



ASIA ENTERPRISES HOLDING LIMITED

ASIA ENTERPRISES HOLDING LIMITED
(Registration No: 200501021H)

Interim Financial Information
As at and for the Period Ended
30 June 2024

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 2024

	Notes	6 months ended 30 June		% +/-(-)
		2024 \$'000	2023 \$'000	
Revenue	5.3	21,819	62,578	(65)
Cost of sales		(18,353)	(53,872)	(66)
Gross profit		3,466	8,706	(60)
Other income and gains	6	1,013	1,102	(8)
Marketing and distribution costs		(169)	(735)	(77)
Administrative expenses		(3,573)	(5,333)	(33)
Finance costs		(183)	(160)	14
Other losses	6	(44)	(12)	267
Profit before tax from continuing operations		510	3,568	(86)
Income tax expense	7	(209)	(777)	(73)
Total comprehensive income for the year		301	2,791	(89)
Earnings per share		Cents	Cents	
Earnings per share currency unit				
Basic		0.09	0.82	
Diluted		0.09	0.82	

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

ASIA ENTERPRISES HOLDING LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	Group		Company	
		As at 30 Jun 2024 \$'000	As at 31 Dec 2023 \$'000	As at 30 Jun 2024 \$'000	As at 31 Dec 2023 \$'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	10	11,326	12,339	–	–
Right-of-use assets	11	7,678	7,862	–	–
Investment property	12	360	370	–	–
Investments in subsidiaries		–	–	45,680	45,680
Other financial assets, non-current	13	3,306	3,304	756	751
Total non-current assets		22,670	23,875	46,436	46,431
<u>Current assets</u>					
Inventories		26,311	26,757	–	–
Trade and other receivables		12,819	18,112	10,422	13,913
Other financial assets, current	13	5,012	4,803	627	629
Cash and cash equivalents		44,455	41,875	1,655	1,626
Total current assets		88,597	91,547	12,704	16,168
Total assets		111,267	115,422	59,140	62,599
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	14	58,856	58,856	58,856	58,856
Treasury shares		(138)	(138)	(138)	(138)
Retained earnings		38,098	41,208	204	3,553
Capital reserve		575	575	–	–
Total equity		97,391	100,501	58,922	62,271
<u>Non-current liabilities</u>					
Provisions, non-current		1,574	1,551	–	–
Deferred tax liabilities		835	845	–	–
Lease liabilities, non-current		7,849	7,931	–	–
Total non-current liabilities		10,258	10,327	–	–
<u>Current liabilities</u>					
Income tax payable		1,090	1,812	9	61
Provisions, current		411	422	–	–
Lease liabilities, current		562	530	–	–
Trade and other payables		1,555	1,760	209	267
Derivative financial liabilities		–	70	–	–
Total current liabilities		3,618	4,594	218	328
Total liabilities		13,876	14,921	218	328
Total equity and liabilities		111,267	115,422	59,140	62,599

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 30 JUNE 2024

Group	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Retained earnings \$'000
Current year:					
Opening balance at 1 January 2024	100,501	58,856	(138)	575	41,208
Changes in equity:					
Total comprehensive income for the period ended 30 June 2024	301	-	-	-	301
Dividends (Note 8)	(3,411)	-	-	-	(3,411)
Closing balance at 30 June 2024	97,391	58,856	(138)	575	38,098
Previous 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 (Note 8)	(2,729)	-	-	-	(2,729)
Closing balance at 30 June 2023	97,228	58,856	(138)	575	37,935
Company					
	Total equity \$'000	Share capital \$'000	Treasury shares \$'000		Retained earnings \$'000
Current year:					
Opening balance at 1 January 2024	62,271	58,856	(138)		3,553
Changes in equity:					
Total comprehensive income for the period ended 30 June 2024	62	-	-		62
Dividends (Note 8)	(3,411)	-	-		(3,411)
Closing balance at 30 June 2024	58,922	58,856	(138)		204
Previous 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 (Note 8)	(2,729)	-	-		(2,729)
Closing balance at 30 June 2023	58,781	58,856	(138)		63

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 2024

	Group	
	6 month ended 30 June	
	2024	2023
	\$'000	\$'000
<u>Cash flows from / (used in) operating activities</u>		
Profit before tax	510	3,568
Adjustment for:		
Interest income	(808)	(626)
Interest expense	24	26
Interest expense on lease liabilities	158	134
Unwinding of discount arise from provision for dismantling and removing	24	26
Depreciation of property, plant and equipment	1,062	1,079
Depreciation of right-of-use assets	372	318
Depreciation of investment property	10	10
Reversal of employee benefits	(10)	(51)
Gain on disposal of property, plant and equipment	–	(6)
Unrealised gain on derivative financial instruments	(70)	–
Fair value losses on investments at FVTPL, net	38	12
Operating cash flows before changes in working capital	1,310	4,490
Inventories	446	3,013
Trade and other receivables	5,294	(13,757)
Trade and other payables	(207)	(4,866)
Other non-financial liabilities	–	2,149
Net cash flows from / (used in) operations	6,843	(8,971)
Income taxes paid	(942)	(703)
Net cash flows from / (used in) operating activities	5,901	(9,674)
<u>Cash flows from investing activities</u>		
Other financial assets – (decrease) / increase	(250)	272
Proceeds from disposal of property, plant and equipment	–	6
Purchase of property, plant and equipment	(49)	(241)
Interest received	806	628
Net cash flows from investing activities	507	665
<u>Cash flows used in financing activities</u>		
Dividends paid to equity owners	(3,411)	(2,729)
Interest paid	(24)	(26)
Lease liabilities - principal paid	(235)	(249)
Lease liabilities - interest portion	(158)	(134)
Net cash flows used in financing activities	(3,828)	(3,138)
Net increase / (decrease) in cash and cash equivalents	2,580	(12,147)
Cash and cash equivalents, statement of cash flows, beginning balance	41,875	33,740
Cash and cash equivalents, statement of cash flows, ending balance	44,455	21,593

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 2024 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 2024 have been prepared in accordance with SFRS(I) 1-34 Interim Financial reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2023.

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 current economic conditions. 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 \$11,326,000 (2023: \$12,339,000).

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 affected by cyclical factors impacted by periods of economic expansion and contraction during the financial period.

4. Related party transactions

The financial reporting standard on related party disclosures requires the Company to disclose: (a) related party relationships, transactions and outstanding balances, including commitment; 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:

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

<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 party transactions:

There are transactions and arrangements between the Company 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. The transactions were not material.

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

The Group has nil IPT transactions for the six months ended 30 June 2024 and 2023.

5. 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.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. Segment and revenue information (Cont'd)

5.1. Reportable segments

Group	Steel distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
1 January 2024 to 30 June 2024					
Revenue by segment:					
Total revenue by segment	20,812	1,095	28	–	21,935
Inter-segment sales	(51)	(37)	(28)	–	(116)
Total revenue	<u>20,761</u>	<u>1,058</u>	<u>–</u>	<u>–</u>	<u>21,819</u>
Recurring EBITDA					
Depreciation	1,114	203	11	–	1,328
Interest income	(1,274)	(170)	–	–	(1,444)
Interest expense on lease liabilities	–	–	–	808	808
Unwinding of discount from provision for dismantling and removing	–	–	–	(158)	(158)
ORBIT	–	–	–	(24)	(24)
Other unallocated items	(160)	33	11	626	510
Profit before tax from continuing operations					–
Income tax expense					510
Profit from continuing operations					<u>(209)</u>
					<u>301</u>
Other material items and reconciliations:					
Depreciation expense	1,274	170	–	–	1,444
Assets and reconciliation:					
Total assets for reportable segments	95,419	12,478	3,066	–	110,963
Unallocated assets	–	–	–	304	304
Total group assets	<u>95,419</u>	<u>12,478</u>	<u>3,066</u>	<u>304</u>	<u>111,267</u>
Liabilities and reconciliations:					
Total liabilities for reportable segments	6,485	5,047	202	–	11,734
Other payables	23	194	–	–	217
Income tax payable	–	–	–	1,090	1,090
Deferred tax liabilities	–	–	–	835	835
Total group liabilities	<u>6,508</u>	<u>5,241</u>	<u>202</u>	<u>1,925</u>	<u>13,876</u>

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. Segment and revenue information (Cont'd)

5.1. Reportable segments (Cont'd)

Group	Steel distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
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					
Depreciation	4,527	(32)	14	–	4,509
Interest income	(1,240)	(167)	–	–	(1,407)
Interest expense on lease liabilities	–	–	–	626	626
Unwinding of discount from provision for dismantling and removing	–	–	–	(134)	(134)
ORBIT	–	–	–	(26)	(26)
Other unallocated items	<u>3,287</u>	<u>(199)</u>	<u>14</u>	<u>466</u>	<u>3,568</u>
Profit before tax from continuing operations					–
Income tax expense					<u>3,568</u>
Profit from continuing operations					<u>(777)</u>
					<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

5. Segment and revenue information (Cont'd)

5.2. 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.

The following table provides an analysis of the revenue by geographical market, irrespective of the origin of the goods and services:

	Group	
	6 month ended 30 June	
	2024	2023
	\$'000	\$'000
Singapore	13,119	20,991
Indonesia	7,351	39,945
Malaysia	1,005	1,627
Other regions	344	15
Total revenue	<u>21,819</u>	<u>62,578</u>

5.3. 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	
	2024	2023
	\$'000	\$'000
Sales of goods and related services	20,976	61,741
Service income	451	541
Rental income	387	295
Others	5	1
Total revenue	<u>21,819</u>	<u>62,578</u>

6. Other income and gains and (other losses)

	Group	
	6 month ended 30 June	
	2024	2023
	\$'000	\$'000
Dividend income	102	105
Fair value losses on investments at FVTPL, net	(38)	(12)
Foreign exchange adjustments (loss) / gain	(6)	333
Gain on disposal of property, plant and equipment	-	6
Government grant	27	27
Interest income from financial institutions	722	501
Other interest income	86	125
Unrealised gain on derivative financial instruments	75	-
Sundry income	1	5
Net	<u>969</u>	<u>1,090</u>

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6. Other income and gains and (other losses) (Cont'd)

	Group	
	6 month ended 30 June	
	2024	2023
	\$'000	\$'000
Presented in profit or loss as:		
Other income and gains	1,013	1,102
Other losses	(44)	(12)
	<u>969</u>	<u>1,090</u>

7. Taxation

Components of tax expense recognised in profit or loss include:

	Group	
	6 month ended 30 June	
	2024	2023
	\$'000	\$'000
<u>Income tax:</u>		
Current tax expense	219	777
	<u>219</u>	<u>777</u>
<u>Deferred tax:</u>		
Deferred tax income	(10)	–
	<u>(10)</u>	<u>–</u>
Total income tax expense	<u>209</u>	<u>777</u>

8. Dividend

8.1. Interim dividend

No interim dividend has been recommended for the period ended 30 June 2024.

Recommendation for dividend will be considered with full-year results.

8.2. Final dividend

Final tax exempt (1-tier) dividend for the years ended 31 December 2023 and 31 December 2022 paid in the periods ended 30 June 2024 and 30 June 2023 comprise:

	Group and Company	
	2024	2023
	\$'000	\$'000
Final tax exempt (1-tier) dividend paid of 2023: 1.0 cent (2022: 0.8 cent) per share	<u>3,411</u>	<u>2,729</u>

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9. Net asset value

	Group		Company	
	As at 30 Jun 2024 \$'000	As at 31 Dec 2023 \$'000	As at 30 Jun 2024 \$'000	As at 31 Dec 2023 \$'000
Net asset value per ordinary shares (cents)	28.55	29.46	17.28	18.25

10. Property, plant and equipment

Group	Leasehold properties \$'000	Plant and equipment \$'000	Total \$'000
<u>Cost:</u>			
At 1 January 2023	25,249	11,670	36,919
Additions	–	518	518
Disposals	–	(372)	(372)
At 31 December 2023	25,249	11,816	37,065
Additions	–	49	49
Disposals	–	(5)	(5)
At 30 June 2024	25,249	11,860	37,109
<u>Accumulated depreciation:</u>			
At 1 January 2023	12,585	10,359	22,944
Depreciation for the year	1,570	578	2,148
Disposals	–	(366)	(366)
At 31 December 2023	14,155	10,571	24,726
Depreciation for the period	785	277	1,062
Disposals	–	(5)	(5)
At 30 June 2024	14,940	10,843	25,783
<u>Carrying value:</u>			
At 1 January 2023	12,664	1,311	13,975
At 31 December 2023	11,094	1,245	12,339
At 30 June 2024	10,309	1,017	11,326

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors that could change materially because 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.

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

11. Right-Of-Use Assets

The right-of-use assets in the statement of financial position. The details are as follows:

	Leasehold land \$'000
Group	
<u>Cost:</u>	
At 1 January 2023	11,045
Remeasurement	17
At 31 December 2023	11,062
Remeasurement	188
At 30 June 2024	11,250
<u>Accumulated depreciation:</u>	
At 1 January 2023	2,588
Depreciation for the year	612
At 31 December 2023	3,200
Depreciation for the period	372
At 30 June 2024	3,572
<u>Carrying value:</u>	
At 1 January 2023	8,457
At 31 December 2023	7,862
At 30 June 2024	7,678

A lease conveys the right-to-use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised right-of-use asset is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. An interest expense is recognised on the lease liability (included in finance costs). For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

12. Investment property

	Group	
	As at 30 Jun 2024 \$'000	As at 31 Dec 2023 \$'000
<u>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	516	496
Depreciation for the period/year	10	20
At end of the period/year	<u>526</u>	<u>516</u>
<u>Carrying value:</u>		
At beginning of the period/year	370	390
At end of the period/year	<u>360</u>	<u>370</u>
<u>Fair value for disclosure purpose only:</u>		
Fair value at end of the period/year	<u>1,863</u>	<u>1,863</u>

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee as a right-of-use asset under a finance lease) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the cost model is used to measure the investment property using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value. For disclosure purposes only, the fair values are measured periodically on a systematic basis by management.

13. Other financial assets

	Group		Company	
	As at 30 Jun 2024 \$'000	As at 31 Dec 2023 \$'000	As at 30 Jun 2024 \$'000	As at 31 Dec 2023 \$'000
Balance is made up of:				
<u>Non-current:</u>				
A. Investments in debt asset instruments at amortised cost	3,306	3,304	756	751
Total non-current portion	<u>3,306</u>	<u>3,304</u>	<u>756</u>	<u>751</u>
<u>Current:</u>				
A. Investments in debt asset instruments at amortised cost	1,508	1,261	500	501
B. Investment at fair value through profit or loss ("FVTPL")	3,504	3,542	127	128
Total current portion	<u>5,012</u>	<u>4,803</u>	<u>627</u>	<u>629</u>
Total at end of the period/year	<u>8,318</u>	<u>8,107</u>	<u>1,383</u>	<u>1,380</u>

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. Other financial assets (Cont'd)

Fair value measurement of Investment at fair value through profit or loss ("FVTPL"):

Group	Level	As at 30 Jun 2024 \$'000	As at 31 Dec 2023 \$'000
<u>Debt assets investments:</u>			
Mutual funds investments - high yield debt securities, China, US, Taiwan, North America, UK, Europe, Asia Pacific ex-Japan	2	<u>3,504</u>	<u>3,542</u>
Company			
<u>Debt assets investments:</u>			
Mutual funds investments - high yield debt securities, China, US, Taiwan, North America, UK, Europe, Asia Pacific ex-Japan	2	<u>127</u>	<u>128</u>

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.

14. Share capital

Group and Company	Number of shares issued '000	Share capital \$'000	Treasury shares \$'000	Total \$'000
<u>Ordinary shares of no par value:</u>				
Balance at beginning and end of the reporting year and period 31 December 2023 and 30 June 2024	<u>341,129 *</u>	<u>58,856</u>	<u>(138)</u>	<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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

15. Financial instruments: information on material policy information and financial risks

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2024 and 31 December 2023:

	Group		Company	
	As at 30 Jun 2024 \$'000	As at 31 Dec 2023 \$'000	As at 30 Jun 2024 \$'000	As at 31 Dec 2023 \$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	62,088	64,552	13,333	16,791
Financial assets at FVTPL	3,504	3,542	127	128
	65,592	68,094	13,460	16,919
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	9,966	10,221	209	267
Financial liabilities at FVTPL	–	70	–	–
	9,966	10,291	209	267

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1. Review

The condensed consolidated statement of financial position of Asia Enterprises Holding Limited and its subsidiaries as at 30 June 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the 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 2024 was 954.6 million tonnes (Mt) which was unchanged compared to the same period in 2023.

Production output of the main steel producing regions covered by worldsteel generally witnessed flat growth during this six-month period. While China's output was down 1.1% to 530.5 Mt, it 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 9 April 2024, worldsteel is forecasting steel demand to grow 1.7% to 1,793 Mt in 2024. Although worldsteel said the global economy may benefit from a soft landing with the end of the monetary tightening cycle, it expects steel demand growth to remain weak and market volatility to stay elevated due to the lagged impact of the monetary tightening, increased costs and high geopolitical uncertainties.

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
FY2024	21.8	-	-
FY2023	62.6	32.9	95.5
y-o-y change	(65%)	-	-

For the six months ended 30 June 2024 (1H24), the Group's revenue declined 65% to \$21.8 million from \$62.6 million in 1H23 due largely to lower volume of sales amid intense competitive pressures. Average selling prices (ASP) were also softer compared to 1H23 in tandem with a downward trend in international steel prices during 1H24.

ASIA ENTERPRISES HOLDING LIMITED

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2. Review of Performance of the Group (Cont'd)

Revenue Breakdown by Industry

Industry	1H24		1H23		y-o-y %
	(\$ m)	%	(\$ m)	%	
Marine & offshore	16.2	74	54.5	88	(70)
Engineering/fabrication	2.5	12	4.7	7	(47)
Construction	0.9	4	1.1	2	(18)
Stockists & traders	1.4	6	1.4	2	-
Manufacturing, precision metal stamping & others	0.8	4	0.9	1	(11)
Total	21.8	100	62.6	100	(65)

The Group witnessed a general decrease in orders from customers in its key end-user markets during 1H24 due to slower demand conditions and changes in purchasing behaviour as a result of the downtrend in international steel prices.

Sales to the marine and offshore segment decreased 70% to \$16.2 million in 1H24. This was attributed mainly to a reduction in purchases by shipyards in the region as newbuilding projects were delayed by slower deliveries of equipment and manpower constraints. However, the marine and offshore sector continued to be the Group's largest segment with a revenue contribution of 74% in 1H24 (1H23: 88%).

Sales to the engineering/fabrication segment decreased 47% to \$2.5 million in 1H24, in tandem with lower volume of steel purchases by customers for their projects. Sales to this segment accounted for 12% of Group revenue in 1H24 (1H23: 7%).

Sales to customers in the construction sector also eased to \$0.9 million in 1H24 from \$1.1 million previously, and made up 4% of Group revenue in 1H24 (1H23: 2%).

Revenue Breakdown by Geographical Market

Countries	1H24		1H23		y-o-y %
	(\$ m)	%	(\$ m)	%	
Singapore	13.1	60	21.0	34	(38)
Indonesia	7.4	34	39.9	64	(81)
Malaysia	1.0	4	1.6	2	(37)
Others	0.3	2	0.1	0	n.m.
Total	21.8	100	62.6	100	(65)

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

The Group's sales to customers in Singapore declined 38% to \$13.1 million in 1H24 due primarily to lower demand from customers. Billings to customers in Singapore include sales that are shipped to domestic and overseas destinations. The Singapore segment accounted for 60% of Group revenue in 1H24 (1H23: 34%).

Sales to customers in Indonesia contracted 81% to \$7.4 million in 1H24, due mainly to a slowdown in demand from shipyards as their steel requirements reduced in tandem with the delay in newbuilding projects and lower repair activities. As a result, the revenue contribution from Indonesia segment shrank to 34% in 1H24 (1H23: 64%).

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2. Review of Performance of the Group (Cont'd)

Revenue derived from Malaysia market eased to \$1.0 million in 1H24 from \$1.6 million in 1H23 on softer end-user demand. This market made up 4% of Group revenue in 1H24 (1H23: 2%).

Gross Profit and Gross Profit Margin

		1H	2H	Full Year
Gross Profit (\$ m)	FY2024	3.5	-	-
	FY2023	8.7	6.7	15.4
Gross Profit Margin	FY2024	15.9%	-	-
	FY2023	13.9%	20.4%	16.2%

The Group's gross profit decreased 60% to \$3.5 million in 1H24 from \$8.7 million in 1H23. Gross profit margin however increased to 15.9% in 1H24 compared to 13.9% in 1H23.

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 of \$1.0 million in 1H24 was relatively unchanged from \$1.1 million in 1H23.

Distribution Costs, Administrative Expenses, Finance Costs and Other Losses

Marketing and distribution costs in 1H24 decreased 77% to \$0.2 million from S\$0.7 million in 1H23 in tandem with the level of freight and handling services that were required to fulfill customers' orders. Administrative expenses declined 33% to \$3.6 million in 1H24 compared to \$5.3 million in 1H23, due mainly to lower 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 1H24. Other losses in 1H24 amounted to \$44,000 compared to \$12,000 in 1H23, due mainly to higher losses from investments measured at FVTPL (fair value through profit or loss).

Net Profit

		1H	2H	Full Year
PBT (\$ m)	FY2024	0.5	-	-
	FY2023	3.6	4.2	7.8
Net Profit (\$ m)	FY2024	0.3	-	-
	FY2023	2.8	3.3	6.1

The Group's profit before tax (PBT) decreased 86% to \$0.5 million in 1H24 from \$3.6 million in 1H23 due to lower revenue and gross profit. After deducting income tax expenses of \$0.2 million, the Group reported a net profit of \$0.3 million in 1H24, compared to \$2.8 million in 1H23.

ASIA ENTERPRISES HOLDING LIMITED

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2. Review of Performance of the Group (Cont'd)

Review of Financial Position

Statement of Financial Position as at 30 June 2024

The Group's balance sheet remained sound as at 30 June 2024 with cash and cash equivalents of \$44.5 million and zero borrowings. Shareholders' equity (excluding treasury shares) stood at \$97.4 million as at 30 June 2024. The Group had net asset value of 28.6 cents per share that included cash and cash equivalents of 13.0 cents per share and inventory with book value of 7.7 cents per share.

Property, plant and equipment decreased to \$11.3 million as at 30 June 2024 from \$12.3 million as at 31 December 2023 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 2024, the Group's right-of-use assets and lease liabilities stood at \$7.7 million and \$8.4 million respectively.

Other financial assets as at 30 June 2024 remained largely unchanged at \$8.3 million compared to \$8.1 million as at 31 December 2023.

Trade and other receivables decreased to \$12.8 million as at 30 June 2024 from \$18.1 million as at 31 December 2023 in line with the decline 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 2024, inventories stood at \$26.3 million as compared to \$26.8 million as at 31 December 2023. Inventory turnover for 1H24 was around 261 days (annualised) compared to 122 days for FY2023.

Non-current and current provisions as at 30 June 2024 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 2024 decreased to \$1.5 million from \$1.8 million as at 31 December 2023. Derivative financial liabilities arising mainly from foreign currency hedging instruments for business operations, is nil as at 30 June 2024 from \$70,000 as at 31 December 2023.

Statement of Cash Flows

Net cash from operating activities amounted to \$5.9 million in 1H24. This was attributed to operating cash flows before changes in working capital of \$1.3 million and net working capital inflows of \$5.5 million, offset partially by payment of income tax of \$0.9 million.

Net cash generated from investing activities in 1H24 was \$0.5 million. This was attributed mainly to interest income of \$0.8 million, offset partially by investments in financial assets of \$0.3 million.

Net cash used in financing activities in 1H24 amounted to \$3.8 million, which was due mainly to the payment of dividends to shareholders with respect to FY2023 and lease liabilities.

As a result of the above factors, the Group's cash and cash equivalents increased to \$44.5 million as at 30 June 2024 compared to \$41.9 million as at 31 December 2023.

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2. Review of Performance of the Group (Cont'd)

Significant trends and competitive conditions

Looking to the second half of 2024, the global economy continues to face strong headwinds. These include the ongoing military conflicts in Ukraine and the Middle East, high interest rates, tight credit markets, inflationary pressures and geopolitical uncertainties which will continue to pose downside risks to a recovery in global economic activities.

In the international steel market, prices have been on a general downward trend since the start of 2024. As a result, the demand and purchasing patterns of steel end-users may remain unpredictable as changes in steel prices affect the economic viability of their projects. High interest rates and accessibility to financing also have an impact on the project pipelines of steel end-users.

The steel distribution industry in Singapore is expected to continue facing challenges due to operating cost pressures, the highly competitive landscape and supply chain constraints. 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.

Against this uncertain backdrop, the Group will continue to adopt a cautious business view. Nonetheless, the Group intends to continue with its business development plans to be ready for potential opportunities. It will continue its marketing efforts to sustain and build new customer relationships while ensuring a sufficient steel inventory and mix of products to meet the project requirements of its customers.

At the same time, the Group will remain vigilant in its sales and credit management, maintain tight control of operating expenses and 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 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 the first half of FY2024 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").

By Order of the Board

Siau Kuei Lian
Company Secretary
6 August 2024

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

We, Choo Boon Tiong 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

Choo Boon Tiong
Non-Executive, Independent Chairman

Lee Yih Chyi
Managing Director