



ANNAIK LIMITED

Condensed Interim Financial Statements for the half year ended 30 June 2022

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Condensed Interim Financial Statements For The Period Ended 30-06-2022

A CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	Note	Group		
		6 Months Ended		
		30-Jun-22	30-Jun-21	Change
		S\$'000	S\$'000	%
Revenue	4	55,678	32,478	71.43%
Cost of sales		(45,840)	(25,118)	82.50%
Gross profit		9,838	7,360	33.67%
Other operating income		1,159	1,072	8.12%
Distribution expenses		(628)	(527)	19.17%
Administrative expenses		(5,177)	(4,515)	14.66%
Impairment losses on financial assets		(169)	(10)	1,590.00%
Other operating expenses		(563)	(353)	59.49%
Share of result of associate		(25)	80	NM
Finance costs		(457)	(696)	(34.34%)
Profit before income tax	5	3,978	2,411	64.99%
Income tax expense	6	(491)	(365)	34.52%
Profit for the period		3,487	2,046	70.43%
Attributable to:				
Owners of the Company		2,856	1,228	132.57%
Non-controlling interests		631	818	(22.86%)
		3,487	2,046	70.43%
Earnings per share (cents per share):				
Basic and diluted		0.99	0.43	130%

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	30-Jun-22	30-Jun-21	Change
	S\$'000	S\$'000	%
Profit for the period	3,487	2,046	70.43%
Other comprehensive income			
Exchange differences on translation of foreign operations	(663)	1,514	NM
Other comprehensive income for the period, net of tax	(663)	1,514	NM
Total comprehensive income for the period	2,824	3,560	(20.67%)
Total comprehensive income attributable to:			
Owners of the Company	2,508	2,323	7.96%
Non-controlling interests	316	1,237	(74.45%)
	2,824	3,560	(20.67%)

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Condensed Interim Financial Statements For The Period Ended 30-06-2022

B CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets:					
Cash and cash equivalents		13,089	14,382	627	215
Trade receivables		22,811	18,166	-	-
Other receivables		4,705	6,143	109	254
Prepayments		163	190	56	23
Amount due from subsidiaries		-	-	8,429	11,703
Inventories		26,210	26,083	-	-
Assets classified as held for sale		-	9,619	-	-
Total current assets		66,978	74,583	9,221	12,195
Non-current assets:					
Property, plant and equipment	7	12,487	13,017	26	12
Right-of-use assets		4,004	4,190	-	-
Goodwill	8	497	497	-	-
Intangible assets	9	38,299	38,532	1,188	1,357
Investment in subsidiaries		-	-	23,350	23,076
Investment in associates		10,506	10,926	-	-
Investment securities		67	67	-	-
Club membership		190	190	190	190
Refundable deposits		483	493	-	-
Deferred tax assets		3	3	-	-
Total non-current assets		66,536	67,915	24,754	24,635
Total assets		133,514	142,498	33,975	36,830
LIABILITIES AND EQUITY					
Current Liabilities:					
Bank loans	10	8,204	8,232	1,614	612
Government loans	10	580	598	-	-
Leases liabilities		150	172	-	-
Bills payables	10	10,529	10,295	-	-
Trade payables		4,941	4,812	-	-
Other payables and accruals		8,250	13,013	768	1,114
Provision for income tax		805	600	-	-
Amount due to subsidiaries and associates		740	426	463	460
Total current liabilities		34,199	38,148	2,845	2,186
Non-current liabilities					
Bank loans	10	14,650	19,985	636	758
Leases liabilities		2,689	2,731	-	-
Other payables and accruals		34	133	-	-
Deferred government grants		1,529	1,599	-	-
Deferred tax liabilities		1,018	1,076	-	-
Total non-current liabilities		19,920	25,524	636	758
Capital, reserves and non-controlling interests					
Share capital	11	38,864	38,776	38,864	38,776
Treasury shares	11	(568)	(568)	(568)	(568)
Reserves		26,531	26,091	(7,802)	(4,322)
Equity attributable to owners of the Company		64,827	64,299	30,494	33,886
Non-controlling interests		14,568	14,527	-	-
Total equity		79,395	78,826	30,494	33,886
Total equity and liabilities		133,514	142,498	33,975	36,830

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Condensed Interim Financial Statements For The Period Ended 30-06-2022

D CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		6 Months Ended	
		30-Jun-22	30-Jun-21
		S\$'000	S\$'000
Cash flows from operating activities:			
Profit before tax		3,978	2,411
Adjustments for:			
Amortisation of government grant		(36)	(36)
(Gain)/loss on disposal of property, plant and equipment		(728)	9
Gain on liquidation of subsidiary		-	(309)
Impairment losses on financial assets		169	10
Depreciation of property, plant and equipment		609	594
Depreciation of right-of-use assets		156	149
Amortisation of intangible assets		960	1,003
Allowance for slow moving inventories		402	156
Written-off of property, plant and equipment		12	2
Written-off of intangible assets		42	-
Share of losses/(profits) of associates		25	(80)
Interest income		(49)	(21)
Finance costs		457	696
Unrealised foreign exchange loss/(gain), net		604	(157)
Operating profit before working capital changes		6,601	4,427
(Increase)/decrease in:			
Trade receivables		(4,651)	(551)
Other receivables and prepayments		1,307	(580)
Inventories		(531)	(956)
Increase/(decrease) in:			
Trade payables		129	(83)
Other payables		(4,862)	(2,806)
Bills payables		234	1,465
Cash (used in)/generated from operations		(1,773)	916
Interest on lease paid		(70)	(73)
Interest expense paid		(387)	(623)
Interest income received		48	21
Income taxes paid		(341)	(347)
Net cash flows used in operating activities		(2,523)	(106)
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment		10,291	12
Purchase of property, plant and equipment		(67)	(119)
Additions to intangible assets		(1,548)	(830)
Acquisition of non-controlling interests without a change in control		(274)	(114)
Net cash flows generated from/(used in) investing activities		8,402	(1,051)
Cash flows from financing activities:			
Proceeds from issuance of shares under ESOS Scheme 2013		88	-
Proceeds from loans and borrowings		3,012	3,764
Repayment to loans and borrowings		(8,400)	(1,458)
(Decrease)/increase in amount due to associates		314	(866)
Capital contributions from non-controlling interests		-	573
Dividends paid		(2,010)	(289)
Repayment of principal portion of leases liabilities		(98)	(128)
Net cash flows (used in)/generated from financing activities		(7,094)	1,596
Net (decrease)/increase in cash and cash equivalents		(1,215)	439
Cash and cash equivalents at the beginning of the period		14,382	15,048
Effect of exchange rate changes on the balance of cash held in foreign currencies		(78)	297
Cash and cash equivalents at the end of the period		13,089	15,784

	30-Jun-22	30-Jun-21
	S\$'000	S\$'000
Cash and bank balances	13,089	15,784
	13,089	15,784

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Condensed Interim Financial Statements For The Period Ended 30-06-2022

C CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share Capital	Treasury shares	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	S\$'000
Group									
Balance as at 1 January 2021	38,776	(470)	438	2,567	517	18,300	60,128	13,157	73,285
Dividend paid	-	-	-	-	-	(289)	(289)	-	(289)
Disposal of Subsidiary	-	-	(50)	(196)	-	(198)	(444)	(255)	(699)
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	573	573
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	(114)	(114)
Transfer of statutory reserve fund	-	-	(67)	67	-	-	-	-	-
Total comprehensive income for the period	-	-	1,095	-	-	1,228	2,323	1,237	3,560
Balance as at 30 June 2021	38,776	(470)	1,416	2,438	517	19,041	61,718	14,598	76,316
Balance as at 1 January 2022	38,776	(568)	2,427	2,583	517	20,564	64,299	14,527	78,826
Dividend paid	-	-	-	-	-	(2,010)	(2,010)	-	(2,010)
Issuance of shares under ESOS Scheme 2013	88	-	-	-	(58)	-	30	-	30
Expiry of share option	-	-	-	-	(5)	5	-	-	-
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	(275)	(275)
Transfer of statutory reserve fund	-	-	-	109	-	(109)	-	-	-
Total comprehensive income/(loss) for the period	-	-	(348)	-	-	2,856	2,508	316	2,824
Balance as at 30 June 2022	38,864	(568)	2,079	2,692	454	21,306	64,827	14,568	79,395

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Condensed Interim Financial Statements For The Period Ended 30-06-2022

C CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (cont'd)

	Share Capital	Treasury shares	Share Options Reserve	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
Balance as at 1 January 2021	38,776	(470)	517	(1,964)	36,859
Dividend paid	-	-	-	(289)	(289)
Total comprehensive loss for the period	-	-	-	(1,299)	(1,299)
Balance as at 30 June 2021	38,776	(470)	517	(3,552)	35,271
Balance as at 1 January 2022	38,776	(568)	517	(4,839)	33,886
Dividend paid	-	-	-	(2,010)	(2,010)
Issuance of shares under ESOS Scheme 2013	88	-	(58)	-	30
Expiry of share option	-	-	(5)	5	-
Total comprehensive loss for the period	-	-	-	(1,412)	(1,412)
Balance as at 30 June 2022	38,864	(568)	454	(8,256)	30,494

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**1 CORPORATE INFORMATION**

AnnAik Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalyst Board of the Singapore Exchange.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Group are:

- (a) Investment holding
- (b) Marketing and sale of steel and non-steel products
- (c) Owning and management of wastewater treatment plants

2 BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore Dollars ("SGD or \$") which is the Company's functional currency and all values in the tables are rounded to the nearest thousand ("\$000") except when otherwise indicated.

2.1 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

In the current financial year, the Group has adopted all the new and revised SFRS (I) that are relevant to its operations and effective for the current financial year.

The adoption of these new/revised SFRS(I)s did not result in material changes to the Group's accounting policies and has no material effect on the financial results or position of the Group and the Company.

2.2 USE OF JUDGEMENTS AND ESTIMATES

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

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are as follows:

Included in Note 8 - Goodwill

Provision of expected credit losses of trade receivables

The Group uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables. The provision rates are based on days past due for customer.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Allowance for inventories

Inventories are stated at the lower of cost and net realisable value. In assessing the allowance for inventories, the Group takes into account the historical obsolescence and slow-moving experiences and future demand of their product.

Based on management's estimate, inventories are fully provided for obsolescence if there are no sale movements within 4 years.

3 SEASONAL OPERATIONS

The Group's businesses are not affected by seasonal or cyclical factors during the financial period.

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Condensed Interim Financial Statements For The Period Ended 30-06-2022

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

4 SEGMENT AND REVENUE INFORMATION

The following segment information is prepared based on the nature of the principal activities of the Company and its subsidiaries. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. They are segregated primarily into three reporting segments; i.e. distribution of steel and non-steel products; manufacturing of steel flanges and environmental business. Except as indicated above, no operating segments have been aggregated to form the above reportable segments.

4.1 BUSINESS SEGMENTS

6 Months Ended - 30 June 2022	Distribution	Manufacturing of steel flanges	Environmental business	Elimination	Consolidation
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue					
External revenue (steel products)	32,320	-	-	-	32,320
External revenue (non-steel products)	13,697	-	-	-	13,697
External revenue	-	1,575	8,086	-	9,661
Inter-segment revenue	79	2,166	-	(2,245)	-
Total revenue	46,096	3,741	8,086	(2,245)	55,678
Result					
Segment results	1,624	630	2,471	(144)	4,581
Impairment losses on financial assets	(162)	-	(7)	-	(169)
Share of profits of associates	-	-	(25)	-	(25)
Interest income	-	-	-	-	48
Finance costs	-	-	-	-	(457)
Profit before tax	-	-	-	-	3,978
Income tax	-	-	-	-	(491)
Profit for the year	-	-	-	-	3,487
Assets					
Segment assets	53,681	5,791	63,536	-	123,008
Investment in associates	-	-	10,506	-	10,506
Consolidated total assets	-	-	-	-	133,514
Liabilities					
Segment liabilities	17,568	2,295	10,822	-	30,685
Bank loans and government loans	16,210	-	7,224	-	23,434
Consolidated total liabilities	-	-	-	-	54,119
Other information					
Depreciation and amortisation	657	185	883	-	1,725
Capital expenditure	58	-	1,557	-	1,615
Other non-cash expenses	508	(370)	421	-	559

6 Months Ended - 30 June 2021	Distribution	Manufacturing of steel flanges	Environmental business	Elimination	Consolidation
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue					
External revenue (steel products)	13,037	-	-	-	13,037
External revenue (non-steel products)	9,505	-	-	-	9,505
External revenue	-	820	9,116	-	9,936
Inter-segment revenue	122	1,667	46	(1,835)	-
Total revenue	22,664	2,487	9,162	(1,835)	32,478
Result					
Segment results	(490)	158	3,315	(276)	2,707
Impairment of financial assets	(10)	-	-	-	(10)
Share of profits of associates	-	-	80	-	80
Gain on liquidation of subsidiary	309	-	-	-	309
Interest income	-	-	-	-	21
Finance costs	-	-	-	-	(696)
Profit before tax	-	-	-	-	2,411
Income tax	-	-	-	-	(365)
Profit for the year	-	-	-	-	2,046
Assets					
Segment assets	48,455	14,467	61,014	-	123,936
Investment in associates	-	-	11,596	-	11,596
Consolidated total assets	-	-	-	-	135,532
Liabilities					
Segment liabilities	14,685	2,797	11,040	-	28,522
Bank loans and government loans	17,190	6,421	7,083	-	30,694
Consolidated total liabilities	-	-	-	-	59,216
Other information					
Depreciation and amortisation	658	159	929	-	1,746
Capital expenditure	82	8	859	-	949
Other non-cash expenses	220	-	(9)	-	211

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E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

4.2 DISAGGREGATION OF REVENUE

6 Months Ended - 30 June 2022	Sale of goods	Service income from environmental business	Construction revenue	Total revenue
	S\$'000	S\$'000	S\$'000	S\$'000
Primary geographical markets				
Singapore	11,518	184	-	11,702
People's Republic of China	13,702	6,178	1,724	21,604
South Korea	469	-	-	469
Malaysia	2,702	-	-	2,702
Indonesia	1,267	-	-	1,267
India	16,946	-	-	16,946
Australia	503	-	-	503
New Zealand	232	-	-	232
Others	253	-	-	253
	47,592	6,362	1,724	55,678
Timing of transfer of goods or services				
At a point in time	47,592	6,362	-	53,954
Over time	-	-	1,724	1,724
	47,592	6,362	1,724	55,678

6 Months Ended - 30 June 2021	Sale of goods	Service income from environmental business	Construction revenue	Total revenue
	S\$'000	S\$'000	S\$'000	S\$'000
Primary geographical markets				
Singapore	8,349	474	-	8,823
People's Republic of China	9,456	6,106	2,581	18,143
South Korea	1,605	-	-	1,605
Malaysia	1,646	-	-	1,646
Indonesia	1,068	-	-	1,068
India	352	-	-	352
Australia	342	-	-	342
New Zealand	165	-	-	165
Others	334	-	-	334
	23,317	6,580	2,581	32,478
Timing of transfer of goods or services				
At a point in time	23,317	6,580	-	29,897
Over time	-	-	2,581	2,581
	23,317	6,580	2,581	32,478

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Condensed Interim Financial Statements For The Period Ended 30-06-2022

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

5 PROFIT BEFORE TAXATION

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

	Group	
	6 Months Ended	
	30-Jun-22	30-Jun-21
	S\$'000	S\$'000
Amortisation of government grant	(36)	(36)
(Gain)/loss on disposal of property, plant and equipment	(728)	9
Gain on liquidation of subsidiary	-	(309)
Impairment losses on financial assets	169	10
Depreciation of property, plant and equipment	609	594
Depreciation of right-of-use assets	156	149
Amortisation of intangible assets	960	1,003
Allowance for slow moving inventories	402	156
Written-off of property, plant and equipment	12	2
Written-off of intangible assets	42	-
Share of losses/(profits) of associates	25	(80)
Interest income	(49)	(21)
Finance costs	457	696
Unrealised foreign exchange loss/(gain), net	604	(157)

6 INCOME TAX EXPENSE

The major components of income tax expense for the period ended 30 June are:

	Group	
	6 Months Ended	
	30-Jun-22	30-Jun-21
	S\$'000	S\$'000
Consolidated income statement		
Current taxation:		
-Current income taxation	546	387
-Overprovision in respect of prior years	-	-
	546	387
Deferred taxation:		
-Origination and reversal of temporary differences	(55)	(22)
Income tax expense recognised in the profit or loss	491	365

7 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets amounting to S\$67,082 (30 June 2021: S\$118,673) and disposed of assets amounting to S\$54,714 (30 June 2021: S\$70,573).

The Group carried out a review and determined that there is no indicator of impairment loss to these assets for the current financial period.

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Condensed Interim Financial Statements For The Period Ended 30-06-2022

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

8 GOODWILL

Goodwill acquired in a business combination is allocated to the CGU that is expected to benefit from that business combination for impairment testing purpose, as follows:

	Group	
	As At	
	30-Jun-22	31-Dec-21
	S\$'000	S\$'000
AngWei Environmental Ecological & Engineering (Shanghai) Co., Ltd ("AngWei Enviro") and its subsidiaries	497	497
	497	497

Comprising the wastewater treatment business of its subsidiaries, arising from the service concession rights granted by the People's Republic of China government.

The recoverable amount of AngWei Enviro Group was determined based on value in use calculated using cash flow projection from the financial budgets approved by management covering the remaining concession periods, useful lives of the wastewater treatment plants as well as the rights to draw water operated by the CGU, ranging from 18 - 25 years (2021: 19 - 26 years). The pre-tax discount rate applied to these cash flows is 7% (2021: 7%).

Key assumptions used in the value in use calculation:

The calculation of value in use is most sensitive to the following assumptions:

Growth rate - Projected revenue for wastewater treatment plants is based on government guarantee stated in the service concession agreement with the local government.

Pre-tax discount rates - The discount rate calculation is based on the specific circumstances of the CGU and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both the cost of debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the CGU is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Budgeted gross margins - Gross margins are based on results achieved in the year preceding the start of the budget period.

Sensitivity to changes in assumptions:

With regards to the assessment of value in use for AngWei Enviro, management believes that no reasonable possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

9 INTANGIBLE ASSETS

	Group			
	Patent rights	Concession rights	Technical know-how	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Cost:				
At 1 January 2021	3,732	41,827	405	45,964
Additions	-	4,866	-	4,866
Written off	-	(328)	-	(328)
Exchange differences	-	1,988	-	1,988
At 31 December 2021 and 1 January 2022	3,732	48,353	405	52,490
Additions	-	1,548	-	1,548
Written off	-	(133)	-	(133)
Exchange differences	-	(1,031)	11	(1,020)
At 30 June 2022	3,732	48,737	416	52,885
Accumulated amortisation:				
At 1 January 2021	2,036	9,176	405	11,617
Amortisation charge for the year	339	1,655	-	1,994
Written off	-	(99)	-	(99)
Exchange differences	-	446	-	446
At 31 December 2021 and 1 January 2022	2,375	11,178	405	13,958
Amortisation charge for the period	169	791	-	960
Written off	-	(91)	-	(91)
Exchange differences	-	(252)	11	(241)
At 30 June 2022	2,544	11,626	416	14,586
Carrying amount:				
At 31 December 2021	1,357	37,175	-	38,532
At 30 June 2022	1,188	37,111	-	38,299

ANNAIK LIMITED

Condensed Interim Financial Statements For The Period Ended 30-06-2022

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

9 INTANGIBLE ASSETS (cont'd)

	Company Patent rights S\$'000
Cost:	
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	3,732
Accumulated amortisation:	
At 1 January 2021	2,036
Amortisation charge for the year	339
At 31 December 2021 and 1 January 2022	2,375
Amortisation charge for the period	169
At 30 June 2022	2,544
Carrying amount:	
At 31 December 2021	1,357
At 30 June 2022	1,188

10 LOANS AND BORROWINGS

	Group		Company	
	As At		As At	
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand:-				
Secured	17,699	18,513	-	-
Unsecured	1,614	612	1,614	612
Sub-Total	19,313	19,125	1,614	612
Amount repayable after one year				
Secured	14,014	19,227	-	-
Unsecured	636	758	636	758
Sub-Total	14,650	19,985	636	758
Total borrowings	33,963	39,110	2,250	1,370

Details of any collateral

At 30 June 2022 and 31 December 2021, the Group's secured borrowings consist of bank loans, government loans and bills payable.

At 30 June 2022, bank loans of S\$8.39 million (31 December 2021: S\$8.80 million) was secured by a charge over a property of a subsidiary. In addition, bank loans of S\$Nil (31 December 2021: S\$6.27 million) was secured by a charge over three pieces of vacant land, a property and machineries and equipments of a subsidiary and corporate guarantee from holding company.

At 30 June 2022, bills payable and remaining bank loans of S\$23.32 million (31 December 2021: S\$22.67 million) was secured by corporate guarantee of the Company.

11 SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	30-Jun-22		31-Dec-21	
	Number of Shares	Share Capital	Number of Shares	Share Capital
	'000	S\$'000	'000	S\$'000
<u>Share capital</u>				
Beginning of interim period	292,733	38,776	292,733	38,776
Issuance of shares under ESOS Scheme 2013	1,321	88	-	-
End of interim period	294,054	38,864	292,733	38,776
<u>Treasury shares</u>				
Beginning of interim period	(5,534)	(568)	(4,202)	(470)
Purchase of treasury shares	-	-	(1,332)	(98)
End of interim period	(5,534)	(568)	(5,534)	(568)

Company has treasury shares of 5,533,700 shares (1.88% of 294,053,974 shares) at S\$567,174 as at 30 June 2022 (31 December 2021: 5,533,700 shares (1.89% of 292,732,974 shares) at S\$567,174).

Company issued 1,321,000 ordinary shares at S\$87,714 as at 30 June 2022 (31 December 2021: Nil) under ESOS Scheme 2013. The number of shares that may be issued on conversion of all share options outstanding as at 30 June 2022 was 10,416,500 (31 December 2021: 11,850,000).

The Company subsidiaries do not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

ANNAIK LIMITED

Condensed Interim Financial Statements For The Period Ended 30-06-2022

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

12 RELATED PARTIES TRANSACTIONS

	Group	
	6 Months Ended	
	30-Jun-22	30-Jun-21
	S\$'000	S\$'000
Sales and purchases of goods and services		
In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period:		
Purchase of goods from a related party	120	203
Compensation of directors and key management personnel		
The remuneration of directors and other members of key management during the period was as follows:		
Salaries, bonuses and benefits	1,313	1,123
Central Provident Fund contributions	60	75
Directors' fees	55	49
	1,428	1,247
Comprise amounts paid to:		
- Directors of the Company	848	626
- Other key management personnel	580	621
	1,428	1,247
The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.		
<u>Directors' interests in employee share option</u>		
At the end of the reporting period, the total number of outstanding share options granted by the Company to the above-mentioned directors under the share option plan amounted to 3,476,000 (2021: 3,476,000).		

13 DIVIDENDS

	Group	
	6 Months Ended	
	30-Jun-22	30-Jun-21
	S\$'000	S\$'000
Declared and paid during the period:		
Dividends on ordinary shares:		
-Final exempt (one-tier) dividend paid in 2022: 0.7 (2021: 0.1) cent per share	2,010	289

14 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Group		Company	
	As At		As At	
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
	S\$'000	S\$'000	S\$'000	S\$'000
Financial Assets (Amortised cost)				
Refundable deposits	483	493	-	-
Trade and other receivables (1)	25,900	21,383	109	254
Amount due from subsidiaries	-	-	8,429	11,703
Cash and cash equivalents	13,089	14,382	627	215
	39,472	36,258	9,165	12,172
Financial Liabilities (Amortised cost)				
Trade payables	4,941	4,812	-	-
Other payables and accruals (2)	5,127	6,314	753	1,082
Amount due to associates	740	426	-	-
Amount due to subsidiaries	-	-	463	460
Loans and borrowings	33,963	39,110	2,250	1,370
Lease Liabilities	2,839	2,903	-	-
	47,610	53,565	3,466	2,912

(1) Exclude GST receivables and advances to suppliers.

(2) Exclude GST payables, deposits and advances from customers and deferred consideration payable.

ANNAIK LIMITED

Condensed Interim Financial Statements For The Period Ended 30-06-2022

F OTHER INFORMATION

- 1 (a)(i) Details of any changes in the company's share capital arising from right issue, bonus issue, subdivision consolidation, 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 2022 292,732,974 ordinary shares	292,733	38,776
Issuance of shares under ESOS Scheme 2013 1,321,000 ordinary shares	1,321	88
Less: Treasury Share	(5,534)	(568)
Balance as at 30 June 2022 288,520,274 ordinary shares	288,520	38,296

Company has treasury shares of 5,533,700 shares (1.88% of 294,053,974 shares) at S\$567,174 as at 30 June 2022 (31 December 2021: 5,533,700 shares (1.89% of 292,732,974 shares) at S\$567,174).

Company issued 1,321,000 ordinary shares at S\$87,714 as at 30 June 2022 (31 December 2021: Nil) under ESOS Scheme 2013. The number of shares that may be issued on conversion of all share options outstanding as at 30 June 2022 was 10,416,500 (31 December 2021: 11,850,000).

Company has nil subsidiary holdings as at 30 June 2022 (31 December 2021: Nil).

- 1 (a)(ii) 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(a)(i) above.

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

There are no sales or transfers, cancellation and/or use of treasury shares between 1 January 2022 and 30 June 2022.

- 1 (a)(iv) 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.

ANNAIK LIMITED

Condensed Interim Financial Statements For The Period Ended 30-06-2022

F OTHER INFORMATION (cont'd)

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.

3 (a) Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion, the financial statements have been adequately disclosed.

(a) update on the efforts taken to resolve each outstanding audit issue,

(a) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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.

There has been no changes in the accounting policies and methods of computation, including any required by an accounting standard. The Group and Company have adopted the same accounting policies and methods of computation for the current financial period as those applied in the financial year ended 31 December 2021.

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.

NA

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

EARNING PER ORDINARY SHARE

Earnings/(Loss) per ordinary share for the period based on net profit/(loss) attributable to the equity holders of the Company	Group		
	30-Jun-22	30-Jun-21	Change
	%		
(i) Based on weighted average number of ordinary shares (in cents) - Weighted average number of shares	0.99 287,221,169	0.43 288,530,874	130.23% (0.45%)
(ii) On a fully diluted basis (in cents) - Adjusted weighted average number of shares	0.99 287,221,169	0.43 288,530,874	130.23% (0.45%)

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

Net asset backing per ordinary share based on the existing issued share capital as at the end of the period	Group			Company		
	As At		Change	As At		Change
	30-Jun-22	31-Dec-21		30-Jun-22	31-Dec-21	
	Cents	Cents	%	Cents	Cents	%
	22.47	22.39	0.36%	10.57	11.80	(10.42%)

The net asset value per ordinary share is based on 288,520,274 (2021: 287,199,274) shares at the end of each period.

F OTHER INFORMATION (cont'd)

- 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 year reported on.**

The Group's profit attributable to owners of the company for the period ended 30 June 2022 was S\$2.86 million as compared to S\$1.23 million recorded in the prior period. The significant improvement in operating results was mainly due to higher turnover and gross profit achieved in both the distribution and manufacturing of steel flanges divisions fueled by a hike in steel prices and strong demand. In addition, the contribution of profit from its environmental division also contributed positively to the overall performance in the current period.

The Group's revenue for current period increased by S\$23.20 million or 71.43% from S\$32.48 million (30 June 2021) to S\$55.68 million. The increase in group revenue of S\$23.20 million was mainly attributable to significantly higher sales derived from both the distribution division in Singapore and manufacturing of steel flanges business amounting to S\$23.48 million and S\$0.76 million respectively. Both divisions' revenue was driven by a hike in steel price and higher demand of our steel and sales of non-steel products. However, the increase was partially offset by the decrease of revenue amounting to S\$1.04 million in the environmental business division due to lesser EPC projects completed in the first half of FY2022.

In terms of the disaggregation of revenue by geographical markets, sales to the PRC increased due to an increase in trading of non-steel products as compared to the first half of 2021. Sales of goods for the market in India increased due to the improvement of the steel products trading business. The rise in sales of goods to Singapore, Malaysia Indonesia, Australia and New Zealand was mainly attributable to the increase in distribution of steel products during the period. However, the increase was partially offset by a drop in sales in the Korean market after the cessation of business operations of a steel trading business in the second quarter of FY2021.

Gross profit increased by S\$2.48 million or 33.67% for the current period from S\$7.36 million (30 June 2021) to S\$9.84 million. The increase in gross profit was due to higher revenue generated from the distribution and manufacturing of steel divisions. However, in the distribution division, the gross profit margin decreased from 14% to 12% due to a change in product mix with lower margins.

Other operating income increased in the current period by S\$0.09 million or 8.12% from S\$1.07 million (30 June 2021) to S\$1.16 million. This is mainly attributed to the recognition of gain on disposal of property amounting to S\$0.72 million (Please refer to announcements dated 28 February 2020, 5 March 2020 and 23 February 2022 for further details on the disposal). In prior period, there was a gain on disposal of subsidiary (LinXing Water Supply) amounting to S\$0.31 million. The increase in other operating income was partially offset by decrease in rental income and lower government grants received amounting to S\$0.15 million and S\$0.17 million respectively.

Distribution expenses increased in the current period by S\$0.10 million or 19.17% from S\$0.53 million (30 June 2021) to S\$0.63 million. The increase was in tandem with higher revenue generated from the distribution and manufacturing of steel flanges divisions.

Administrative expenses increased in the current period by S\$0.66 million or 14.66% from S\$4.52 million (30 June 2021) to S\$5.18 million, mainly due to higher payroll and its related costs.

Impairment losses on financial assets for trade and other receivables increased by S\$0.16 million due to the additional one-off impairment allowance provided for one of the investment during the period.

Other operating expenses increased in the current period by S\$0.21 million or 59.49% from S\$0.35 million (30 June 2021) to S\$0.56 million, mainly due to the recognition of higher foreign currency exchange loss as foreign currency has appreciated against Singapore dollar.

As a result of lesser Engineering, Procurement and Construction ("EPC") projects secured and delivered during the period from the rural wastewater treatment business under the environmental division, share of results of associate dropped from a profit of S\$0.08 million in 30 June 2021 to loss of S\$0.03 million in 30 June 2022. Finance costs decreased in the current period by S\$0.24 million or 34.34% from S\$0.70 million (30 June 2021) to S\$0.46 million mainly attributed to the reduction in interest expense on bank loan as a result of repayment of bank loan in the second quarter of FY 2022.

The total liabilities of the Group decreased by S\$9.55 million from S\$63.67 million as at 31 December 2021 to S\$54.12 million as at 30 June 2022. The decrease was mainly due to a scheduled repayment made for bank loans amounting to S\$5.36 million. Moreover, the decrease in other payables amounting to S\$4.86 million was due to settlement of advances received from customers in the trading business. However, the decrease was partially offset by the increase in amount due to an associate of S\$0.31 million, due to expansion of wastewater treatment projects undertaken by our associate. In addition, the higher bills and trade payables amounting to S\$0.23 million and S\$0.13 million respectively was attributed to more purchases made to support our increased turnover. The Group's net gearing ratio decreased from 0.42 times at 31 December 2021 to 0.36 times at 30 June 2022.

The current assets of the Group decreased by S\$7.60 million from S\$74.58 million as at 31 December 2021 to S\$66.98 million as at 30 June 2022. The decrease was mainly attributed to the disposal of property classified as held for sale amounting to S\$9.62 million under the manufacturing business, which was completed in Feb 2022 and the decrease in other receivables amounting to S\$1.44 million after settlement of advance payments to suppliers for projects secured and delivered for the steel and chemical products trading business during the period. The lower cash and bank balances amounting to S\$1.29 million was due to scheduled repayment made for bank loans. However, the decrease was partially offset by higher trade receivables amounting to S\$4.65 million, which was in tandem with higher sales generated from the distribution division during the period. Inventory rose by S\$0.13 million to fulfil project sales delivery and replenishment of stock requirement. Debtor turnover increased slightly from 70 days as at 31 December 2021 to 76 days as at 30 June 2022.

The Group maintained a healthy and positive working capital of S\$32.78 million or current ratio of 1.96 times with current assets of S\$66.98 million and current liabilities of S\$34.20 million as at 30 June 2022.

The non-current assets of the Group decreased by S\$1.38 million from S\$67.92 million as at 31 December 2021 to S\$66.54 million as at 30 June 2022. The decrease to the property, plant and equipment amounting to S\$0.53 million and right-of-use assets amounting to S\$0.19 million were mainly due to additional depreciation and amortisation charge. The investment in associates decreased by S\$0.42 million due to recognition of foreign currency translation loss of S\$0.39 million and additional loss in results of S\$0.03 million during the period. The decrease in intangible assets of S\$0.23 million was due to the amortisation charge of S\$0.96 million and recognition of foreign currency translation loss of S\$0.78 million, which was partially offset with acquisition of intangible assets amounting to S\$1.51 million related to the upgrading of wastewater treatment plants in the industrial cum municipal wastewater treatment business under the environmental division.

The cash and cash equivalents as at 30 June 2022 decreased by S\$1.29 million from S\$14.38 million as at 30 June 2021 to S\$13.09 million as at 30 June 2022.

Operating activities have generated a negative cash flows amounting to S\$2.52 million in the current period. Operating profit before working capital changes was S\$6.6 million. The decrease was mainly due to decrease in other payables amounting to S\$4.86 million, increase in trade receivables amounting to S\$4.65 million respectively. Moreover, more cash were being used in the purchase of inventory amounting to S\$0.53 million, interest expense amounting to S\$0.39 million and income tax amounting to S\$0.34 million. However, the decrease was partially offset by decrease in other receivables amounting to S\$1.31 million.

Investing activities have generated significant positive cash flow of S\$8.40 million, mainly due to proceeds from disposal of property, plant and equipment amounting to S\$10.29 million. However, the increase was partially offset by addition in intangible assets amounting to S\$1.55 million and purchase of property, plant and equipment amounting to S\$0.07 million; both for upgrading of plants in industrial cum municipal wastewater treatment business under the environmental division. Moreover, the company has increased its shareholding in subsidiaries under the manufacturing business with net cash outflows amounting to S\$0.27 during the year.

The net cash flow used in financing activities amounting to S\$7.09 million was mainly due to dividend payment amounting to S\$2.01 million, repayments made for net loan borrowings of S\$5.39 million and obligations under leases liabilities of S\$0.1 million. However the decrease was offset by positive cash flows generated from amount due to associates amounting to S\$0.31 million and proceeds of S\$0.09 million from issuance of shares under employee share option scheme 2013.

Group's net asset per share as at 30 June 2022 was 22.47 cents and weighted average earnings per share was 0.99 cents.

ANNAIK LIMITED

Condensed Interim Financial Statements For The Period Ended 30-06-2022

F OTHER INFORMATION (cont'd)

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.

Generally, the business outlook is expected to be challenging in the next 12 months due to economic uncertainty caused by the ongoing Russian-Ukraine geopolitical conflict, global inflation, interest rates hikes, prolonged Zero-Covid policy in China, all of which might potentially slowdown the global economy.

With a trending drop in steel prices in the 2nd half of the year, the Group will be expecting a lower gross & profit margin from both its distribution and manufacturing divisions. The Group will continue its efforts to optimize business operations amidst these challenging times and explore new market opportunities.

Barring unforeseen circumstances, the Group expects to remain profitable in FY2022.

11 If a decision regarding dividend has been made.

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

None

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

Not applicable.

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

Not applicable.

(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).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(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.

Not applicable.

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

No dividend has been declared or recommended after taking into consideration the Group's capital commitment plan and its cash flow requirements.

ANNAIK LIMITED

Condensed Interim Financial Statements For The Period Ended 30-06-2022

F OTHER INFORMATION (cont'd)

- 13 If the Group has obtained a general mandate from shareholders for interested persons 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.

- 14 General- Disclosure of the status on the use of proceeds raised from The Rights cum Warrants issue to Chapter 8.**

None.

- 15 Negative Confirmation by the Board pursuant to Rule 705(5).**

On behalf of the Board of Directors, we hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of AnnAik Limited which may render the financial statements announcement for the first half of 2022 to be false or misleading in any material aspect.

- 16 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).

- 17 Disclosure pursuant to Rule 706A of the Listing Manual**

As announced on 13 May 2022, the Company has increased the shareholding in Shinsei Holdings Pte Ltd (“Subsidiary”) from 92% to 100% by acquiring 8% shareholding of 712,000 ordinary fully paid shares from an unrelated party at a cash consideration of S\$273,881.59 (equivalent to RM859,910.80). The value acquired was for 8% of the remaining book value of Shinsei Holdings Pte Ltd as at 31 March 2022. The Instrument of Transfer was signed on 11 May 2022 and the Acquisition was completed on 13 May 2022.

Ow Chin Seng
Executive Director

Ng Kim Keang
Executive Director

10 August 2022

This announcement has been reviewed by the Company’s Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms Vera Leong, Vice President, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone (+65) 6415 9881.