

Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2017

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

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.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Group		
		FY 2017	FY 2016	Change
		S\$'000	S\$'000	%
Revenue		49,338	48,022	2.74%
Cost of sales		(39,899)	(39,891)	0.02%
Gross profit		9,439	8,131	16.09%
Other operating income		6,864	1,113	516.71%
Distribution expenses		(1,689)	(1,659)	1.81%
Administrative expenses		(9,557)	(8,271)	15.55%
Other operating expenses		(1,281)	(4,560)	(71.91%)
Share of result of associate		588	315	86.67%
Share of result of joint venture		-	2,174	NM
Finance costs		(1,033)	(1,035)	(0.19%)
Profit / (Loss) before income tax		3,331	(3,792)	NM
Income tax expense		(241)	(518)	(53.47%)
Profit / (Loss) for the year	(i)	3,090	(4,310)	NM
Attributable to:				
Owners of the Company		2,615	(4,568)	NM
Non-controlling interests		475	258	84.11%
		3,090	(4,310)	(171.69%)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		
	FY 2017	FY 2016	Change
	S\$'000	S\$'000	%
Profit / (Loss) for the year	3,090	(4,310)	NM
Other comprehensive Profit / (Loss), after tax:			
Exchange differences on translation of foreign operations	(257)	(620)	(58.55%)
Other comprehensive loss for the year, net of tax	(257)	(620)	(58.55%)
Total comprehensive Profit / (Loss) for the year	2,833	(4,930)	NM
Total comprehensive Profit / (Loss) attributable to:			
Owners of the Company	2,473	(5,019)	NM
Non-controlling interests	360	89	304.49%
	2,833	(4,930)	NM

NM: Not meaningful

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR ENDED 31 DECEMBER 2017 (cont'd)

Note

(i) Profit / (Loss) for the year is arrived at after charging/(crediting) the following:

	Group		
	FY 2017	FY 2016	Change
	S\$'000	S\$'000	%
Allowance for slow moving inventories	270	86	214%
Write down/(Reversal of write down) of inventories to net realisable value	31	(401)	NM
Allowance for doubtful debts	144	190	(24%)
Amortisation of prepaid land rental	7	7	0%
Amortisation of intangible assets	1,078	947	14%
Amortisation of government grant	(71)	(73)	(3%)
Depreciation of property, plant and equipment	1,477	1,464	1%
Bad debts written off	162	16	913%
Finance costs	1,033	1,035	(0%)
Government subsidy	(452)	(472)	(4%)
Impairment of available-for-sale financial assets	-	3,467	NM
Written off on Intangible Assets	89	-	NM
Employee benefits	5,331	5,624	(5%)
Interest income	(146)	(211)	(31%)
Write off of plant and equipment	16	-	NM
(Gain)/Loss on disposal of plant and equipment	(94)	9	NM
Gain on dilution on shares of associate	(4,663)	-	NM
Foreign currency exchange adjustment loss/(gain) - net	696	(51)	NM
Impairment on plant and equipment	344	362	(5%)
Fair value loss on derivative of financial assets(unrealised)	1	134	(99%)

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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.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Group		Company	
	FY 2017	FY 2016	FY 2017	FY 2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	6,189	7,369	261	1,556
Trade receivables	10,749	9,576	-	-
Other receivables	2,470	5,314	6,958	2,018
Prepaid land rental	7	7	-	-
Prepayments	475	112	19	22
Amount due from subsidiaries and an associate	525	709	5,868	13,117
Inventories	20,273	21,636	-	-
Assets classified as held for sale	255	-	-	-
Total current assets	40,943	44,723	13,106	16,713
Non-current assets:				
Property, plant and equipment	28,867	29,702	-	-
Prepaid land rental	286	297	-	-
Goodwill	1,313	497	-	-
Intangible assets	21,924	20,593	2,714	3,054
Investment in subsidiaries	-	-	20,646	21,164
Investment in joint venture	-	3,207	-	-
Investment in an associate	12,698	3,842	-	-
Club membership	190	190	190	190
Refundable deposits	899	892	-	-
Amount due from subsidiaries and an associate	-	-	9,283	8,261
Total non-current assets	66,177	59,220	32,833	32,669
Total assets	107,120	103,943	45,939	49,382
LIABILITIES AND EQUITY				
Current Liabilities:				
Bank overdrafts	199	154	-	-
Bank loans	6,257	5,565	-	-
Government loan	616	624	-	-
Finance leases	92	93	-	-
Bills payables	7,681	7,649	-	-
Trade payables	2,545	1,973	-	-
Other payables and accruals	4,024	4,042	978	1,666
Provision for income tax	532	393	-	-
Amount due to subsidiaries, an associate and joint venture	3,906	3,157	131	521
Financial derivative liabilities	1	-	-	-
Total current liabilities	25,853	23,650	1,109	2,187
Non-current liabilities				
Bank loans	15,987	16,762	-	-
Government loan	821	828	-	-
Finance leases	5	39	-	-
Other payables and accruals	466	618	466	618
Government grants	1,835	1,933	-	-
Deferred tax liabilities	425	408	-	-
Financial derivative liabilities	48	48	-	-
Total non-current liabilities	19,587	20,636	466	618
Capital, reserves and non-controlling interests				
Share capital	35,915	36,131	35,915	36,131
Reserves	19,952	17,977	8,449	10,446
Equity attributable to owners of the Company	55,867	54,108	44,364	46,577
Non-controlling interests	5,813	5,549	-	-
Total equity	61,680	59,657	44,364	46,577
Total liabilities and equity	107,120	103,943	45,939	49,382

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

	Group	
	As At	
	FY 2017	FY 2016
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand:-		
Secured	14,229	13,461
Unsecured	-	-
Sub-Total	14,229	13,461
Amount repayable after one year		
Secured	15,992	16,801
Unsecured	-	-
Sub-Total	15,992	16,801
Total borrowings and debt securities	30,221	30,262

Details of any collateral

At 31 December 2017 and 31 December 2016, the Group's secured borrowings consist of bank overdrafts, bank loans, finance leases and bills payable.

At 31 December 2017, bank loans of S\$9.71 million (31 December 2016: S\$10.18 million) was secured by a charge over a property of a subsidiary. In addition, bank loans of S\$7.74 million (31 December 2016: S\$8.83 million) was secured by a charge over three pieces of vacant land, a property and machineries and equipments of a subsidiary.

At 31 December 2017 and 31 December 2016, bank overdrafts, bills payable and remaining bank loans were secured by corporate guarantee of the Company. The finance leases were secured by the leased assets.

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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.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Group	
		FY 2017	FY 2016
		S\$'000	S\$'000
Cash flows from operating activities:			
Profit/(Loss) before income tax:		3,331	(3,792)
Adjustments for:			
Allowance for doubtful debts		144	190
Amortisation of prepaid land rental		7	7
Amortisation of intangible assets		1,078	947
Amortisation of government grant		(71)	(73)
Depreciation of property, plant and equipment		1,477	1,464
Finance costs		1,033	1,035
(Gain)/Loss on disposal of property, plant and equipment		(94)	9
Bad debts written off		162	16
Impairment of available-for-sale financial assets		-	3,467
Interest income		(146)	(211)
Written off on Intangible Assets		89	-
Impairment of plant and equipment		344	362
Fair value loss on derivative of financial assets (unrealised)		1	134
Unrealised foreign exchange loss/(gain)		696	(51)
Write off of plant and equipment		16	-
Share of result of associate		(1,044)	(315)
Gain on dilution shares of associate		(4,663)	-
Share of result of joint venture		-	(2,174)
Allowance on slow moving inventories		270	86
Write down/(Reversal of write down) of inventories to net realisable value		31	(401)
Operating cash flow before working capital changes		2,661	700
Trade receivables		(1,480)	3,442
Other receivables		2,481	3,578
Inventories		1,062	6,102
Trade payables		571	(1,019)
Other payables		(171)	(2,254)
Repayment of bills payables, net		33	(834)
Cash flows generated from operations		5,157	9,715
Interest paid		(1,033)	(877)
Interest income received		146	211
Income taxes paid		(85)	(517)
Net cash flows generated from operating activities		4,185	8,532
Cash flows from investing activities:			
Proceeds on disposal of property, plant and equipment		161	31
Proceeds from disposal of available-for-sale financial assets		-	1,505
Placement of fixed deposit, pledged		(1,000)	(1,000)
Receipt of fixed deposit, pledged		1,000	-
Additions to intangible assets		(2,725)	(5,323)
Purchase of property, plant and equipment		(2,916)	(769)
Decrease in amount due from associate		184	518
Increase in amount due from joint venture		-	(709)
Decrease in amount due from related parties		-	392
Effect of dilution in shareholdings of a joint ventures		456	-
Investment in associate		(123)	-
Goodwill on Acquisition		(815)	-
Net cash flows used in investing activities		(5,778)	(5,355)

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017 (cont'd)

	Note	Group	
		12 Months Ended	
		FY 2017	FY 2016
		S\$'000	S\$'000
Cash flows from financing activities:			
Repayment for share buy back, net		(216)	-
Proceeds from loans and borrowings		8,684	5,093
Repayment of loans and borrowings		(8,054)	(9,892)
Contributions from non-controlling interests		(96)	31
Repayment of obligations under finance leases		(100)	(227)
Dividends paid		(497)	-
Increase in amount due to joint venture		-	1,887
Increase in amount due to associate		1,169	420
Decrease in amount due to joint venture		(420)	-
Net cash flows generated from / (used in) financing activities		470	(2,688)
Net (decrease)/increase in cash and cash equivalents		(1,123)	489
Cash and cash equivalents at the beginning of the year		6,215	5,770
Effect of exchange rate changes on the balance of cash held in foreign currencies		(102)	(44)
Cash and cash equivalents at the end of the year	(1)	4,990	6,215

(1) Cash and cash equivalents at the end of year includes the following:

	FY 2017	FY 2016
	S\$'000	S\$'000
Cash and bank balances	6,189	7,369
Fixed deposit, pledged	(1,000)	(1,000)
Bank overdrafts	(199)	(154)
	4,990	6,215

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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.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share Capital	Currency Translation Reserve	Reserve Fund	Share Options Reserve	Retained Earnings	Attributable To Owners Of The Company	Non-Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
Balance as at 1 January 2016	36,131	1,142	44	1,485	20,325	59,127	5,429	64,556
Capital contributions from non-controlling interests	-	-	-	-	-	-	31	31
Expiry of share options	-	-	-	(205)	205	-	-	-
Total comprehensive income for the year	-	(451)	-	-	(4,568)	(5,019)	89	(4,930)
Balance as at 31 December 2016	36,131	691	44	1,280	15,962	54,108	5,549	59,657
Balance as at 1 January 2017	36,131	691	44	1,280	15,962	54,108	5,549	59,657
Dividend paid	-	-	-	-	(498)	(498)	-	(498)
Capital contribution from non-controlling interests	-	-	-	-	-	-	(96)	(96)
Expiry of share options	-	-	-	(495)	495	-	-	-
Treasury shares	(216)	-	-	-	-	(216)	-	(216)
Total comprehensive income for the year	-	(142)	-	-	2,615	2,473	360	2,833
Balance as at 31 December 2017	35,915	549	44	785	18,574	55,867	5,813	61,680

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017 (cont'd)

	Share Capital	Share Options Reserve	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
Company				
Balance as at 1 January 2016	36,131	1,485	17,266	54,882
Expiry of share options	-	(205)	205	-
Total comprehensive income for the year	-	-	(8,305)	(8,305)
Balance as at 31 December 2016	36,131	1,280	9,166	46,577
Balance as at 1 January 2017	36,131	1,280	9,166	46,577
Dividend paid	-	-	(498)	(498)
Expiry of share options	-	(495)	495	-
Disposal of non-controlling interest in a subsidiary without a change in control	-	-	(50)	(50)
Treasury shares	(216)	-	-	(216)
Total comprehensive income for the year	-	-	(1,449)	(1,449)
Balance as at 31 December 2017	35,915	785	7,664	44,364

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- 1 (d)(ii) Details of any changes in the company's share capital arising from right 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.

SHARE CAPITAL

	Number of Shares	Share Capital
	'000	S\$'000
Balance as at 1 January 2017 248,973,000 ordinary shares	248,973	36,131
Less: Treasury Share	(1,841)	(216)
Balance as at 31 December 2017 247,131,900 ordinary shares	247,132	35,915

Company has treasury shares of 1,841,100 shares at S\$216,439.99 as at 31 December 2017 (31 December 2016: Nil) The number of shares that may be issued on conversion of all share options outstanding as at 31 December 2017 was 13,109,000 (as at 31 December 2016: 17,917,000).

Company has nil subsidiary holdings as at 31 December 2017 (31 December 2016: Nil).

- 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.

Please refer to item 1(d)(ii) above.

- 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.

Not applicable.

- 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 not been audited nor reviewed by our auditors.

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

Not applicable.

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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 and Company have adopted the same accounting policies and methods of computation for the current financial year as those applied in the financial year ended 31 December 2016 except for the adoption of new and revised accounting standards (including its consequential amendments) and interpretations applicable for the financial year beginning 1 January 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.

Please refer to item 4 above.

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

EARNING / (LOSS) PER ORDINARY SHARE

	Group		
	12 Months Ended		
	FY 2017	FY 2016	Change %
Earnings/Loss per ordinary share (EPS/(L)) for the financial year based on net profit/(loss) attributable to the equity holders of the Company			
(i) Based on weighted average number of ordinary shares (in cents) - Weighted average number of shares	1.06 247,131,900	(1.83) 248,973,000	NM (0.74%)
(ii) On a fully diluted basis (in cents) - Adjusted weighted average number of shares	1.06 247,131,900	(1.83) 248,973,000	NM (0.74%)

**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 year reported on; and
(b) immediately preceding financial year**

	Group			Company		
	As At		Change	As At		Change
	FY 2017	FY 2016		FY 2017	FY 2016	
	Cents	Cents	%	Cents	Cents	%
Net asset backing per ordinary share based on the existing issued share capital as at the end of the financial year	22.61	21.73	4.05%	17.88	18.71	(4.44%)

The net asset value per ordinary share is based on 247,131,900 (2016: 248,973,000) shares at the end of each year.

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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.**

The Group's profit attributable to owners of the company for the year ended 31 December 2017 was S\$2.62 million as compared to a loss of S\$4.57 million recorded in the prior year. The significant improvement of results was mainly due to a gain on dilution of shares in an associate amounting to S\$4.66 million, following the investment made by a strategic investor in one of our environmental businesses in China, being the Onway group. In addition, the absence of \$3.47 million impairment of available-for sale financial assets in relation to Dalian Shi Cheng project provided in the prior year and the successful restructuring of the manufacturing business with continued implementation of cost cutting scheme also contributed to the improved group results as compared to prior year.

The Group's revenue for the year ended 31 December 2017 increased marginally by 2.74% from S\$48.02 million to S\$49.34 million. The increase in group revenue of S\$1.32 million was mainly due to higher sales contributed by the trading of flat steel products division under the distribution business, especially for sales in India and Philippines markets and new sales in Korea market from the newly set up Korea office, Handels, which started its operations in March 2017. However, the increase was largely offset by decreased sales in the steel piping products & flanges division, under distribution and manufacturing businesses due to the prolonged, weak and depressed steel market in Singapore and the region.

Gross profit increased by S\$1.31 million or 16.09% for the year ended 31 December 2017. The increase was predominantly attributable to higher gross profit and better gross profit margin contributed by newly set up industrial wastewater treatment plant, ChangXing AnnYi, and the newly acquired water supply plant, LinXing Water Supply, coupled with the improved tariff obtained.

The Group's distribution and finance costs remained stable during the year. The increase in administrative expenses were due to higher operating cost incurred for the newly set up company, Handel Korea, under the distribution business, and the set up of ChangXing AnnYi and LinXing Water Supply, under the environmental business which all contributed positively to the group. The substantial lower other operating expenses in the current year were due to the absence of impairment of available-for-sale financial asset amounting to \$3.47 million which was recognised in the prior year. The significant increase in other income was mainly attributed to recognition of gain on dilution of shares in an associate amounting to \$4.66 million and higher government grant of \$0.78 million obtained under the environmental business in the current year.

The share of profit of an associate and joint venture was S\$0.59 million for year ended 31 December 2017 as compared to S\$2.49 million in the prior year. The share of profit was contributed from industrial and rural wastewater treatment divisions under the environmental business. The smaller share of results in rural wastewater treatment business was due to dilution of our shareholding from 51% to 25% after a strategic investor invested RMB125 million in Onway group in July 2017 for a 51% stake. In addition, our newly appointed auditor (华普天建) of Onway group in China adopted a much prudent approach by making general provision of doubtful debts amounting to total of RMB 8 million for compliance with PRC listing requirement, which affected our share of profit in Onway group this year.

The total liabilities of the Group increased by \$1.15 million from \$44.29 million as at 31 December 2016 to \$45.44 million as at 31 December 2017. The increase was mainly due to an increase in amount due to an associate of \$0.75 million for the construction of ChangXing HengYi wastewater plant. The Group's borrowings maintained at approximately \$30.20 million for both periods with net gearing ratio increased marginally from 0.42 times as at 31 December 2016 to 0.43 times as at 31 December 2017.

The current assets of the Group decreased by \$3.78 million from \$44.72 million as at 31 December 2016 to \$40.94 million as at 31 December 2017. The decrease was mainly due to lower other receivables of \$2.84 million as receipt of final proceeds amounting to \$2.00 million were received from the Taiwanese buyer for the disposal of Shinsei and Both Well Jiangyan group. The decrease in inventories of \$1.36 million was due to better inventory management control measures. However the decrease in current assets was partially offset by the increase in prepayment of \$0.36 million and trade receivables of \$1.17 million, due to longer credit term extended to customers. Most of these customers are under trade credit insurance protection scheme during the year. Debtor turnover increased slightly to 84 days as at 31 December 2017 as compared to 82 days as at 31 December 2016.

The Group continued to maintain a healthy and positive working capital of S\$15.09 million or current ratio of 1.58 times with current assets of S\$40.94 million and current liabilities of S\$25.85 million as at 31 December 2017.

The non-current assets of the Group increased \$6.96 million from \$59.22 million as at 31 December 2016 to \$66.18 million as at 31 December 2017. The increase was mainly attributed to the recognition of gain on dilution in joint venture/associate, Onway group from 51% to 25% shareholding interest, amounting to \$4.66 million and profit generated from associate amounting to \$0.59 million. Due to the dilution in Onway group, re-classification of account from investment in a joint venture to associate was made in the current year. In addition, the increase in intangible assets of \$1.33 million was due to capital expenditure of ChangXing HengYi plant, under the environment business, while the increase in goodwill of \$0.82 million was mainly due to acquisition goodwill from the newly acquired subsidiary, LinXing Water Supply Co Ltd. There was a decrease in property, plant and equipment of \$0.84 million attributed to depreciation charged and forex translation loss, partially offset by acquisition of LinXing Water Supply company.

The cash and cash equivalents as at 31 December 2017 decreased by S\$1.23 million to S\$4.99 million. This was mainly due to cash used in additions to intangible assets, purchase of property, plant and equipment and acquisition goodwill amounting to approximately \$6.46 million for expansion of the environmental business, reflected under the investing activities. However, the decrease largely offset by positive cash flows generated from operating activities amounting to S\$4.19 million, comprising of \$2.66 million operating cash flows before working capital changes, offset by \$1.03 million interest paid. In addition, net cash flows from financing activities generated \$0.47 million, mainly contributed by \$8.68 million proceeds from loans and borrowings and \$1.17 million increase in amount due to associate, offset by \$8.05 million repayment of loans and borrowings and \$0.50 million dividends paid.

Group's net asset per share at 31 December 2017 was 22.61 cents and weighted average EPS for year ended 31 December 2017 was 1.06 cents.

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9 Whether a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and 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.

2017 has seen many business casualties in the Oil & Gas and Marine & Offshore Industries. Those managed to pull through this unprecedented time, will stabilize and grow again once oil price starts to recover and the economy improves. This is the expectation of the market and in recent days, oil price has risen to post high. In light of this, the coming year market condition may be more favorable and encouraging as a whole. This will translate to reactivation of aborted projects and more new projects upstream and downstream of the supply chain.

However, the market has also grown more efficient and competitive. On the supply side of steel, many traditional distributors and regional manufacturers are encountering more headwinds as they compete with major players with big economy of scale advantages. This will impact Annaik's steel distribution and manufacturing segment. Our current strength in stock, service and quality are keeping us in this game. The Group anticipates steel distribution and manufacturing business to turn around from last year's dismal performance based on recent order build up, published statistics and news.

On another exciting front, the Group's environmental management and engineering segment are striding ahead to meet their strategic and financial objectives. New investments and opportunities are currently undertaken and reviewed by the Group's management to enhance its position and profitability in the coming years. This segment will gradually become the main focus of the Group in the years to come as it diversify its core business to meet stakeholders' expectation.

The Group in general has weathered well in the past few years. With the support of all stakeholders', the management will continue to explore new areas of business and invest wisely for the long term progress and sustainability of the Group.

11 Dividend.

(a) Whether an interim (final) dividend has been declared (recommended); and

The Director are pleased to propose a first and final one tier tax exempt of 0.2 Singapore cent per share for the year ended 31 December 2017, subject to shareholders' approval at the forthcoming Annual General Meeting.

(b)(i) Amount per share in cents.

0.2 Singapore cent per share.

(b)(ii) Previous corresponding period in cents.

0.2 Singapore cent per share.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

One - tier tax exempt.

(d) The date the dividend is payable.

To be announced later.

(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

To be announced later.

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

Not applicable.

ANNAIK LIMITED

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

SEGMENT ANALYSIS

Primary reporting segment - business segments (The Group)

The segmental information for each business segment is based on the nature of the principal activities of the Company and its subsidiaries. They are segregated primarily into four reporting segments; distribution of stainless steel piping products; manufacturing of steel flanges; engineering construction of piping process system and environmental business.

BUSINESS SEGMENT - 2017	Distribution Steel Products	Manufacturing Steel Flanges	Engineering Construction	Environmental Business	Elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
REVENUE						
External revenue	35,088	2,752	-	11,498	-	49,338
Inter-segment revenue	2,373	2,215	-	-	(4,588)	-
Total revenue	37,461	4,967	-	11,498	(4,588)	49,338
RESULTS						
Segment result	(3,409)	(277)	46	2,508	99	(1,033)
Share of results of associate	-	-	-	588	-	588
Gain on dilution of Joint venture	4,663	-	-	-	-	4,663
Interest income	-	-	-	-	-	146
Finance costs	-	-	-	-	-	(1,033)
Loss before income tax						3,331
Income tax expenses						(241)
Profit for the year						3,090

BUSINESS SEGMENT - 2016	Distribution Steel Products	Manufacturing Steel Flanges	Engineering Construction	Environmental Business	Elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
REVENUE						
External revenue	33,053	3,884	-	11,085	-	48,022
Inter-segment revenue	3,190	3,442	-	-	(6,632)	-
Total revenue	36,243	7,326	-	11,085	(6,632)	48,022
RESULTS						
Segment result	(2,793)	(893)	(55)	1,152	599	(1,990)
Impairment of available-for-sale investment	(3,467)	-	-	-	-	(3,467)
Share of results of associate	-	-	-	315	-	315
Share of results of a joint venture	-	-	-	2,174	-	2,174
Interest income	-	-	-	-	-	211
Finance costs	-	-	-	-	-	(1,035)
Loss before income tax						(3,792)
Income tax expenses						(518)
Loss for the year						(4,310)

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GEOGRAPHICAL SEGMENT

The geographical locations of the Group's customers comprise of Singapore, Malaysia, PRC, Russia, Indonesia, Vietnam, India, Canada, Korea, Philipines and others.

Revenue by location of customers

	Revenue	
	FY 2017	FY 2016
	S\$'000	S\$'000
Singapore	14,232	20,236
Malaysia	4,453	4,691
PRC	10,375	9,545
Russia	3,523	3,361
Indonesia	3,102	4,444
Vietnam	995	1,135
Canada	1,215	806
India	2,756	1,808
Korea	3,942	177
Philipines	1,746	304
Others	2,999	1,515
	49,338	48,022

Non-current assets by geographical areas in which the assets are located as follows:

	Non-current Assets	
	FY 2017	FY 2016
	S\$'000	S\$'000
Singapore	20,504	26,624
PRC	33,933	19,407
Korea	19	-
Malaysia	11,721	13,189
	66,177	59,220

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

Please refer to No. 8 page 11.

- 15 A breakdown of sales

	Group		
	FY 2017	FY 2016	Change
	S\$'000	S\$'000	%
(a) Sales reported for first half of year	23,090	22,964	1%
(b) Loss after income tax reported for first half year	(518)	(4,180)	(88%)
(c) Sales reported for second half of year	26,248	25,058	5%
(d) Profit/(Loss) after income tax reported for second half year	3,608	(130)	NM

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Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2017

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

Total Annual Dividend

	FY 2017	FY 2016
	S\$'000	S\$'000
Ordinary Preference Total	494	498
	-	-
	494	498

- 17 If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("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.**

No IPT Mandate has been obtained from shareholders.

- 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 (10). 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
Low Kheng	64	Wife of Mr Ow Chin Seng (Executive Chairman cum CEO) and mother of Mr Ow Eei Meng, Benjamin (Executive Director).	Mdm. Low is responsible for the marketing and sales of the Group's distribution products in Singapore. She has over 35 years of experience in the hardware and steel industry.	-
Michael Koh	51	Nephew of Mr Ow Chin Seng (Executive Chairman cum CEO) and cousin of Mr Ow Eei Meng, Benjamin (Executive Director).	Sales Director of Annaik Limited to assist management in managing the Group's distribution business.	-
Peh Choon Chieh	43	Nephew of Mr Ow Chin Seng (Executive Chairman cum CEO) and cousin of Mr Ow Eei Meng, Benjamin (Executive Director).	Commercial Manager in Annaik Limited's subsidiary (IEVS) since 1 Jan 2017. Responsible for daily operations of the Company.	-
Ow Eei Phurn Benedict	38	Son of Mr Ow Chin Seng (Executive Chairman cum CEO) and brother of Mr Ow Eei Meng, Benjamin (Executive Director).	Project Sales Manager since July 2013. Responsible for development of the project sales department in distribution products.	-

- 19 General- Disclosure of the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8.**

None.

- 20 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

On behalf of the Board of Directors

Ow Chin Seng
Executive Chairman

Ng Kim Keang
Executive Director

27/02/2018