

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

Unaudited Full Year Financial Statement and Dividend Announcement for the Year ended 31 December 2018

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					
	4Q FY2018 S\$'000	4Q FY2017 S\$'000	% + / (-)	Year Ended 31/12/2018 S\$'000	Year Ended 31/12/2017 S\$'000	% + / (-)
Revenue	9,318	6,501	43	37,821	30,798	23
Cost of Sales	(7,672)	(4,567)	68	(29,912)	(22,231)	35
Gross Profit	1,646	1,934	(15)	7,909	8,567	(8)
<u>Other Items of Income</u>						
Interest Income	284	175	62	788	649	21
Other Gains	2	127	(98)	197	170	16
<u>Other Items of Expense</u>						
Marketing and Distribution Costs	(50)	(60)	(17)	(261)	(317)	(18)
Administrative Expenses	(1,299)	(1,083)	20	(7,255)	(7,472)	(3)
Finance Costs	-	-	-	-	(2)	NM
Other Losses	(3)	(45)	(93)	-	(366)	NM
Profit/(Loss) Before Tax from Continuing Operations	580	1,048	(45)	1,378	1,229	12
Income Tax (Expense) / Income	131	(12)	NM	134	9	NM
Profit/(Loss) Net of Tax	711	1,036	(31)	1,512	1,238	22
Profit/(Loss) Attributable to Owners of the Parent, Net of Tax	691	972	(29)	1,718	1,401	23
Profit/(Loss) Attributable to Non-Controlling Interests, Net of Tax	20	64	(69)	(206)	(163)	26
	711	1,036	(31)	1,512	1,238	22
Earnings/(Loss) Per Share						
Basic (Cents)	0.20	0.28		0.50	0.41	
Diluted (Cents)	0.20	0.28		0.50	0.41	

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

	Group					
	4Q FY2018 S\$'000	4Q FY2017 S\$'000	% + / (-)	Year Ended 31/12/2018 S\$'000	Year Ended 31/12/2017 S\$'000	% + / (-)
(Loss)/Gain on disposal of plant and equipment	-	(3)	NM	-	43	NM
Foreign exchange adjustment gain/(loss)	(3)	(42)	(93)	194	(366)	NM
Write-back of bad and doubtful debts	2	127	(98)	3	127	(98)
Depreciation expenses	(540)	(547)	(1)	(2,156)	(2,195)	(2)

NM : Not meaningful

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

- 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					
	4Q FY2018 S\$'000	4Q FY2017 S\$'000	% + / (-)	Year Ended 31/12/2018 S\$'000	Year Ended 31/12/2017 S\$'000	% + / (-)
Profit/(Loss) Net of Tax	711	1,036	(31)	1,512	1,238	22
Other Comprehensive Income	-	-		-	-	
Total Comprehensive Income/(Loss) for the Period	711	1,036	(31)	1,512	1,238	22
Total Comprehensive Income/(Loss) Attributable to Owners of the Parent	691	972	(29)	1,718	1,401	23
Total Comprehensive Income/(Loss) Attributable to Non-Controlling Interests	20	64	(69)	(206)	(163)	26
Total Comprehensive Income/(Loss)	711	1,036	(31)	1,512	1,238	22

NM : Not meaningful

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

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 31/12/2018 S\$'000	As at 31/12/2017 S\$'000	As at 31/12/2018 S\$'000	As at 31/12/2017 S\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	20,678	22,679	-	-
Investment Property	467	486	-	-
Investments in Subsidiaries	-	-	43,530	43,530
Other Financial Assets	4,878	1,818	2,311	257
Other Asset	50	50	-	-
Total Non-Current Assets	26,073	25,033	45,841	43,787
<u>Current Assets</u>				
Inventories	18,416	14,275	-	-
Trade and Other Receivables	8,690	7,096	13,632	17,784
Other Financial Assets	1,788	795	1,009	261
Cash and Cash Equivalents	48,807	57,225	3,393	2,470
Total Current Assets	77,701	79,391	18,034	20,515
Total Assets	103,774	104,424	63,875	64,302
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	58,856	58,856	58,856	58,856
Treasury Shares	(138)	(138)	(138)	(138)
Retained Earnings	34,287	34,275	4,898	5,340
Capital Reserve	575	575	-	-
Equity, Attributable to Owners of the Parent	93,580	93,568	63,616	64,058
Non-Controlling Interests	5,198	5,484	-	-
Total Equity	98,778	99,052	63,616	64,058
<u>Non-Current Liabilities</u>				
Deferred Tax Liabilities	595	742	-	-
Total Non-Current Liabilities	595	742	-	-
<u>Current Liabilities</u>				
Income Tax Payable	15	12	15	12
Trade and Other Payables	4,386	4,618	244	232
Total Current Liabilities	4,401	4,630	259	244
Total Liabilities	4,996	5,372	259	244
Total Equity and Liabilities	103,774	104,424	63,875	64,302

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

As at 31/12/2018 S\$'000		As at 31/12/2017 S\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31/12/2018 S\$'000		As at 31/12/2017 S\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Not applicable.

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

- 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			
	4Q FY2018 S\$'000	4Q FY2017 S\$'000	Year Ended 31/12/2018 S\$'000	Year Ended 31/12/2017 S\$'000
<u>Cash Flows from Operating Activities</u>				
Profit/(Loss) Before Tax	580	1,048	1,378	1,229
Adjustments for:				
Depreciation of Investment Property	6	6	20	20
Depreciation of Property, Plant and Equipment	535	541	2,136	2,175
Deaccrion in Amortised Cost of Other Financial Assets	52	-	146	-
Interest Income	(284)	(175)	(788)	(649)
Interest Expense	-	-	-	2
Gain on Disposal of Plant and Equipment	-	3	-	(43)
Operating Cash Flows Before Changes in Working Capital	889	1,423	2,892	2,734
Inventories	2,671	(1,325)	(4,141)	(1,451)
Trade and Other Receivables	(337)	397	(1,594)	(1,251)
Trade and Other Payables	1,980	1,463	(232)	1,214
Net Cash Flows From Operations Before Interest and Tax	5,203	1,958	(3,075)	1,246
Income Taxes (Paid)/ Refund	-	(1)	(9)	13
Net Cash Flows From Operating Activities	5,203	1,957	(3,084)	1,259
<u>Cash Flows from Investing Activities</u>				
(Purchase)/Disposal of Other Financial Assets	251	(1,566)	(4,200)	(2,601)
Disposal of Plant and Equipment	-	22	-	133
Purchase of Property, Plant and Equipment	(60)	(25)	(136)	(1,540)
Interest Received	284	175	788	649
Net Cash Flows Used in Investing Activities	475	(1,394)	(3,548)	(3,359)
<u>Cash Flows from Financing Activities</u>				
Dividends Paid to Equity Owners	-	-	(1,706)	(1,023)
Dividends Paid by A Subsidiary to Non-Controlling Interests	-	-	(80)	(120)
Interest Paid	-	-	-	(2)
Net Cash Flows Used in Financing Activities	-	-	(1,786)	(1,145)
Net (Decrease)/Increase in Cash and Cash Equivalents	5,678	563	(8,418)	(3,245)
Cash and Cash Equivalents, Beginning Balance	43,129	56,662	57,225	60,470
Cash and Cash Equivalents, Ending Balance	48,807	57,225	48,807	57,225

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

- 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				Capital Reserve	Retained Earnings	Non-Controlling Interests
	Total Equity	Parent Sub-Total	Share Capital	Treasury Shares			
Group (S\$'000)							
Opening Balance at 1 January 2018	99,052	93,568	58,856	(138)	575	34,275	5,484
Total Comprehensive Income for the Year ended 31 December 2018	1,512	1,718	-	-	-	1,718	(206)
Dividends paid	(1,786)	(1,706)	-	-	-	(1,706)	(80)
Closing Balance at 31 December 2018	98,778	93,580	58,856	(138)	575	34,287	5,198
	(a)						
Opening Balance at 1 January 2017	98,957	93,190	58,856	(138)	575	33,897	5,767
Total Comprehensive Loss for the Year ended 31 December 2017	1,238	1,401	-	-	-	1,401	(163)
Dividends paid	(1,143)	(1,023)	-	-	-	(1,023)	(120)
Closing Balance at 31 December 2017	99,052	93,568	58,856	(138)	575	34,275	5,484
	(a)						

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

	Total Equity	Share Capital	Treasury Shares	Retained Earnings
Company (S\$'000)				
Opening Balance at 1 January 2018	64,058	58,856	(138)	5,340
Total Comprehensive Income for the Year ended 31 December 2018	1,264	-	-	1,264
Dividends paid	(1,706)	-	-	(1,706)
Closing Balance at 31 December 2018	63,616	58,856	(138)	4,898
Opening Balance at 1 January 2017	63,254	58,856	(138)	4,536
Total Comprehensive Income for the Year ended 31 December 2017	1,827	-	-	1,827
Dividends paid	(1,023)	-	-	(1,023)
Closing Balance at 31 December 2017	64,058	58,856	(138)	5,340

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 were no changes in the share capital since the end of the previous period reported on.

There were a total of 788,600 treasury shares and subsidiary holdings held as at 31 December 2018. (31 December 2017 : 788,600)

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

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

	Number of shares	
	As at 31/12/2018	As at 31/12/2017
Total number of issued shares	341,917,487	341,917,487
Treasury shares and subsidiary holdings	788,600	788,600
Total number of issued shares excluding treasury shares and subsidiary holdings	341,128,887	341,128,887

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

The Company held 788,600 treasury shares as at 31 December 2018. There were no sales, transfers, cancellation and / or use of treasury shares as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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

Except as disclosed in paragraph 5 below, 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 2017.

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

The Group has adopted all the new or revised Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I)s ("SFRS(I) INT") that are effective for the financial period beginning 1 January 2018 and relevant to its operation. The adoption of these SFRS(I)s and SFRS(I) INT does not have material impact on the financial position and/or financial performance of the Group.

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			
	4Q FY2018	4Q FY2017	Year Ended 31/12/2018	Year Ended 31/12/2017
Earnings/(Loss) per ordinary share for the period based on net profit/(loss) attributable to shareholders				
(a) Based on the weighted average number of ordinary shares in issue	0.20 cents	0.28 cents	0.50 cents	0.41 cents
Weighted average number of ordinary shares in issue (excluding treasury shares and subsidiary holdings)	341,128,887	341,128,887	341,128,887	341,128,887
(b) On a fully diluted basis	0.20 cents	0.28 cents	0.50 cents	0.41 cents
Weighted average number of ordinary shares in issue (excluding treasury shares and subsidiary holdings)	341,128,887	341,128,887	341,128,887	341,128,887

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

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

	Group		Company	
	As at 31/12/2018	As at 31/12/2017	As at 31/12/2018	As at 31/12/2017
Net asset value per ordinary share (cents) *	27.43	27.43	18.65	18.78

* The net asset value per ordinary share of the Group and the Company as at 31 December 2018 is computed based on the total number of issued shares (excluding 788,600 treasury shares and subsidiary holdings) of 341,128,887 (31 December 2017: 341,128,887).

- 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

Review of the Steel Industry

Based on data compiled by World Steel Association (worldsteel), global crude steel production totaled 1,646.7 million tonnes (Mt) from January to November 2018, up by 4.7% from 1,572.8 Mt in the 11 month period of 2017. Asia accounted for 70% of the world's crude steel production during the first 11 months of 2018. The region's steel output grew by 5.8% to 1,158.8 Mt, driven mainly by production growth of 6.7% in China which remained as the world's largest steel producer.

Steel consultancy MEPS said the global steel market appears to be returning to near normal levels of pricing. MEPS said steel prices were turbulent worldwide during 2018 and it now expects prices in 2019 to remain below the peak values recorded last year.

(Source: World Steel Association; MEPS "Regional Steel Prices Returning to Near Normality" published on 15 January 2019)

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, construction, as well as precision metal stamping, manufacturing and engineering/fabrication industries. With over 45 years of operating history, 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 (S\$ m)	1Q	2Q	3Q	4Q	Full Year
FY2018	8.5	10.9	9.1	9.3	37.8
FY2017	5.2	9.7	9.4	6.5	30.8
y-o-y change	64%	12%	(4%)	43%	23%

The Group registered 43% growth in revenue to S\$9.3 million for the three months ended 31 December 2018 ("4Q18") compared to S\$6.5 million in 4Q17. This increase was driven primarily by higher volume of sales to the marine and offshore, construction and engineering/fabrication segments during 4Q18 when compared to 4Q17.

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

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- (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)

Notwithstanding that business conditions in the steel distribution industry remained slow and highly competitive, the Group's revenue for the 12 months ended 31 December 2018 ("FY2018") rose 23% to S\$37.8 million from S\$30.8 million in FY2017. This was attributed to higher average selling prices ("ASP") of steel products and a modest increase in sales volume in FY2018. During FY2018, the Group registered increased sales to customers in the marine and offshore, construction and engineering/fabrication sectors which offset lower sales to other stockists and traders.

Revenue Breakdown by Industry

Industry	FY2018		FY2017		y-o-y %
	(\$ m)	%	(\$ m)	%	
Marine and Offshore	20.0	53	14.5	47	38
Engineering/fabrication	5.4	14	4.9	16	10
Construction	4.3	11	2.7	9	59
Stockists and traders	5.2	14	6.3	20	(17)
Manufacturing, precision metal stamping & Others	2.9	8	2.4	8	21
Total	37.8	100	30.8	100	23

Sales to customers in the marine and offshore segment in FY2018 climbed 38% to S\$20.0 million on the back of higher ASP and improved sales volume. As a result, the marine and offshore segment's revenue contribution expanded to 53% in FY2018 compared to 47% in FY2017.

Sales derived from the construction segment in FY2018 also gained 59% to S\$4.3 million as the Group benefited from higher customer orders and better ASP. As a percentage of Group revenue, sales from the construction segment made up 11% in FY2018 compared to 9% in FY2017. The engineering/fabrication segment recorded a 10% increase in sales to S\$5.4 million and accounted for 14% of Group revenue in FY2018.

Revenue Breakdown by Geographical Market

Countries	FY2018		FY2017		y-o-y %
	(\$ m)	%	(\$ m)	%	
Singapore	23.8	63	15.3	50	56
Indonesia	7.9	21	12.1	39	(35)
Malaysia	4.1	11	0.8	3	n.m.
Others	2.0	5	2.6	8	(23)
Total	37.8	100	30.8	100	23

N.B. Revenue breakdown is based on shipment destination

Sales to the Singapore market in FY2018 jumped 56% to S\$23.8 million and accounted for the largest share of Group revenue with a contribution of 63%. This increase was driven mainly by higher sales to shipyards, and customers in the local construction and engineering industries.

Sales generated from the Malaysia market in FY2018 also increased to S\$4.1 million from S\$0.8 million previously in tandem with the pick-up in shipbuilding activities there. This lifted the contribution of the Malaysia market to 11% of Group revenue in FY2018 from 3% in FY2017. The Singapore and Malaysia markets more than offset the decline in sales to the Indonesia market which declined 35% to S\$7.9 million in FY2018.

Gross Profit and Gross Profit Margin

		1Q	2Q	3Q	4Q	Full Year
Gross Profit (\$ m)	FY2018	1.9	2.5	1.9	1.6	7.9
	FY2017	1.7	2.6	2.4	1.9	8.6
Gross Profit Margin	FY2018	22.4%	22.9%	20.5%	17.7%	20.9%
	FY2017	31.4%	27.0%	25.4%	29.7%	27.8%

The Group's gross profit in 4Q18 declined 15% to S\$1.6 million from S\$1.9 million in 4Q17. Gross profit margin narrowed to 17.7% in 4Q18 from 29.7% previously. The decline was attributed to certain larger orders in 4Q18 that fetched lower profit margins, as well as the increase in weighted average cost of inventory sold as the cost of stock replenishment has risen in tandem with the increase in international steel prices.

Given the increase in cost of stock replenishment during FY2018, the Group's gross profit margin softened to 20.9% in FY2018 compared to 27.8% in FY2017.

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.

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

- 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)

Other Items of Income

Other income in 4Q18 was relatively stable at S\$0.3 million compared to 4Q17. For FY2018, other income of approximately S\$1.0 million was higher than S\$0.8 million in FY2017. This was attributed mainly to higher interest income and foreign exchange adjustment gain.

Marketing and Distribution Costs and Administrative Expenses

Marketing and distribution costs in 4Q18 decreased to S\$50,000 from S\$60,000 in 4Q17 in line with the level of freight and handling services that were required for customers' orders. For FY2018, these costs were stable at S\$0.3 million compared to FY2017.

Administrative expenses in 4Q18 increased to S\$1.3 million from S\$1.1 million in 4Q17 due mainly to staff-related costs. However, administrative expenses for FY2018 reduced slightly to S\$7.3 million from S\$7.5 million in FY2017.

Other Losses

The Group incurred minimal other losses in 4Q18 as compared to S\$45,000 in 4Q17 which was attributed mainly to foreign exchange adjustment loss. Other losses of S\$0.4 million in FY2017 were due mainly to a foreign exchange adjustment loss. In contrast, the Group registered a foreign exchange adjustment gain in FY2018.

Net Profit and Net Profit Margin

		1Q	2Q	3Q	4Q	Full Year
Net Profit / (Loss) Attributable to Equity Holders (\$ m)	FY2018	0.1	0.7	0.2	0.7	1.7
	FY2017	(0.6)	0.7	0.3	1.0	1.4
	y-o-y change	n.m.	5%	(35%)	(29%)	23%
Net Profit Margin	FY2018	0.4%	6.0%	1.2%	7.6%	4.0%
	FY2017	n.m.	6.8%	1.7%	15.9%	4.0%

Net profit attributable to equity holders ("PATMI") decreased to S\$0.7 million in 4Q18 from S\$1.0 million in 4Q17 due mainly to softer gross profit margin and higher administrative expenses. For FY2018 however, the Group's PATMI increased to S\$1.7 million from S\$1.4 million. The Group recorded earnings before interest, tax, depreciation and amortization attributable to equity holders ("EBITDA") of S\$3.0 million in FY2018 compared to S\$2.9 million in FY2017.

Dividend

The Board of Directors is recommending a final dividend payment of 0.5 cents per share with respect to FY2018, which is the same as the final dividend for FY2017. The proposed dividend is subject to shareholders' approval at the Company's annual general meeting.

Review of Financial Position

Statement of Financial Position as at 31 December 2018

The Group's balance sheet remained sound with cash and cash equivalents of S\$48.8 million and zero borrowings as at 31 December 2018. Shareholders' equity (excluding treasury shares) stood at S\$93.6 million, which translated to net asset value of 27.43 cents per share. This included cash and cash equivalents of 14.31 cents per share and inventory with book value of 5.40 cents per share.

Property, plant and equipment decreased slightly to S\$20.7 million from S\$22.7 million as at 31 December 2017 due to depreciation charges.

Other financial assets as at 31 December 2018 increased to S\$6.7 million from S\$2.6 million as at 31 December 2017 due to an increase in investments in fixed-income securities.

Trade and other receivables increased to S\$8.7 million from S\$7.1 million at the end of December 2017 in line with higher sales.

Inventories (measured on a weighted average cost basis) as at 31 December 2018 increased to S\$18.4 million from S\$14.3 million at the end of December 2017 in tandem with the Group's sales and inventory replenishment activities.

Trade and other payables decreased to S\$4.4 million from S\$4.6 million as at 31 December 2017 due mainly to settlement of outstanding trade payables.

Deferred tax liabilities decreased to S\$0.6 million from S\$0.7 million as at 31 December 2017 due to accounting for unutilized tax losses.

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

- 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 on (cont'd)**

Statement of Cash Flows

The Group used net cash of S\$3.1 million in operating activities during FY2018. This was attributed mainly to the increase in inventories and trade and other receivables, as well as the payment of trade and other payables.

Net cash used in investing activities in FY2018 amounted to approximately S\$3.5 million, due mainly to an increase in investment in other financial assets. Net cash used in financing activities in FY2018 totalled S\$1.8 million, which was attributed mainly to the payment of dividends to equity owners with respect to FY2017. As a result of the above factors, the Group's cash and cash equivalents declined to S\$48.8 million as at 31 December 2018 compared to S\$57.2 million as at 31 December 2017.

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

There is no material variance between the Company's results and the commentary under Section 10 of its previous financial statement.

- 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.**

Group Outlook

In its latest Short Range Outlook published in October 2018, worldsteel forecasted global steel demand to grow at a slower pace of 1.4% to 1,681.2 Mt in 2019. worldsteel also cautioned that trade tensions between the USA and China, as well as volatile currency movements have increased risks.

During 2018, overall demand for steel materials in the region generally benefited from improving conditions in the marine and offshore industry as a result of recovering commodity prices, particularly for oil. As a result, the Group saw an increase in its sales to the marine and offshore segment due mainly to higher steel purchases from customers in Singapore.

Nonetheless, the Group expects the operating environment in the region's steel distribution segment to remain challenging in the coming year as intense competition will prevail. In FY2018, the Group also witnessed a narrowing of its GP margin. This was due mainly to an increase in the weighted average cost of inventory sold as the cost of stock replenishment rose in tandem with higher international steel prices. As such, the Group's weighted average cost of inventory could continue to be affected if international steel prices rise and/or the US Dollar appreciates against the Singapore Dollar.

Despite the challenging business conditions, the Group remains committed to rewarding its shareholders. For FY2018, the Group has recommended the payment of a final dividend of 0.5 cents per share. Since its public listing on the Singapore Exchange in 2005, Asia Enterprises has consistently paid dividends representing at least 40% of its earnings every year to reward shareholders for their continuous support.

To be ready to capitalise on a recovery in steel demand, the Group will continue to closely monitor the demand trends and purchasing patterns of major steel end-users and ensure it maintains sufficient and relevant inventory to meet customers' steel requirements.

The Group will maintain a healthy financial position by ensuring a prudent expense structure and continuing to exercise vigilance on its credit exposure. With a balance sheet backed by cash of S\$48.8 million and zero debt, the Group is confident of its business strength and sustainability to withstand slow market conditions.

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

11 Dividends

(a) Current financial period reported on

Any dividend declared for the current financial period reported for?

Yes

Name of Dividend	:	Final Dividend
Dividend Type	:	Cash
Dividend Amount Per Share (in cents)	:	0.5 cents per ordinary share (tax exempt one-tier)

(b) Corresponding period of the immediately preceding financial year

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

Yes

Name of Dividend	:	Final Dividend
Dividend Type	:	Cash
Dividend Amount Per Share (in cents)	:	0.5 cents per ordinary share (tax exempt one-tier)

(c) Date payable

To be announced later.

(d) Book closure date

To be announced later.

12 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

Not applicable.

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)

	Year Ended 31/12/2018 S\$'000	Year Ended 31/12/2017 S\$'000
Penta Transport Services	173	175

The value of IPT of the Group is well below 3% of the Group's latest audited net tangible assets as at 31 December 2017.

The Company has no IPT general mandate.

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year results)

- 14 Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year

Continuing Operations 2018	Steel Distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
Revenue by Segment					
Total revenue by segment	34,490	3,790	55	-	38,335
Inter-segment sales	(134)	(325)	(55)	-	(514)
Total revenue	<u>34,356</u>	<u>3,465</u>	<u>-</u>	<u>-</u>	<u>37,821</u>
Recurring EBITDA	3,573	(433)	(394)	-	2,746
Depreciation	(1,868)	(288)	-	-	(2,156)
Interest income				788	788
ORBIT *	<u>1,705</u>	<u>(721)</u>	<u>(394)</u>	<u>788</u>	<u>1,378</u>
Other unallocated items					-
Profit before tax from continuing operations					<u>1,378</u>
Income tax expense					<u>134</u>
Profit from continuing operations					<u>1,512</u>
Non-controlling interests					<u>206</u>
Profit attributable to owners of the parent					<u>1,718</u>
Other Material Items and Reconciliations:-					
Expenditure for non-current assets	64	72	-	-	136
Depreciation expense	1,868	288	-	-	2,156
Write-back of trade receivables	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>
Assets and Reconciliations					
Total assets for reportable segments	85,798	10,940	6,714	-	103,452
Unallocated corporate assets				322	322
Total group assets	<u>85,798</u>	<u>10,940</u>	<u>6,714</u>	<u>322</u>	<u>103,774</u>
Liabilities and Reconciliations					
Total liabilities for reportable segments	3,669	147	7	-	3,823
Unallocated corporate liabilities:-					
Other payables				563	563
Income tax payable				15	15
Deferred tax liabilities				595	595
Total group liabilities	<u>3,669</u>	<u>147</u>	<u>7</u>	<u>1,173</u>	<u>4,996</u>

Information about major customers:-

There are no customers with revenue transactions of over 10% of the group revenue

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

14 Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year (cont'd)

Continuing Operations 2017	Steel Distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
Revenue by Segment					
Total revenue by segment	27,063	4,378	55	-	31,496
Inter-segment sales	(141)	(502)	(55)	-	(698)
Total revenue	<u>26,922</u>	<u>3,876</u>	<u>-</u>	<u>-</u>	<u>30,798</u>
Recurring EBITDA	3,355	(242)	(379)	-	2,734
Depreciation	(1,900)	(295)	-	-	(2,195)
Interest income				649	649
Finance costs				(2)	(2)
ORBIT *	1,455	(537)	(379)	647	1,186
Other unallocated items					43
Profit before tax from continuing operations					1,229
Income tax income					9
Loss from continuing operations					1,238
Non-controlling interests					163
Loss attributable to owners of the parent					<u>1,401</u>
Other Material Items and Reconciliations:-					
Expenditure for non-current assets	1,323	217	-	-	1,540
Depreciation expense	1,900	295	-	-	2,195
Write-back of trade receivables	-	(127)	-	-	(127)
Assets and Reconciliations					
Total assets for reportable segments	87,327	13,863	2,986	-	104,176
Unallocated corporate assets				248	248
Total group assets	<u>87,327</u>	<u>13,863</u>	<u>2,986</u>	<u>248</u>	<u>104,424</u>
Liabilities and Reconciliations					
Total liabilities for reportable segments	4,094	124	232	-	4,450
Unallocated corporate liabilities:-					
Other payables				168	168
Income tax payable				12	12
Deferred tax liabilities				742	742
Total group liabilities	<u>4,094</u>	<u>124</u>	<u>232</u>	<u>922</u>	<u>5,372</u>
Information about major customers:-					
Top 1 customer	3,527	-	-		3,527
Top 2 customers	<u>6,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,743</u>

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

- 14 **Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year (cont'd)**

The Group's operations are located in Singapore. An analysis of the Group revenue by geographical market which is analysed based on the billing address of each individual customer is provided below. In addition, the segment assets and capital expenditure analysed by the geographic area in which the assets are located are also tabled below.

	Revenue \$'000	Segment non-current assets \$'000	Segment assets \$'000	Capital expenditure \$'000
2018				
Singapore	29,135	26,073	103,555	136
Indonesia	3,473	-	26	-
Malaysia	4,090	-	153	-
Other regions	1,123	-	40	-
	<u>37,821</u>	<u>26,073</u>	<u>103,774</u>	<u>136</u>
	Revenue \$'000	Segment non-current assets \$'000	Segment assets \$'000	Capital expenditure \$'000
2017				
Singapore	21,638	25,033	103,750	1,540
Indonesia	6,458	-	464	-
Malaysia	782	-	189	-
Other regions	1,920	-	21	-
	<u>30,798</u>	<u>25,033</u>	<u>104,424</u>	<u>1,540</u>

- 15 **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business and geographical segments**

Please refer to item no. 8.

- 16 **A breakdown of sales**

	Group		
	Year ended 31/12/2018 S\$'000	Year ended 31/12/2017 S\$'000	Increase/ (Decrease) %
First Half			
Sales reported for first half year	<u>19,435</u>	<u>14,886</u>	31
Profit/(Loss) after tax and before minority interest for first half year	<u>689</u>	<u>41</u>	1,580
Second Half			
Sales reported for second half year	<u>18,386</u>	<u>15,912</u>	16
Profit/(Loss) after tax and before minority interest for second half year	<u>823</u>	<u>1,197</u>	(31)

- 17 **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

	Latest Full Year \$'000	Previous Full Year \$'000
Ordinary	1,706	1,706
Preference	-	-
Total	<u>1,706</u>	<u>1,706</u>

The above latest full year dividend amounts are estimated based on number of issued shares (excluding treasury shares) as at 31 December 2018.

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

- 18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(9) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Lee Choon Yam	59	Brother of Lee Choon Bok Uncle of Lee Yih Chyi	Head of Production (since 1 July 2005). In charge of production and maintenance	NIL
Lee Yih Lin	45	Son of Lee Choon Bok Brother of Lee Yih Chyi Nephew of Lee Choon Yam	General Manager (since 3 July 2006). His duties include business development, sales and marketing and to solicit, study, propose and negotiate for favourable and feasible projects and businesses in line with corporate directives.	NIL

19 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.

BY ORDER OF THE BOARD

Seah Hai Yang
Company Secretary
29 January 2019