	(138)	575	36,853
Changes in equity:					
Total comprehensive income for the period ended 30 June 2022	2,443	-	-	-	2,443
Dividends	(2,729)	-	-	-	(2,729)
Closing balance at 30 June 2022	95,860	58,856	(138)	575	36,567
Company	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	
Current year:					
Opening balance at 1 January 2023	61,446	58,856	(138)	2,728	
Changes in equity:					
Total comprehensive income for the period ended 30 June 2023	64	-	-	-	64
Dividends	(2,729)	-	-	-	(2,729)
Closing balance at 30 June 2023	58,781	58,856	(138)	63	
Previous year:					
Opening balance at 1 January 2022	62,223	58,856	(138)	3,505	
Changes in equity:					
Total comprehensive income for the period ended 30 June 2022	(147)	-	-	-	(147)
Dividends	(2,729)	-	-	-	(2,729)
Closing balance at 30 June 2022	59,347	58,856	(138)	629	

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

ASIA ENTERPRISES HOLDING LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2023

	Group	
	6 month ended 30 June	
	2023	2022
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	3,568	2,445
<u>Adjustments for:</u>		
Interest income	(626)	(216)
Interest expenses on lease liabilities	134	160
Unwinding of discount arise from provision for dismantling and removing	26	22
Provision for club membership	-	50
Depreciation of investment property	10	10
Depreciation of property, plant and equipment	1,079	1,062
Depreciation of right-of-use assets	318	310
Reversal of employee benefits	(51)	78
Gain on disposal of property, plant and equipment	(6)	-
Gain on disposal of investments in debt investment assets at amortised cost	-	(7)
Fair value losses on investments at FVTPL	<u>12</u>	<u>956</u>
Operating cash flows before changes in working capital	4,464	4,870
Inventories	3,013	324
Trade and other receivables, current	(13,757)	(1,581)
Trade and other payables, current	<u>(2,717)</u>	<u>(3,787)</u>
Net cash used in operations	(8,997)	(174)
Income taxes paid	<u>(703)</u>	<u>(121)</u>
Net cash flows used in operating activities	<u>(9,700)</u>	<u>(295)</u>
Cash flows from investing activities		
Other financial assets - decrease	272	2,043
Proceeds from disposal of property, plant and equipment	6	-
Purchase of plant and equipment	(241)	(10)
Interest received	<u>628</u>	<u>216</u>
Net cash flows from investing activities	<u>665</u>	<u>2,249</u>
Cash flows from financing activities		
Dividends paid to equity owners	(2,729)	(2,729)
Lease liabilities - principal paid	(249)	(222)
Lease liabilities - interest portion	<u>(134)</u>	<u>(160)</u>
Net cash flows used in financing activities	<u>(3,112)</u>	<u>(3,111)</u>
Net decrease in cash and cash equivalents	(12,147)	(1,157)
Cash and cash equivalents, statement of cash flows, beginning balance	<u>33,740</u>	<u>44,279</u>
Cash & cash equivalent Total	<u>21,593</u>	<u>43,122</u>

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 interim consolidated financial statements as at and for the six months ended 30 June 2023 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 ended 30 June 2023 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 31 December 2022.

2.2. Basis of measurement

The interim 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 interim 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 interim 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.

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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 quarter, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting period 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.

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 period but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting period.

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 period 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 period affected by the assumption is \$13,138,000 (2022: \$13,975,000).

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.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

3. Seasonal operations

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

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

	Steel distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
Group					
1 January 2023 to 30 June 2023					
Revenue by segment:					
Total revenue by segment	61,441	1,227	28	-	62,696
Inter-segment sales	(33)	(57)	(28)	-	(118)
Total revenue	<u>61,408</u>	<u>1,170</u>	<u>-</u>	<u>-</u>	<u>62,578</u>
Recurring EBITDA					
Recurring EBITDA	4,527	(32)	14	-	4,509
Depreciation	(1,240)	(167)	-	-	(1,407)
Interest income	-	-	-	626	626
Interest expense on lease liabilities	-	-	-	(134)	(134)
Unwinding of discount from provision for dismantling and removing	-	-	-	(26)	(26)
ORBIT	<u>3,287</u>	<u>(199)</u>	<u>14</u>	<u>466</u>	<u>3,568</u>
Other unallocated items					-
Profit before tax from continuing operations					<u>3,568</u>
Income tax expense					(777)
Profit from continuing operations					<u>2,791</u>
Other material items and reconciliations:					
Depreciation expense	<u>1,240</u>	<u>167</u>	<u>-</u>	<u>-</u>	<u>1,407</u>
Assets and reconciliation:					
Total assets for reportable segments	100,666	13,869	2,888	-	117,423
Unallocated assets	-	-	-	436	436
Total group assets	<u>100,666</u>	<u>13,869</u>	<u>2,888</u>	<u>436</u>	<u>117,859</u>
Liabilities and reconciliations:					
Total liabilities for reportable segments	10,326	5,333	171	-	15,830
Other payables	2,168	229	-	-	2,397
Income tax payable	-	-	-	1,540	1,540
Deferred tax liabilities	-	-	-	864	864
Total group liabilities	<u>12,494</u>	<u>5,562</u>	<u>171</u>	<u>2,404</u>	<u>20,631</u>

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4.1. Reportable segments (Cont'd)

	Steel distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
Group					
1 January 2022 to 30 June 2022					
Revenue by segment:					
Total revenue by segment	29,021	2,029	28	-	31,078
Inter-segment sales	(35)	(12)	(28)	-	(75)
Total revenue	<u>28,986</u>	<u>2,017</u>	<u>-</u>	<u>-</u>	<u>31,003</u>
Recurring EBITDA					
Recurring EBITDA	3,932	60	(199)	-	3,793
Depreciation	(1,184)	(198)	-	-	(1,382)
Interest income	-	-	-	216	216
Interest expense on lease liabilities	-	-	-	(160)	(160)
Unwinding of discount from provision for dismantling and removing	-	-	-	(22)	(22)
ORBIT	<u>2,748</u>	<u>(138)</u>	<u>(199)</u>	<u>34</u>	<u>2,445</u>
Other allocated items					-
Profit before tax from continuing operations					<u>2,445</u>
Income tax expense					<u>(2)</u>
Profit from continuing operations					<u><u>2,443</u></u>
Other material items and reconciliations:					
Depreciation expense	<u>1,184</u>	<u>198</u>	<u>-</u>	<u>-</u>	<u>1,382</u>
Assets and reconciliation:					
Total assets for reportable segments	90,110	16,162	3,378	-	109,650
Unallocated assets	-	-	-	109	109
Total group assets	<u>90,110</u>	<u>16,162</u>	<u>3,378</u>	<u>109</u>	<u>109,759</u>
Liabilities and reconciliations:					
Total liabilities for reportable segments	7,358	5,540	148	-	13,046
Other payables	17	103	-	-	120
Income tax payable	-	-	-	138	138
Deferred tax liabilities	-	-	-	595	595
Total group liabilities	<u>7,375</u>	<u>5,643</u>	<u>148</u>	<u>733</u>	<u>13,899</u>

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 month ended 30 June	
	2023	2022
	\$'000	\$'000
Sales of goods and related services	61,741	30,172
Service income	541	524
Rental income	295	296
Others	1	11
Total revenue	<u>62,578</u>	<u>31,003</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 month ended 30 June	
	2023	2022
	\$'000	\$'000
Singapore	20,991	14,252
Indonesia	39,945	15,320
Malaysia	1,627	1,316
Other regions	15	115
Total revenue	<u>62,578</u>	<u>31,003</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 30 June 2023 and 31 December 2022:

	Group		Company	
	As at 30 Jun 2023	As at 31 Dec 2022	As at 30 Jun 2023	As at 31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	61,450	60,111	13,161	15,901
Financial assets at fair value through profit or loss	<u>3,572</u>	<u>3,583</u>	<u>127</u>	<u>126</u>
	<u>65,022</u>	<u>63,694</u>	<u>13,288</u>	<u>16,027</u>
<u>Financial liabilities:</u>				
Financial liabilities measured at amortised cost	<u>14,066</u>	<u>12,944</u>	<u>173</u>	<u>242</u>

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6. Profit before taxation

6.1 Significant items

	Group	
	6 month ended 30 June	
	\$'000	\$'000
Income		
Gain on disposal of property, plant and equipment	6	-
Foreign exchange adjustment gain	333	325
Interest income from financial institutions	501	68
Other interest income	125	148
Dividend income	105	92
Government grant	27	31
Expenses		
Gain on disposal of investments in debt investment assets at amortised cost	-	7
Fair value losses on investments at FVTPL	(12)	(956)
Unwinding of discount from provision for dismantling and removing	(26)	(22)
Interest expenses on lease liabilities	(134)	(160)
Provision for club membership	-	(50)
Depreciation of investment property	(10)	(10)
Depreciation of property, plant and	(1,079)	(1,062)
Depreciation of right-of-use assets	(318)	(310)

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. Profit before taxation (Cont'd)

6.2 Related party transactions (Cont'd)

The Group has nil IPT transactions for the six months ended 30 June 2023 and 2022.

7. Taxation

	Group	
	6 month ended 30 June	
	2023	2022
	\$'000	\$'000
<u>Current tax expense</u>		
Current income tax expense	777	-
Under adjustments in respect of prior periods	-	2
Total income tax expense	<u>777</u>	<u>2</u>

8. Dividend

No interim dividend has been recommended for the period ended 30 June 2023. Recommendation for dividend will be considered with full-year results.

9. Net asset value

	Group		Company	
	As at	As at	As at	As at
	<u>30 Jun 2023</u>	<u>31 Dec 2022</u>	<u>30 Jun 2023</u>	<u>31 Dec 2022</u>
Net asset value per ordinary share (cents)	<u>28.50</u>	<u>28.48</u>	<u>17.23</u>	<u>18.01</u>

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

10. Financial assets at fair value through profit and loss

Fair value measurement

	<u>Level</u>	Group	
		As at 30 Jun 2023	As at 31 Dec 2022
<u>Debt assets investments:</u>			
Hedge fund investments - Debt securities, China, US, Taiwan, North America, UK, Europe, Asia Pacific ex Japan	2	3,572	3,583
	<u>Level</u>	Company	
		As at 30 Jun 2023	As at 31 Dec 2022
<u>Debt assets investments:</u>			
Hedge fund investments - Debt securities, China, US, Taiwan, North America, UK, Europe, Asia Pacific ex Japan	2	127	126

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 2022	25,249	11,585	36,834
Additions	-	231	231
Disposals	-	(146)	(146)
At 31 December 2022	25,249	11,670	36,919
Additions	-	241	241
Disposals	-	(149)	(149)
At 30 June 2023	25,249	11,762	37,011
<u>Accumulated depreciation:</u>			
At 1 January 2022	11,015	9,948	20,963
Depreciation for the year	1,570	557	2,127
Disposals	-	(146)	(146)
At 31 December 2022	12,585	10,359	22,944
Depreciation	785	294	1,079
Disposals	-	(150)	(150)
At 30 June 2023	13,370	10,503	23,873
<u>Net book value:</u>			
At 31 December 2022	12,664	1,311	13,975
At 30 June 2023	11,879	1,259	13,138

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

12. Investment property

	Group	
	As at 30 Jun 2023 \$'000	As at 31 Dec 2022 \$'000
<u>At cost:</u>		
At beginning of the period/year	886	886
At end of the period/year	<u>886</u>	<u>886</u>
<u>Accumulated depreciation:</u>		
At beginning of the period/year	496	476
Depreciation	10	20
At end of the period/year	<u>506</u>	<u>496</u>
<u>Net book value:</u>		
At beginning of the period/year	390	410
At end of the period/year	<u>380</u>	<u>390</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 reporting period/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 2023 and period end of 30 June 2023	341,129 *	58,856	(138)	58,718

* 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 30 June 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the 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 the first six months of 2023 was 943.9 million tonnes (Mt) which was relatively unchanged compared to the same period in 2022.

Production output of the main steel producing regions covered by worldsteel was generally lower to stable during the six-month period. China remained as the world's largest steel producing country and generated slightly higher output of 535.6 Mt to account for 57% of global crude steel production.

In its short range outlook released on 18 April 2023, worldsteel is forecasting steel demand to increase 2.3% to reach 1,822.3 Mt in 2023. It said the recovery is expected to be led by manufacturing although high interest rates will continue to weigh on steel demand. For 2024, worldsteel projects steel demand to grow a further 1.7% to 1,854.0 Mt on the back of accelerating demand growth in most regions with the exception of China.

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
FY2023	62.6	-	-
FY2022	31.0	42.5	73.5
y-o-y change	102%	-	-

For the six months ended 30 June 2023 (1H23), the Group doubled its revenue to \$62.6 million from \$31.0 million in 1H22. This was lifted by an increase in the volume of the Group's sales. Average selling prices (ASP) have generally eased during 1H23 as compared to 1H22, in tandem with a decline in international steel prices.

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Revenue Breakdown by Industry

Industry	1H23		1H22		y-o-y %
	(\$ m)	%	(\$ m)	%	
Marine & offshore	54.5	88	23.6	76	131
Engineering/fabrication	4.7	7	3.7	12	27
Construction	1.1	2	0.9	3	22
Stockists & traders	1.4	2	1.6	5	(13)
Manufacturing, precision metal stamping & others	0.9	1	1.2	4	(25)
Total	62.6	100	31.0	100	102

The Group witnessed a broad-based increase in sales across its key end-user industries during 1H23 compared to 1H22.

The surge in Group revenue was driven largely by the marine and offshore segment which recorded strong sales growth of 131% on the back of higher demand from shipyards. This segment recorded sales of \$54.5 million in 1H23 and made up 88% of Group revenue (1H22: 76%).

Sales to the engineering/fabrication and construction segments also increased in 1H23, attributed mainly to higher volume of purchases of steel raw materials by customers for their projects.

Sales to engineering/fabrication segment in 1H23 increased to \$4.7 million from \$3.7 million in 1H22, and accounted for 7% of Group revenue (1H22: 12%). Sales to customers in the construction sector also rose to \$1.1 million from \$0.9 million previously, and made up 2% of Group revenue in 1H23 (1H22: 3%)

Revenue Breakdown by Geographical Market

Countries	1H23		1H22		y-o-y %
	(\$ m)	%	(\$ m)	%	
Singapore	21.0	34	14.3	46	47
Indonesia	39.9	64	15.3	49	161
Malaysia	1.6	2	1.3	4	23
Others	0.0	0	0.1	1	n.m.
Total	62.6	100	31.0	100	102

N.B. Revenue breakdown is based on billing addresses of customers

The Group's sales to customers in Singapore jumped 47% to \$21.0 million in 1H23 from \$14.3 million in 1H22, primarily on the back of higher sales tonnage. Billings to customers in Singapore include sales that are shipped to domestic and overseas destinations. The Singapore segment accounted for 34% of Group revenue in 1H23 (1H22: 46%).

Sales to customers in Indonesia in 1H23 more than doubled to \$39.9 million from \$15.3 million in 1H22. This was boosted by increased volume of sales to shipyards there as demand grew in tandem with newbuilding and repair activities. As a result, the revenue contribution from Indonesia segment expanded to 64% in 1H23 (1H22: 49%).

Revenue derived from Malaysia market increased to \$1.6 million in 1H23, up 23% from \$1.3 million in 1H22 as a result of higher customer orders. This market made up 2% of Group revenue in 1H23 (1H22: 4%).

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Gross Profit and Gross Profit Margin

		1H	2H	Full Year
Gross Profit (\$ m)	FY2023	9.2	-	-
	FY2022	7.4	6.2	13.6
Gross Profit Margin	FY2023	14.7%	-	-
	FY2022	23.8%	14.7%	18.5%

The Group's gross profit improved 25% to \$9.2 million from \$7.4 million in 1H22. This translated into a gross profit margin of 14.7% in 1H23 compared to 23.8% in 1H22. The reduction in gross profit margin was attributed mainly to lower ASP during 1H23 versus 1H22, in tandem with a decline in global steel market prices.

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, foreign currency fluctuations 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 1H23 increased to \$1.1 million from \$0.7 million in 1H22, attributed mainly to higher interest income.

Distribution Costs, Administrative Expenses, Finance Costs and Other Losses

Marketing and distribution costs in 1H23 increased significantly to \$1.2 million from S\$0.3 million in 1H22 in tandem with the level of freight and handling services that were required to fulfill customers' orders. Administrative expenses were also higher at \$5.3 million in 1H23, compared to \$4.2 million in 1H22. This was due mainly to higher provision for staff-related expenses.

In line with the adoption of SFRS(I) 16, the Group recognised non-cash interest expense on lease liabilities of around \$0.2 million in 1H23. Other losses in 1H23 were down significantly to \$12,000 from \$1.0 million in 1H22, due mainly to a decline in losses from investments measured at FVTPL (fair value through profit or loss).

Net Profit

		1H	2H	Full Year
PBT (\$ m)	FY2023	3.6	-	-
	FY2022	2.5	3.0	5.5
Net Profit (\$ m)	FY2023	2.8	-	-
	FY2022	2.4	1.3	3.7

The Group's profit before tax (PBT) in 1H23 gained 46% to \$3.6 million from \$2.5 million in 1H23 on the back of improved revenue and gross profit. Income tax expenses increased significantly to \$0.8 million in 1H23 due mainly to the absence of unutilised losses and enhanced capital allowances that had been fully utilised in prior financial years. As a result, net profit for 1H23 rose 14% to \$2.8 million from \$2.4 million in 1H22.

On a segmental basis, the Group recorded operating results before interest and tax (ORBIT) of \$3.3 million from its steel distribution business in 1H23, an increase from \$2.7 million in 1H22. Its steel processing business registered a loss of \$0.2 million in 1H23 compared to a loss of \$0.1 million in 1H22.

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Review of Financial Position

Statement of Financial Position as at 30 June 2023

The Group's balance sheet remained sound as at 30 June 2023 with cash and cash equivalents of \$21.6 million and zero borrowings. Shareholders' equity (excluding treasury shares) stood at \$97.2 million as at 30 June 2023. The Group had net asset value of 28.5 cents per share that included cash and cash equivalents of 6.3 cents per share and inventory with book value of 9.1 cents per share.

Property, plant and equipment decreased to \$13.1 million as at 30 June 2023 from \$14.0 million as at 31 December 2022 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 30 June 2023, the Group's right-of-use assets and lease liabilities stood at \$8.2 million and \$8.7 million respectively.

Other financial assets as at 30 June 2023 decreased marginally to \$10.2 million compared to \$10.4 million as at 31 December 2022, due to redemptions of financial instruments on maturity.

Trade and other receivables increased to \$33.3 million as at 30 June 2023 from \$19.5 million as at 31 December 2022 in line with the increase in Group 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 30 June 2023, inventories decreased slightly to \$31.2 million from \$34.2 million as at 31 December 2022 in tandem with the Group's sales and inventory replenishment activities. Inventory turnover for 1H23 was around 109 days (annualised) compared to 208 days for FY2022.

Non-current and current provisions as at 30 June 2023 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 30 June 2023 increased to \$5.3 million from \$4.0 million as at 31 December 2022 due mainly to higher expenses accrual. Other non-financial liabilities reduced to \$2.2 million as at 30 June 2023 from \$6.2 million as at 31 December 2022, in line with a decrease in deferred sales received in advance from customers in 1H23.

Statement of Cash Flows

Net cash used in operating activities amounted to \$9.7 million in 1H23. This was attributed to operating cash flows before changes in working capital of \$4.5 million, offset by net working capital outflows of \$13.5 million and payment of income tax of \$0.7 million.

Net cash generated from investing activities in 1H23 was \$0.7 million. This was attributed mainly to redemption of other financial assets and interest income, offset partially by purchase of plant and equipment.

Net cash used in financing activities in 1H23 amounted to \$3.1 million, which was due mainly to the payment of dividend with respect to FY2022 and lease liabilities.

As a result of the above factors, the Group's cash and cash equivalents decreased to \$21.6 million as at 30 June 2023 compared to \$33.7 million as at 31 December 2022.

Significant trends and competitive conditions

Looking into the second half of 2023, the global economic environment remains uncertain. The rise in interest rates, tighter credit markets, high inflation and prevailing geopolitical tensions could continue to fuel downside risks to the momentum of global economic activities.

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In the international steel market, prices have remained volatile since the start of 2023. Following a moderate uptick in the first quarter of the year, international steel prices have gradually declined in recent months.

As a result of volatility in steel prices, the demand and purchasing patterns of steel end-users may remain unpredictable as changes in steel prices affect the economic viability of their projects. While demand from the Group's customers during 1H23 has generally been positive, orders for steel materials may slow in the second half of 2023 due to changes in customers' purchasing patterns and concerns on the wider economy. High interest rates and accessibility to financing may also continue to affect industrial end-users' project pipelines.

The operating environment facing the steel distribution industry in Singapore is expected to be difficult amid elevated operating cost pressures, heightened competitive conditions and increased volatility of international steel prices. Fluctuations in international steel prices and the US Dollar versus the Singapore Dollar 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.

Against this backdrop, the Group is maintaining a cautious view for its business outlook for 2H23. Nevertheless, the Group will continue with its business development efforts to sustain and build new customer relationships to capitalise on market opportunities. At the same time, it intends to remain vigilant in its sales and credit management, maintain tight control of operating expenses while continuing to take a prudent approach in inventory management. The Group believes this approach will help to assure a sound, debt-free balance sheet and build financial resilience to overcome any difficult business cycles.

2. 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.

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

During the first half of FY2023 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.

4. 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").

By Order of the Board

Siau Kuei Lian
Company Secretary
11 August 2023

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NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, Lee Bon Leong and Lee Yih Chyi, being two directors of Asia Enterprises Holding Limited ("the Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial statement to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lee Bon Leong
Non-Executive, Independent Chairman

Lee Yih Chyi
Managing Director