



ASIA ENTERPRISES HOLDING LIMITED

ASIA ENTERPRISES HOLDING LIMITED

(Registration No: 200501021H)

**Interim Financial Information
As at and for the Half Year Ended
30 June 2022**

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 2022

	Notes	Group 6 months ended 30 June		+ / (-)
		2022 \$'000	2021 \$'000	
Revenue	4.2	31,003	17,614	76
Cost of sales		(23,621)	(12,373)	91
Gross profit		7,382	5,241	41
Other income and gains		691	577	20
Marketing and distribution costs		(266)	(152)	75
Administrative expenses		(4,174)	(4,206)	(1)
Finance costs		(182)	(148)	23
Other losses		(1,006)	(7)	NM
Profit before tax from continuing operations	6.1	2,445	1,305	87
Income tax expenses	7	(2)	(9)	(78)
Total comprehensive income for the year		2,443	1,296	88
Earnings per share		Cents	Cents	
Earnings per share currency unit				
Basic		0.72	0.38	
Diluted		0.72	0.38	

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

ASIA ENTERPRISES HOLDING LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022

		Group		Company	
		As at	As at	As at	As at
		30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
Notes		\$'000	\$'000	\$'000	\$'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	11	14,819	15,871	-	-
Right-of-use assets		8,748	8,836	-	-
Investment property	12	400	410	-	-
Investments in subsidiaries		-	-	45,680	45,680
Other financial assets, non-current		4,358	7,646	1,206	2,779
Other assets		-	50	-	-
Total non-current assets		28,325	32,813	46,886	48,459
<u>Current assets</u>					
Inventories		23,029	23,353	-	-
Trade and other receivables, current		9,379	7,798	10,474	12,912
Other financial assets, current		5,904	5,607	1,110	888
Cash and cash equivalents		43,122	44,279	1,026	201
Total current assets		81,434	81,037	12,610	14,001
Total assets		109,759	113,850	59,496	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		36,567	36,853	629	3,505
Capital reserve		575	575	-	-
Total equity		95,860	96,146	59,347	62,223
<u>Non-current liabilities</u>					
Provision, non-current		1,483	1,461	-	-
Deferred tax liabilities		595	595	-	-
Lease liabilities, non-current		8,700	8,712	-	-
Total non-current liabilities		10,778	10,768	-	-
<u>Current liabilities</u>					
Provision, current		502	580	-	-
Income tax payable		138	257	-	-
Lease liabilities, current		496	484	-	-
Trade and other payables, current		1,985	5,615	149	237
Total current liabilities		3,121	6,936	149	237
Total liabilities		13,899	17,704	149	237
Total equity and liabilities		109,759	113,850	59,496	62,460

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

ASIA ENTERPRISES HOLDING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 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 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
Previous year:					
Opening balance at 1 January 2021	94,126	58,856	(138)	575	34,833
Changes in equity:					
Total comprehensive income for the period ended 30 June 2021	1,296	-	-	-	1,296
Dividends	(1,706)	-	-	-	(1,706)
Closing balance at 30 June 2021	93,716	58,856	(138)	575	34,423
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 period ended 30 June 2022	(147)	-	-	(147)	
Dividends	(2,729)	-	-	(2,729)	
Closing balance at 30 June 2022	59,347	58,856	(138)	629	
Previous year:					
Opening balance at 1 January 2021	62,956	58,856	(138)	4,238	
Changes in equity:					
Total Comprehensive Income for the period ended 30 June 2021	(853)	-	-	(853)	
Dividends	(1,706)	-	-	(1,706)	
Closing balance at 30 June 2021	60,397	58,856	(138)	1,679	

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 2022

	Group	
	6 months ended 30 June	
	2022	2021
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	2,445	1,305
<u>Adjustments for:</u>		
Interest income	(216)	(239)
Interest expenses on lease liabilities	160	127
Unwinding of discount arise from provision for dismantling and removing	22	21
Provision for club membership	50	-
Depreciation of investment property	10	10
Depreciation of property, plant and equipment	1,062	1,065
Depreciation of right-of-use assets	310	288
Provision used for employee benefits	78	-
Bad debts recovered – trade receivables	-	(27)
COVID-19 related concessions	-	(126)
Gain on disposal of property, plant and equipment	-	(49)
(Gain)/loss on disposal of Investments in debt investment assets at amortised cost	(8)	7
Fair value losses on investments at FVTPL	956	-
Operating cash flows before changes in working capital	4,869	2,382
Inventories	324	(530)
Trade and other receivables, current	(1,581)	(1,253)
Trade and other payables, current	(3,786)	(786)
Net cash used in operations	(174)	(187)
Income taxes paid	(121)	(18)
Net cash flows used in operating activities	(295)	(205)
Cash flows from investing activities		
Other financial assets - decrease/(increase)	2,043	(295)
Proceeds from disposal of property, plant and equipment	-	57
Purchase of plant and equipment	(10)	(9)
Right-of-use assets increase	(221)	-
Interest received	216	239
Net cash flows from/(used in) investing activities	2,028	(8)
Cash flows from financing activities		
Dividends paid to equity owners	(2,729)	(1,706)
Lease liabilities - principal paid	(222)	(254)
Lease liabilities - increase	221	-
Receipt of COVID-19 related concessions	-	126
Lease liabilities - interest portion	(160)	(127)
Net cash flows used in financing activities	(2,890)	(1,961)
Net decrease in cash and cash equivalents	(1,157)	(2,174)
Cash and cash equivalents, statement of cash flows, beginning balance	44,279	51,170
Cash and cash equivalents, statement of cash flows, ending balance	43,122	48,996

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

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATE 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 three months ended 30 June 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) investing in properties and securities.

2. Basis of preparation of the financial statements

2.1. Statement of compliance

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Singapore Accounting Standards Council. 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 2021.

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

Other than the adoption of the amended standards from prior reporting year, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2021, which were in accordance with SFRS(I)s. These applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATE FINANCIAL STATEMENTS

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

2.5. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from the estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATE FINANCIAL STATEMENTS

4.1. Reportable segments

	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	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 unallocated items					-
Profit before tax from continuing operations					<u>2,445</u>
Income tax expense					<u>(2)</u>
Profit from continuing operations					<u>2,443</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>7,376</u>	<u>5,642</u>	<u>148</u>	<u>733</u>	<u>13,899</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATE 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 2021 to 30 June 2021					
Revenue by segment:					
Total revenue by segment	16,191	1,463	28	-	17,682
Inter-segment sales	(22)	(18)	(28)	-	(68)
Total revenue	16,169	1,445	-	-	17,614
Recurring EBITDA					
Depreciation	(1,159)	(204)	-	-	(1,363)
Interest income	-	-	-	239	239
Interest expense on lease liabilities	-	-	-	(127)	(127)
Unwinding of discount from provision for dismantling and removing ORBIT	-	-	-	(21)	(21)
	2,045	112	(943)	91	1,305
Other allocated items					-
Profit before tax from continuing operations					1,305
Income tax expense					(9)
Profit from continuing operations					1,296
Other material items and reconciliations:					
Depreciation expense	1,159	204	-	-	1,363
Assets and reconciliation:					
Total assets for reportable segments	84,621	15,439	7,325	-	107,385
Unallocated assets	-	-	-	151	151
Total group assets	84,621	15,439	7,325	151	107,536
Liabilities and reconciliations:					
Total liabilities for reportable segments	6,974	5,167	974	-	13,115
Other payables	16	1	93	-	110
Income tax payable	-	-	-	-	-
Deferred tax liabilities	-	-	-	595	595
Total group liabilities	6,990	5,168	1,067	595	13,820

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NOTES TO THE CONDENSED INTERIM CONSOLIDATE 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 30 June	
	2022	2021
	\$'000	\$'000
Sales of goods and related services	28,748	15,980
Service income	2,244	1,622
Others	11	12
Total revenue	31,003	17,614

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 30 June	
	2022	2021
	\$'000	\$'000
Singapore	14,252	13,060
Indonesia	15,320	3,869
Malaysia	1,316	679
Other regions	115	6
Total revenue	31,003	17,614

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 2022 and 31 December 2021:

	Group		Company	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	59,074	60,977	13,688	16,644
Financial assets at fair value through profit and loss	3,689	4,353	128	136
	62,763	65,330	13,816	16,780
<u>Financial liabilities:</u>				
Financial liabilities measured at amortised cost	11,181	14,811	149	237

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NOTES TO THE CONDENSED INTERIM CONSOLIDATE FINANCIAL STATEMENTS

6. Profit before taxation

6.1 Significant items

	Group	
	6 months ended 30 June	
	2022	2021
	\$'000	\$'000
Income		
Gain on disposal of property, plant and	-	49
Foreign exchange adjustment gain	325	67
Interest income from financial institutions	68	35
Other interest income	148	204
Bad debts recovered – trade receivables	-	27
Dividend income	92	13
Government grant	31	126
Expenses		
Gain/(Loss) on disposal of Investments in debt investment assets at amortised cost	8	(7)
Fair value losses on investments at FVTPL	(956)	-
Unwinding of discount from provision for dismantling and removing	(22)	(21)
Interest expense on lease liabilities	(160)	(127)
Inventory writedown	-	-
Provision for club membership	(50)	-
Depreciation of investment property	(10)	(10)
Depreciation of property, plant and equipment	(1,062)	(1,065)
Depreciation of right-of-use assets	(310)	(288)

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.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATE FINANCIAL STATEMENTS

6. Profit before taxation (Cont'd)

6.2 Related party transactions (Cont'd)

Significant related party transactions:

	Group	
	6 months ended 30 June	
	2022	2021
	\$'000	\$'000
Penta Transport Services	-	41

7. Taxation

	Group	
	6 months ended 30 June	
	2022	2021
	\$'000	\$'000
Current tax (income)/expense		
Current income tax expense	-	9
Under adjustments in respect of prior periods	2	-
Total income tax expense/(income)	2	9

8. Dividend

No interim dividend has been recommended for the period ended 30 June 2022. Recommendation for dividend will be considered with full-year results.

9. Net asset value

	Group		Company	
	As at	As at	As at	As at
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
Net asset value per ordinary share (cents)	28.10	28.18	17.40	18.24

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NOTES TO THE CONDENSED INTERIM CONSOLIDATE FINANCIAL STATEMENTS

10. Financial assets at fair value through profit and loss

Fair value measurement

		Group	
	Level	As at 30 Jun 2022 \$'000	As at 31 Dec 2021 \$'000
<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	3,689	4,341

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	Plant and Equipment \$'000	Total \$'000
<u>At cost:</u>			
At beginning of financial year	25,249	11,585	36,834
Additions	-	10	10
Disposals	-	(7)	(7)
At end of interim period/year	25,249	11,588	36,837
<u>Accumulated depreciation:</u>			
At beginning of financial year	11,015	9,948	20,963
Depreciation for the period/year	785	277	1,062
Disposals	-	(7)	(7)
At end of interim period/year	11,800	10,218	22,018
<u>Net book value:</u>			
At beginning of financial year	14,234	1,637	15,871
At end of interim period/year	13,449	1,370	14,819

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NOTES TO THE CONDENSED INTERIM CONSOLIDATE FINANCIAL STATEMENTS

12. Investment property

	Group	
	As at 30 Jun 2022 \$'000	As at 31 Dec 2021 \$'000
<u>At cost:</u>		
At beginning of the year	886	886
At end of interim period/year	886	886
<u>Accumulated depreciation:</u>		
At beginning of the year	476	457
Depreciation for the interim period/year	10	19
At end of interim period/year	486	476
<u>Net book value:</u>		
At beginning of the year	410	429
At end of interim period/year	400	410

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 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 2022 and period end of 30 June 2022	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 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 decreased 5.5% to 949.4 million tonnes (Mt) in the first six months of 2022 compared to the same period in 2021. All the main steel producing regions covered by worldsteel recorded output declines during the first half of 2022. Steel output in China, which is the world's largest steel producing country, fell 6.5% and accounted for 55.5% of global crude steel production.

In its short range outlook released on 14 April 2022, worldsteel forecasted steel demand to grow by 0.4% in 2022 to 1,840.2 Mt. In 2023, worldsteel projected that steel demand will see further growth of 2.2% to reach 1,881.4 Mt. However, worldsteel said the outlook for both 2022 and 2023 remains highly uncertain as expectations of a continued and stable recovery following the COVID-19 pandemic has been shaken by the war in Ukraine and rising inflation.

In a report issued on 27 June 2022, MEPS said the global steel market has undergone extreme pricing volatility. Following the Russia-Ukraine conflict in late February, steel prices surged in a short period of time on fears of material shortages. As the panic buying subsided and inventories began to fill, steel prices corrected down to pre-war levels. MEPS said its research suggests that the mills' delivery lead times have normalised and that purchasers of steel are keeping purchases to a minimum in anticipation of further price concessions ahead of the summer months.

(Source: World Steel Association)

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	-	-
FY2021	17.6	17.8	35.4
y-o-y change	76%	-	-

For the six months ended 30 June 2022 (1H22), the Group recorded a substantial 76% growth in revenue to \$31.0 million from \$17.6 million in 1H21. This was driven by increased volume of sales, and relatively higher average selling prices (ASP).

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

Revenue Breakdown by Industry

Industry	1H22		1H21		y-o-y %
	(\$ m)	%	(\$ m)	%	
Marine and Offshore	23.6	76	12.8	73	84
Engineering/fabrication	3.7	12	2.0	11	85
Construction	0.9	3	0.5	3	80
Stockists and traders	1.6	5	1.4	8	14
Manufacturing, precision metal stamping & Others	1.2	4	0.9	5	33
Total	31.0	100	17.6	100	76

The Group witnessed a broad-based increase in sales across its key end-user industries during 1H22 compared to 1H21.

The marine and offshore segment registered the strongest improvement as sales surged 84% to \$23.6 million in 1H22 from \$12.8 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 76% in 1H22 (1H21: 73%).

Sales to the engineering/fabrication and construction segments also improved in 1H22, driven mainly by a pick-up in purchases of steel raw materials by customers for their projects. Sales to engineering/fabrication segment in 1H22 climbed to \$3.7 million from \$2.0 million in 1H21, and accounted for 12% of Group revenue (1H21: 11%). Sales derived from customers in the construction sector rose to \$0.9 million from \$0.5 million previously and made up 3% of Group revenue in 1H22 (1H21: 3%).

Revenue Breakdown by Geographical Market

Countries	1H22		1H21		y-o-y %
	(\$ m)	%	(\$ m)	%	
Singapore	14.3	46	13.1	74	9
Indonesia	15.3	49	3.9	22	n.m.
Malaysia	1.3	4	0.7	4	86
Others	0.1	1	0.0	0	n.m.
Total	31.0	100	17.6	100	76

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

The Group's sales to customers in Singapore increased 9% to \$14.3 million in 1H22 from \$13.1 million in 1H21, supported mainly by higher ASP. Billings to customers in Singapore include sales that are shipped to domestic and overseas destinations. The Singapore segment accounted for 46% of Group revenue in 1H22 (1H21: 74%).

Sales to customers in Indonesia in 1H22 soared to \$15.3 million from \$3.9 million in 1H21, lifted mainly by increased volume of sales to shipyards there as demand rose in tandem with their newbuilding activities. As a result, the revenue contribution from Indonesia segment expanded to 49% in 1H22 (1H21: 22%).

Revenue derived from Malaysia market also increased to \$1.3 million in 1H22 from \$0.7 million in 1H21 as a result of higher customer orders. This market made up 4% of Group revenue in 1H22 (1H21: 4%).

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

Gross Profit and Gross Profit Margin

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

The Group's gross profit in 1H22 rose by 41% to \$7.4 million from \$5.2 million in 1H21 in line with higher revenue. Gross profit margin for 1H22 was lower at 23.8% compared to 29.8% in 1H21 due mainly to higher weighted average cost of inventory sold.

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

Other income and gains

Other income and gains in 1H22 increased to \$0.7 million compared to \$0.6 million in 1H21, attributed mainly to higher foreign exchange adjustment gain.

Distribution Costs, Administrative Expenses, Finance Costs and Other Losses

Marketing and distribution costs in 1H22 increased to \$0.3 million from \$0.2 million in 1H21 in tandem with the level of freight and handling services that were required to fulfill customers' orders. Administrative expenses remained unchanged at \$4.2 million in 1H22.

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 1H22. The Group recorded other losses of \$1.0 million in 1H22, arising primarily from fair value losses on investments measured at FVTPL (fair value through profit or loss).

Net Profit

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

As a result of the above, the Group's net profit jumped 88% to \$2.4 million in 1H22 from \$1.3 million in 1H21.

On a segmental basis, the Group recorded operating results before interest and tax (ORBIT) of \$2.7 million from its steel distribution business in 1H22, an increase from \$2.0 million in 1H21. Its steel processing business registered a small loss of \$0.1 million in 1H22 compared to ORBIT of \$0.1 million in 1H21.

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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 2022

The Group's balance sheet remained sound with cash and cash equivalents of \$43.1 million and zero borrowings as at 30 June 2022. Shareholders' equity (excluding treasury shares) stood at \$95.9 million as at 30 June 2022. The Group had net asset value of 28.1 cents per share that included cash and cash equivalents of 12.6 cents per share and inventory with book value of 6.8 cents per share.

Property, plant and equipment decreased to \$14.8 million as at 30 June 2022 from \$15.8 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 30 June 2022, the Group's right-of-use assets and lease liabilities stood at \$8.7 million and \$9.2 million respectively.

Other financial assets as at 30 June 2022 decreased to \$10.3 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 \$9.4 million as at 30 June 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 replenishes and holds for sale to its customers as part of its core steel distribution business. As at 30 June 2022, inventories remained relatively stable at \$23.0 million compared to \$23.4 million as at 31 December 2021 in tandem with the Group's sales and inventory replenishment activities. Inventory turnover days for 1H22 (annualised) was around 178 days compared to 343 days for FY2021.

Non-current and current provisions as at 30 June 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 30 June 2022 declined to \$2.0 million from \$5.6 million as at 31 December 2021, attributable mainly to settlement of outstanding payables for inventory purchases.

Statement of Cash Flows

Net cash used in operating activities amounted to \$0.3 million in 1H22. This was attributed to operating cash flows before changes in working capital of \$4.9 million, offset by net working capital outflows of \$5.0 million due to an increase in trade and other receivables, as well as a decline in trade and other payables.

Net cash generated from investing activities in 1H22 was \$2.0 million. This was attributed mainly to a redemption of other financial assets.

Net cash used in financing activities in 1H22 amounted to \$2.9 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 \$43.1 million as at 30 June 2022 compared to \$44.3 million as at 31 December 2021.

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

Significant trends and competitive conditions

Looking into the second half of 2022 (2H22), the global economic and business environment remains fraught with uncertainties and challenges. The prevailing geopolitical tensions and fluid pandemic situation may continue to disrupt business activities, exert stress on supply chains and fuel inflationary pressures. Together with rising interest rates, these factors could pose risks to global recovery from the pandemic.

Operating conditions in the steel industry also remain challenging in the face of volatile international steel prices and interruptions in deliveries of steel materials. The Russian-Ukraine conflict caused a spike in prices of commodities including steel products in the first quarter of 2022. International steel prices softened subsequently during the second quarter of 2022. On the supply side, deliveries of steel products from Europe were hampered by freight uncertainties due to the war, while those from China faced delays as a result of COVID-related shutdowns and mobility restrictions. The uncertain freight schedules have led to a stretch in delivery lead times from steel mills.

Against this backdrop, the demand and purchasing patterns of steel industrial end-users remain unpredictable as changes in steel prices significantly affect the economic viability of their projects. While international steel prices have moderated during the second quarter of 2022, the Group observed that industrial end-users are adopting a wait-and-see approach with regards to new orders of steel materials for their projects. In addition, uncertain delivery schedules for incoming shipment of products from steel mills may also have an impact on the Group's sales in 2H22.

The decline in international steel prices, combined with higher weighted average cost of inventory may invariably affect the Group's gross profit margin in 2H22. Keen market competition and movements in the US Dollar versus the Singapore Dollar will also affect the Group's market selling prices and cost of inventory replenishment.

Given present uncertainties in the steel market and global economy, the Group will continue to be cautious and focus on prudent inventory management to ensure that its stock level and mix of steel products are aligned to customers' project requirements.

Backed by a sound and debt-free balance sheet, the Group believes it has the resilience to weather difficult business cycles. It will continue to exercise prudence and vigilance in its sales and credit management, as well as ensure tight management of operating expenses.

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 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.

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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
11 August 2022

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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 material has come to the attention of the Board of Directors of the Company which may render the financial results for the first half ended 30 June 2022 to be false or misleading.

On behalf of the Board of Directors

Lee Bon Leong
Non-Executive, Independent Chairman

Lee Yih Chyi
Managing Director