

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

Unaudited First Quarter Financial Statement for the Period ended 31 March 2015

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

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

	Group		
	1Q ended 31/03/2015 S\$'000	1Q ended 31/03/2014 S\$'000	% + / (-)
Revenue	9,893	21,934	(55)
Cost of Sales	(8,513)	(18,940)	(55)
Gross Profit	1,380	2,994	(54)
<u>Other Items of Income</u>			
Interest Income	124	59	110
Other Gains	91	16	469
<u>Other Items of Expense</u>			
Marketing and Distribution Costs	(141)	(289)	(51)
Administrative Expenses	(1,892)	(2,016)	(6)
Finance Costs	(1)	(1)	-
Other Losses	(100)	(28)	257
(Loss)/Profit Before Tax from Continuing Operations	(539)	735	NM
Income Tax Expense	(18)	(111)	(84)
(Loss)/Profit Net of Tax	(557)	624	NM
(Loss)/Profit Attributable to Owners of the Parent, Net of Tax	(593)	596	NM
Profit Attributable to Non-Controlling Interests, Net of Tax	36	28	29
	(557)	624	NM
(Loss)/Earnings Per Share			
Basic (Cents)	(0.17)	0.17	
Diluted (Cents)	(0.17)	0.17	

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

	Group		
	1Q ended 31/03/2015 S\$'000	1Q ended 31/03/2014 S\$'000	% + / (-)
Gain on disposal of plant and equipment	16	16	-
Foreign exchange adjustment loss	(100)	(28)	257
Write-back of doubtful debts and bad debts	75	-	NM
Depreciation expenses	(116)	(100)	16

NM : Not meaningful

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

Consolidated Statement of Comprehensive Income

	Group		
	1Q ended 31/03/2015 S\$'000	1Q ended 31/03/2014 S\$'000	% + / (-)
(Loss)/Profit Net of Tax	(557)	624	NM
Other Comprehensive Income	-	-	
Total Comprehensive (Loss)/Income for the Period	(557)	624	NM
Total Comprehensive (Loss)/Income Attributable to Owners of the Parent	(593)	596	NM
Total Comprehensive Income Attributable to Non-Controlling Interests	36	28	29
Total Comprehensive (Loss)/Income	(557)	624	NM

NM : Not meaningful

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

Statements of Financial Position

	Group		Company	
	As at 31/03/2015 S\$'000	As at 31/12/2014 S\$'000	As at 31/03/2015 S\$'000	As at 31/12/2014 S\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	6,173	6,186	-	-
Investment Property	541	545	-	-
Investments in Subsidiaries	-	-	43,530	43,530
Other Assets	100	100	-	-
Total Non-Current Assets	6,814	6,831	43,530	43,530
<u>Current Assets</u>				
Inventories	35,715	38,850	-	-
Trade and Other Receivables	8,517	7,421	22,516	21,909
Other Financial Assets	1,033	1,033	-	-
Cash and Cash Equivalents	66,495	66,958	2,192	2,172
Total Current Assets	111,760	114,262	24,708	24,081
Total Assets	118,574	121,093	68,238	67,611
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	58,856	58,856	58,856	58,856
Retained Earnings	49,888	50,481	9,087	8,521
Capital Reserve	575	575	-	-
Equity, Attributable to Owners of the Parent	109,319	109,912	67,943	67,377
Non-Controlling Interests	5,969	6,333	-	-
Total Equity	115,288	116,245	67,943	67,377
<u>Non-Current Liabilities</u>				
Deferred Tax Liabilities	688	688	-	-
Total Non-Current Liabilities	688	688	-	-
<u>Current Liabilities</u>				
Income Tax Payable	263	324	10	10
Trade and Other Payables	2,057	2,868	285	224
Other Financial Liabilities	278	968	-	-
Total Current Liabilities	2,598	4,160	295	234
Total Liabilities	3,286	4,848	295	234
Total Equity and Liabilities	118,574	121,093	68,238	67,611

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

Amount repayable in one year or less, or on demand

As at 31/03/2015 S\$'000		As at 31/12/2014 S\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	690

Amount repayable after one year

As at 31/03/2015 S\$'000		As at 31/12/2014 S\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The unsecured portion consists of trust receipts of the Group arising from the ordinary course of business.

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

Statement of Cash Flows

	Group	
	1Q ended 31/03/2015 S\$'000	1Q ended 31/03/2014 S\$'000
<u>Cash Flows from Operating Activities</u>		
(Loss)/Profit Before Tax	(539)	735
Adjustments for:		
Depreciation of Investment Property	4	5
Depreciation of Property, Plant and Equipment	112	95
Interest Income	(124)	(59)
Interest Expense	1	1
Gain on Disposal of Plant and Equipment	(16)	(16)
Operating Cash Flows Before Changes in Working Capital	(562)	761
Inventories	3,135	5,894
Trade and Other Receivables	(1,096)	2,017
Trade and Other Payables	(1,211)	775
Net Cash Flows From Operations Before Interest and Tax	266	9,447
Income Taxes (Paid)/Refund	(79)	19
Net Cash Flows From Operating Activities	187	9,466
<u>Cash Flows from Investing Activities</u>		
Disposal of Plant and Equipment	30	16
Purchase of Plant and Equipment	(113)	(178)
Interest Received	124	59
Net Cash Flows From/(Used in) Investing Activities	41	(103)
<u>Cash Flows from Financing Activities</u>		
Other Financial Liabilities	(690)	-
Interest Paid	(1)	(1)
Net Cash Flows Used in Financing Activities	(691)	(1)
Net (Decrease)/Increase in Cash and Cash Equivalents	(463)	9,362
Cash and Cash Equivalents, Beginning Balance	66,958	47,702
Cash and Cash Equivalents, Ending Balance	66,495	57,064

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

Statements of Changes in Equity

	Attributable to					
	Total Equity	Parent Sub-Total	Share Capital	Capital Reserve	Retained Earnings	Non-Controlling Interests
Group (\$'000)						
Opening Balance at 1 January 2015	116,245	109,912	58,856	575	50,481	6,333
Total Comprehensive (Loss)/Income for the Period ended 31 March 2015	(557)	(593)	-	-	(593)	36
Dividends payable	(400)	-	-	-	-	(400)
Closing Balance at 31 March 2015	115,288	109,319	58,856	575	49,888	5,969
	(a)					
Opening Balance at 1 January 2014	116,050	109,711	58,856	575	50,280	6,339
Total Comprehensive Income for the Period ended 31 March 2014	624	596	-	-	596	28
Dividends payable	(80)	-	-	-	-	(80)
Closing Balance at 31 March 2014	116,594	110,307	58,856	575	50,876	6,287
	(a)					

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

	Total Equity	Share Capital	Retained Earnings
Company (\$'000)			
Opening Balance at 1 January 2015	67,377	58,856	8,521
Total Comprehensive Income for the Period ended 31 March 2015	566	-	566
Closing Balance at 31 March 2015	67,943	58,856	9,087
Opening Balance at 1 January 2014	64,817	58,856	5,961
Total Comprehensive Income for the Period ended 31 March 2014	58	-	58
Closing Balance at 31 March 2014	64,875	58,856	6,019

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

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

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

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

The total number of issued shares excluding treasury shares

As at 31 March 2015	341,917,487
As at 31 December 2014	341,917,487

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

The Company has no treasury shares as at 31 March 2015.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period, which are consistent with the audited financial statements for the year ended 31 December 2014.

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

Please refer to Item 4 above.

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

	Group	
	1Q ended 31/03/2015	1Q ended 31/03/2014
(Loss)/Earnings per ordinary share for the period based on net (loss)/profit attributable to shareholders		
(a) Based on 341,917,487 ordinary shares	(0.17) cents	0.17 cents
(b) On a fully diluted basis	(0.17) cents	0.17 cents

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

	Group		Company	
	As at 31/03/2015	As at 31/12/2014	As at 31/03/2015	As at 31/12/2014
Net asset value per ordinary share (cents) *	31.97	32.15	19.87	19.71

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

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

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

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

Review of the Steel Industry

According to the World Steel Association, global crude steel production in the first three months of 2015 was 400.0 million tonnes (Mt), a decrease of 1.8% from the corresponding period in 2014. Besides Asia, the other steel producing regions such as the EU and North America also registered production declines in the first quarter of 2015. In the month of March 2015, world crude steel production fell 2.7% to 138 Mt compared to March 2014 as China's crude steel production decreased 1.2% year-on-year to 69.5 Mt.

The price of iron ore sank to a 10-year low in April 2015, reflecting the weakness of the steel industry in the first quarter of 2015 and a glut in the supply of iron ore as China's economy slowed.

The MEPS Global Steel Price was down 4% in March 2015 due to slowing business activities and rising steel stocks. In China, the steel industry continued to see a supply glut as domestic demand for steel products remained weak. As a result, export volumes from China reached a high in January. Coupled with pressure from lower cost of iron ore, steel prices in the country continued on a negative trend.

(Sources: World Steel Association; MEPS, "The MEPS Global Steel Price is down 4 percent in March" 30 March 2015, "MEPS Global Steel Price down 17.7% in past twelve months" 25 February 2015; Bloomberg, "Iron Ore Price Outlook Cut by World Bank as Supplies to Expand", 22 April 2015)

Review of Statement of Comprehensive Income

The sluggish market demand witnessed in the fourth quarter of 2014 persisted into the first three months of 2015 ("1Q15"). The uncertainty of the oil and commodities markets clouded the visibility of future order flows for certain steel end-user industries such as shipbuilding and oil & gas. The Group's revenue in 1Q15 of S\$9.9 million was slightly better than S\$8.3 million in 4Q14, but it was substantially lower compared to the same period a year ago due to weaker demand conditions for steel products. While the Group sustained its gross profit margin and maintained a lean operating structure, the extent of the revenue decline led to a net loss of S\$0.6 million for the quarter.

Nevertheless, the Group believes it is well-positioned to ride through this difficult industry cycle as its financial position remains robust with cash and cash equivalents of S\$66.5 million and zero borrowings as at 31 March 2015. The Group had net asset value per share of 31.97 cents and cash and cash equivalents per share of 19.45 cents at the end of 1Q15. The book value of its inventory of steel products translated to 10.45 cents per share.

Revenue

Revenue (S\$ m)	1Q	2Q	3Q	4Q	Full Year
FY2015	9.9	-	-	-	-
FY2014	21.9	21.7	13.2	8.3	65.1
y-o-y change	(55%)	-	-	-	-

Group revenue in 1Q15 decreased 55% year-on-year to S\$9.9 million due to lower sales orders amid weak demand conditions. The Group saw a broad-based decline in sales orders across its key customer industries, particularly from the marine and offshore segment. Steel demand from marine and offshore segment remained soft as newbuilding activities at shipyards has slowed amid uncertainties in the oil and commodities markets.

On a sequential basis however, Group revenue in 1Q15 improved 19.9% from S\$8.3 million in 4Q14 on the back of higher orders by customers in the marine and offshore, engineering/fabrication and construction sectors.

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

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

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

Gross Profit and Gross Profit Margin

		1Q	2Q	3Q	4Q	Full Year
Gross Profit (\$\$ m)	FY2015	1.4	-	-	-	-
	FY2014	3.0	2.8	1.6	1.2	8.6
Gross Profit Margin	FY2015	13.9%	-	-	-	-
	FY2014	13.7%	12.9%	11.9%	15.0%	13.2%

The Group's gross profit in 1Q15 decreased 54% year-on-year to S\$1.4 million in tandem with lower revenue. Notwithstanding the keen market competition, the Group sustained its gross profit margin at 13.9% compared to 13.7% in 1Q14.

When compared to the preceding quarter, the Group's gross profit in 1Q15 increased 11.7% from S\$1.2 million in 4Q14. Gross profit margin in 1Q15 was slightly lower than in 4Q14 due to a shift in sales mix.

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

Other Items of Income

In 1Q15, the Group recorded higher other income of S\$0.2 million compared to S\$75,000 due to higher interest income and a write-back of doubtful and bad debts.

Marketing and Distribution Costs and Administrative Expenses

Marketing and distribution costs in 1Q15 fell to S\$0.1 million from S\$0.3 million in 1Q14, in line with the lower level of freight and handling services that were required for customers' orders. Administrative expenses also decreased to S\$1.9 million from S\$2.0 million due mainly to lower costs for insurance and upkeep of building.

Finance Costs and Other Losses

The Group recorded minimal interest expenses of S\$1,000 in 1Q15, unchanged from 1Q14. Other losses in 1Q15 increased to S\$0.1 million from S\$28,000 previously, due mainly to higher foreign exchange adjustment loss.

Net Profit and Net Profit Margin

		1Q	2Q	3Q	4Q	Full Year
Net Profit / Loss (\$\$ m)	FY2015	(0.6)	-	-	-	-
	FY2014	0.6	0.7	0.2	0.4	2.0
	y-o-y change	n.m.				
Net Profit Margin	FY2015	n.m.				
	FY2014	2.8%	3.4%	1.9%	4.7%	3.0%

The Group posted a net loss of S\$0.6 million in 1Q15 compared to a profit of S\$0.6 million in 1Q14. This was attributed primarily to the substantial contraction in revenue and gross profit.

While revenue in 1Q15 was higher than 4Q14, the Group incurred a loss compared to a profit in 4Q14 due mainly to the foreign exchange loss and lower write-back of doubtful and bad debts in 1Q15.

Review of Financial Position

Statement of Financial Position as at 31 March 2015

As at 31 March 2015, the Group's shareholders' equity stood at S\$109.3 million, compared to S\$109.9 million as at 31 December 2014. This translated to net asset value of 31.97 cents per share at the end of March 2015. The Group closed the quarter under review with cash and cash equivalents of S\$66.5 million and zero borrowings.

Trade and other receivables at the end of March 2015 increased slightly to S\$8.5 million from S\$7.4 million at the end of December 2014 due to higher sales in 1Q15 as compared to 4Q14.

Inventories (measured on a weighted average cost basis) as at 31 March 2015 decreased to S\$35.7 million from S\$38.9 million as at 31 December 2014, as the Group continued to align its stock of steel products to prevailing market conditions.

Trade and other payables decreased to S\$2.1 million from S\$2.9 million as at 31 December 2014, due mainly to lower purchases. Other financial liabilities as at 31 March 2015 decreased to S\$0.3 million from S\$1.0 million previously due to repayment of trust receipts.

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

Statement of Cash Flows

Net cash generated from operating activities during 1Q15 was S\$0.2 million, attributable mainly to a reduction in working capital as a result of lower inventory. Net cash generated from investing activities amounted to S\$41,000, as interest income and disposal of plant and equipment offset against purchases of plant and equipment. The Group used net cash of S\$0.7 million for financing activities, mainly for the payment of trust receipts. As a result, the Group's cash and cash equivalents decreased by S\$0.5 million to S\$66.5 million at the end of March 2015.

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

The results are in line with the Company's profit guidance announced on 21 April 2015.

- 10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Industry Outlook

The World Steel Association (worldsteel) released its Short Range Outlook 2015 – 2016 in April 2015. worldsteel projected global apparent steel use to increase by 0.5% to 1,544 Mt following growth of 0.6% in 2014. The pace of growth in world steel demand is expected to pick up in 2016 to 1.4% to reach 1,565 Mt.

The restrained growth outlook for the global steel industry is due mainly to the economic deceleration in China. However, worldsteel sees some encouraging developments with signs of firming recovery momentum in the Eurozone and increased optimism about India as well as growth in steel use in some MENA and ASEAN countries. While these developments will not be enough to counterbalance the deceleration in China, worldsteel expects to see gradually improving growth prospects beyond 2016.

China's steel demand in 2014 saw negative growth for the first time since 1995 due to the government's rebalancing efforts which affected the real estate market. Steel use in China is expected to continue recording negative growth of -0.5% in both 2015 and 2016.

(Source: World Steel Association, "worldsteel Short Range Outlook 2015 – 2016" 20 April 2015)

Group Outlook

Business conditions are expected to remain challenging. Demand for steel from the Group's primary markets will continue to be dampened by slower business activities of end-users. With ample inventory in the steel supply chain, competition within the steel distribution industry will remain intense.

In addition, fluctuations in the exchange rate of the US dollar against the Singapore dollar could also affect the cost of replenishing inventory. The Group will continue to prudently manage its inventory purchases while ensuring its stock level and inventory mix are aligned to customers' project requirements. The Group will also keep a close watch on operating expenses.

While current demand for steel products is tepid, the Group will continue to focus on sustaining its market competitiveness with prompt services and optimal mix of products to meet customers' requirements. With sound financial standing, the Group has the ability to withstand slower business conditions and is ready to capitalise on opportunities when the major steel consumption industries such as shipyards, start to experience a recovery momentum in business activities.

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11 Dividends

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

None

(b) Corresponding period of the immediately preceding financial year

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

None

(c) Date payable

Not applicable

(d) Book closure date

Not applicable

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

No dividend has been declared/recommended for the period ended.

13 Interested Person Transactions ("IPT")

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

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

	1Q ended 31/03/2015 S\$'000	1Q ended 31/03/2014 S\$'000
Penta Transport Services	72	135

The value of IPT of the Group is well below 3% of the Group's latest audited net tangible assets as at 31 December 2014.

The Company has no IPT general mandate.

BY ORDER OF THE BOARD

Chew Kok Liang
Company Secretary
5 May 2015

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Confirmation by the Board

We, Lee Choon Bok 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 quarter ended 31 March 2015 to be false or misleading.

On behalf of the Board of Directors

LEE CHOON BOK
EXECUTIVE CHAIRMAN

LEE YIH CHYI
MANAGING DIRECTOR