



ASIA ENTERPRISES HOLDING LIMITED

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

Unaudited Third Quarter Financial Statement for the Period ended 30 September 2014

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					
	3Q FY2014 S\$'000	3Q FY2013 S\$'000	% + / (-)	9M FY2014 S\$'000	9M FY2013 S\$'000	% + / (-)
Revenue	13,239	19,667	(33)	56,823	92,124	(38)
Cost of Sales	(11,669)	(17,322)	(33)	(49,468)	(82,221)	(40)
Gross Profit	1,570	2,345	(33)	7,355	9,903	(26)
<u>Other Items of Income</u>						
Interest Income	87	54	61	216	176	23
Other Credits	402	(145)	NM	487	295	65
<u>Other Items of Expense</u>						
Marketing and Distribution Costs	(189)	(127)	49	(788)	(815)	(3)
Administrative Expenses	(1,568)	(1,477)	6	(5,354)	(5,056)	6
Finance Costs	-	(1)	NM	(1)	(1)	-
Other Charges	-	(221)	NM	-	(381)	NM
Profit Before Tax from Continuing Operations	302	428	(29)	1,915	4,121	(54)
Income Tax Expense	(57)	(78)	(27)	(316)	(799)	(60)
Profit Net of Tax	245	350	(30)	1,599	3,322	(52)
Profit Attributable to Owners of the Parent, Net of Tax	236	366	(36)	1,531	3,350	(54)
Profit/(Loss) Attributable to Non-Controlling Interests, Net of Tax	9	(16)	NM	68	(28)	NM
	245	350	(30)	1,599	3,322	(52)
Earnings Per Share						
Basic (Cents)	0.07	0.11		0.45	0.98	
Diluted (Cents)	0.07	0.11		0.45	0.98	

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

	Group					
	3Q FY2014 S\$'000	3Q FY2013 S\$'000	% + / (-)	9M FY2014 S\$'000	9M FY2013 S\$'000	% + / (-)
Gain on disposal of plant and equipment	-	1	NM	16	2	NM
Write-back/(Write-off) of doubtful debts and bad debts	92	(221)	NM	334	(381)	NM
Foreign exchange adjustment gain/(loss)	310	(146)	NM	137	293	(53)
Depreciation expenses	(110)	(108)	2	(315)	(321)	(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					
	3Q FY2014 S\$'000	3Q FY2013 S\$'000	% + / (-)	9M FY2014 S\$'000	9M FY2013 S\$'000	% + / (-)
Profit Net of Tax	245	350	(30)	1,599	3,322	(52)
Other Comprehensive Income	-	-		-	-	
Total Comprehensive Income for the Period	245	350	(30)	1,599	3,322	(52)
Total Comprehensive Income Attributable to Owners of the Parent	236	366	(36)	1,531	3,350	(54)
Total Comprehensive Income/(Loss) Attributable to Non-Controlling Interests	9	(16)	NM	68	(28)	NM
Total Comprehensive Income	245	350	(30)	1,599	3,322	(52)

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 30/09/2014 S\$'000	As at 31/12/2013 S\$'000	As at 30/09/2014 S\$'000	As at 31/12/2013 S\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	6,206	6,101	-	-
Investment Property	550	565	-	-
Investments in Subsidiaries	-	-	43,530	43,530
Other Assets	100	100	-	-
Total Non-Current Assets	6,856	6,766	43,530	43,530
<u>Current Assets</u>				
Inventories	40,742	46,990	-	-
Trade and Other Receivables	14,942	19,138	17,606	19,151
Other Financial Assets	1,040	12	-	-
Cash and Cash Equivalents	57,004	47,702	2,151	2,357
Total Current Assets	113,728	113,842	19,757	21,508
Total Assets	120,584	120,608	63,287	65,038
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	58,856	58,856	58,856	58,856
Retained Earnings	50,102	50,280	4,257	5,961
Other Reserves	575	575	-	-
Equity, Attributable to Owners of the Parent	109,533	109,711	63,113	64,817
Non-Controlling Interests	6,327	6,339	-	-
Total Equity	115,860	116,050	63,113	64,817
<u>Non-Current Liabilities</u>				
Deferred Tax Liabilities	643	643	-	-
Total Non-Current Liabilities	643	643	-	-
<u>Current Liabilities</u>				
Income Tax Payable	623	734	2	9
Trade and Other Payables	3,458	3,181	172	212
Total Current Liabilities	4,081	3,915	174	221
Total Liabilities	4,724	4,558	174	221
Total Equity and Liabilities	120,584	120,608	63,287	65,038

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 30/09/2014 S\$'000		As at 31/12/2013 S\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30/09/2014 S\$'000		As at 31/12/2013 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			
	3Q FY2014 S\$'000	3Q FY2013 S\$'000	9M FY2014 S\$'000	9M FY2013 S\$'000
<u>Cash Flows from Operating Activities</u>				
Profit Before Tax	302	428	1,915	4,121
Adjustments for:				
Depreciation of Investment Property	5	5	15	14
Depreciation of Property, Plant and Equipment	105	103	300	307
Interest Income	(87)	(54)	(216)	(176)
Interest Expense	-	1	1	1
Gain on Disposal of Plant and Equipment	-	(1)	(16)	(2)
Operating Cash Flows Before Changes in Working Capital	325	482	1,999	4,265
Inventories	(3,419)	(5,410)	6,248	6,298
Trade and Other Receivables	624	628	4,196	(203)
Trade and Other Payables	733	625	277	(5,555)
Net Cash Flows (Used in)/From Operations Before Interest and Tax	(1,737)	(3,675)	12,720	4,805
Income Taxes Paid	(225)	(186)	(427)	(445)
Net Cash Flows (Used in)/From Operating Activities	(1,962)	(3,861)	12,293	4,360
<u>Cash Flows from Investing Activities</u>				
Purchase of Financial Assets	-	-	(1,028)	-
Disposal of Plant and Equipment	-	1	16	2
Purchase of Plant and Equipment	(170)	(58)	(405)	(110)
Interest Received	87	54	216	176
Net Cash Flows (Used in)/From Investing Activities	(83)	(3)	(1,201)	68
<u>Cash Flows from Financing Activities</u>				
Dividends Paid to Equity Owners	-	-	(1,709)	(3,419)
Dividends Paid to Non-Controlling Interests	-	-	(80)	-
Trade and Other Payables	-	(254)	-	-
Interest Paid	-	(1)	(1)	(1)
Net Cash Flows Used in Financing Activities	-	(255)	(1,790)	(3,420)
Net (Decrease)/Increase in Cash and Cash Equivalents	(2,045)	(4,119)	9,302	1,008
Cash and Cash Equivalents, Beginning Balance	59,049	45,324	47,702	40,197
Cash and Cash Equivalents, Ending Balance	57,004	41,205	57,004	41,205

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

Group (S\$'000)	Attributable to					Non-Controlling Interests
	Total Equity	Parent Sub-Total	Share Capital	Other Reserves	Retained Earnings	
Opening Balance at 1 January 2014	116,050	109,711	58,856	575	50,280	6,339
Total Comprehensive Income for the Period ended 30 September 2014	1,599	1,531	-	-	1,531	68
Dividends paid	(1,789)	(1,709)	-	-	(1,709)	(80)
Closing Balance at 30 September 2014	115,860	109,533	58,856	575	50,102	6,327
(a)						
Opening Balance at 1 January 2013	115,736	109,402	58,856	575	49,971	6,334
Total Comprehensive Income/(Loss) for the Period ended 30 September 2013	3,322	3,350	-	-	3,350	(28)
Dividends paid	(3,419)	(3,419)	-	-	(3,419)	-
Closing Balance at 30 September 2013	115,639	109,333	58,856	575	49,902	6,306
(a)						

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

Company (S\$'000)	Total Equity	Share Capital	Retained Earnings
Opening Balance at 1 January 2014	64,817	58,856	5,961
Total Comprehensive Income for the Period ended 30 September 2014	5	-	5
Dividends paid	(1,709)	-	(1,709)
Closing Balance at 30 September 2014	63,113	58,856	4,257
Opening Balance at 1 January 2013	66,803	58,856	7,947
Total Comprehensive Loss for the Period ended 30 September 2013	(88)	-	(88)
Dividends paid	(3,419)	-	(3,419)
Closing Balance at 30 September 2013	63,296	58,856	4,440

- 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.

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

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 30 September 2014	341,917,487
As at 31 December 2013	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 30 September 2014.

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 2013.

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			
	3Q FY2014	3Q FY2013	9M FY2014	9M FY2013
Earnings per ordinary share for the period based on net profit attributable to shareholders				
(a) Based on 341,917,487 ordinary shares	0.07 cents	0.11 cents	0.45 cents	0.98 cents
(b) On a fully diluted basis	0.07 cents	0.11 cents	0.45 cents	0.98 cents

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 of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
	As at 30/09/2014	As at 31/12/2013	As at 30/09/2014	As at 31/12/2013
Net asset value per ordinary share (cents) *	32.03	32.09	18.46	18.96

* 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

World crude steel production for the nine months ended 30 September 2014 increased 2.1% to around 1,230.7 million tonnes (Mt) compared to the same period in 2013. For the month of September 2014, world crude steel production decreased slightly by 0.1% to around 134 Mt, of which China accounted for 67.5 Mt or 50%.

While China's steel output in September was unchanged compared to the same month last year, shrinking domestic demand has aggravated overcapacity problems in the sector. As production remained close to record highs and apparent steel demand fell in the first eight months of 2014, the additional production during the period was diverted to the export market. This has weighed down global prices of steel as well as iron ore.

The MEPS Global Composite Steel Price fell for four consecutive months from May 2014 to September 2014, with the price in September around 4% lower from the highest point in January 2014. (Sources: World Steel Association, MEPS, Reuters, "UPDATE 2-China daily steel output rises to near record high in Sept", 21 October 2014)

Review of Statement of Comprehensive Income

The demand situation for steel products during the three months ended 30 September 2014 ("3Q14") remained subdued, which led to a fall in the Group's business volume and revenue. The challenging operating environment was characterised by heightened competition and ample inventory in the steel supply chain. Consequently, the Group saw a considerable decrease in its revenue for the nine months ended 30 September 2014 ("9M14"). While gross profit margin achieved in 9M14 was higher than last year, this could not compensate for the impact of lower revenue which caused a contraction in the Group's nine-month net profit.

Nevertheless, the Group maintained a strong financial position at the end of September 2014, with cash and cash equivalents of S\$57.0 million and zero borrowings. Net asset value per share stood at 32.03 cents. On a per share basis, cash and cash equivalents translated to 16.67 cents while the Group's inventory of steel products translated to 11.92 cents.

Revenue

Revenue (\$ m)	1Q	2Q	3Q	9M	4Q	Full Year
FY2014	21.9	21.7	13.2	56.8	-	-
FY2013	40.3	32.2	19.7	92.1	23.0	115.1
y-o-y change	(46%)	(33%)	(33%)	(38%)	-	-

During 3Q14, the Group witnessed slow demand from end-users across its market segments including the marine and offshore, engineering/fabrication and construction sectors. Consequently, Group revenue decreased 33% year-on-year to S\$13.2 million in 3Q14.

For 9M14, Group revenue declined 38% to S\$56.8 million from S\$92.1 million last year. This was due mainly to a significant reduction in the Group's sales to the marine and offshore sector as a result of slow newbuilding activities at shipyards in Indonesia.

Gross Profit and Gross Profit Margin

		1Q	2Q	3Q	9M	4Q	Full Year
Gross Profit (\$ m)	FY2014	3.0	2.8	1.6	7.4	-	-
	FY2013	4.0	3.6	2.3	9.9	2.5	12.4
Gross Profit Margin	FY2014	13.7%	12.9%	11.9%	12.9%	-	-
	FY2013	9.8%	11.2%	11.9%	10.7%	11.1%	10.8%

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)

Gross profit in 3Q14 decreased 33% year-on-year to S\$1.6 million in tandem with lower sales. Gross profit margin remained stable at 11.9% compared to 3Q13.

For 9M14, gross profit margin was higher at 12.9% due mainly to relatively lower weighted average cost of inventory sold. As a result, gross profit in 9M14 decreased at a slower pace than revenue by 26% to S\$7.4 million.

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 3Q14, the Group recorded other income of S\$489,000 which comprised interest income, foreign exchange gain and write-back of doubtful and bad debts. On the other hand, the Group incurred a foreign exchange loss in 3Q13 which resulted in negative other income of S\$91,000.

Marketing and Distribution Costs and Administrative Expenses

Marketing and distribution costs in 3Q14 inched up to S\$189,000 from S\$127,000 previously, in tandem with the higher level of freight and handling services that were required for customers' orders. Administrative expenses were up marginally to S\$1.6 million in 3Q14 from S\$1.5 million in 3Q13.

On a nine-month basis, marketing, distribution and administrative expenses totalled S\$6.1 million, up 4.6% from S\$5.9 million in 9M13 due to higher manpower costs, land rental and property tax.

Finance Costs and other charges

The Group incurred zero finance cost in 3Q14. In 3Q13, it recorded interest charge of S\$1,000 and other charges of S\$221,000 which was due to write-off of doubtful and bad debts.

Net Profit and Net Profit Margin

		1Q	2Q	3Q	9M	4Q	Full Year
Net Profit (S\$ m)	FY2014	0.6	0.7	0.2	1.6	-	-
	FY2013	1.7	1.3	0.4	3.3	0.4	3.7
	y-o-y change	(62%)	(45%)	(30%)	(52%)	-	-
Net Profit Margin	FY2014	2.8%	3.4 %	1.9%	2.8%	-	-
	FY2013	4.1%	4.1%	1.8%	3.6%	1.8%	3.2%

The Group posted a net profit of S\$0.2 million in 3Q14, a decrease of 30% from S\$0.4 million in 3Q13, due primarily to reduced sales. With end-user demand at low levels since the start of the year, the reduction in sales volume led to a 52% decline in Group net profit to S\$1.6 million for 9M14.

Review of Financial Position

Statement of Financial Position as at 30 September 2014

As at 30 September 2014, the Group's shareholders' equity stood at S\$109.5 million, compared to S\$109.7 million as at 31 December 2013. This translated to net asset value of 32.03 cents per share at the end of September 2014.

The Group increased its cash and cash equivalents to S\$57.0 million at the end of September 2014, compared to S\$47.7 million at the end of December 2013, and remained debt free.

Trade and other receivables at the end of September 2014 reduced to S\$14.9 million, compared to S\$19.1 million at the end of December 2013, in line with lower sales. Debtor turnover (annualised) in 9M14 was 72 days compared to 61 days for FY2013.

Inventories (measured on a weighted average cost basis) as at 30 September 2014 decreased to S\$40.7 million compared to S\$47.0 million as at 31 December 2013, as the Group continued to align its stock of steel products to prevailing market conditions.

Other financial assets increased to S\$1.0 million at the end of September 2014 compared to S\$12,000 as at 31 December 2013, due to investment in a debt security.

Trade and other payables as at 30 September 2014 increased marginally to S\$3.5 million from S\$3.2 million as at 31 December 2013.

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)

Statement of Cash Flows

Net cash used in operating activities during 3Q14 was around S\$2.0 million, due mainly to the purchase of inventories. Net cash used in investing activities amounted to S\$83,000 in 3Q14, due mainly to purchase of plant and equipment. As a result, the Group's cash and cash equivalents decreased by S\$2.0 million to S\$57.0 million during 3Q14.

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

Not applicable.

- 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

In its latest Short Range Outlook for 2014 and 2015 released on 6 October 2014, the World Steel Association (worldsteel) forecasts that global apparent steel use will increase by 2.0% to 1,562 Mt in 2014. This is lower than worldsteel's previous growth forecast of 3.1% released on 9 April 2014 due to slowing demand caused by the weaker-than-expected performances in the emerging and developing economies during the first nine months of 2014. worldsteel said the slowdown in domestic steel demand in China contributed significantly to its lower global growth projection while significant slowdowns were also noted in South America and the CIS countries. For 2015, worldsteel is projecting global apparent steel use to grow by 2.0% to 1,594 Mt. (Source: worldsteel Short Range Outlook, 6 October 2014)

Group Outlook

As the last quarter of the year is a seasonally slow period, business activities may slide in 4Q14 as compared to 3Q14. With weaker end-user demand, ample inventory in the steel supply chain, and an intensely competitive environment, the Group expects to face a tougher period in 4Q14.

The Group will continue to align its inventory mix to the project requirements of its marine and offshore customers, as well as pursue business opportunities in sectors such as construction and engineering/fabrication, to maintain a diversified customer base.

Backed by sound financial fundamentals, the Group is better positioned to withstand periods of business slowdown and also ready for growth opportunities when they arise. With its focus on profitability, the Group will continue to prudently manage its inventory purchases and keep a close watch on operating expenses.

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 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)

	9M FY2014 S\$'000	9M FY2013 S\$'000
Penta Transport Services	349	520

The value of IPT of the Group is well below 3% of the Group's latest audited net tangible assets as at 31 December 2013.

The Company has no IPT general mandate.

BY ORDER OF THE BOARD

Chew Kok Liang
Company Secretary
4 November 2014

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

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 third quarter ended 30 September 2014 to be false or misleading.

On behalf of the Board of Directors

LEE CHOON BOK
EXECUTIVE CHAIRMAN

LEE YIH CHYI
MANAGING DIRECTOR