



ANNAIK LIMITED

Condensed Financial Statements
for the six months and full year ended 31 December 2022

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Condensed Financial Statements For The Full Year Ended 31-12-2022

A CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Group					
		6 Months Ended			12 Months Ended		
		31-Dec-22	31-Dec-21	Change	31-Dec-22	31-Dec-21	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	4	32,132	67,093	(52.11%)	87,810	99,571	(11.81%)
Cost of sales		(22,868)	(57,786)	(60.43%)	(68,708)	(82,904)	(17.12%)
Gross profit		9,264	9,307	(0.46%)	19,102	16,667	14.61%
Other operating income		1,405	1,668	(15.77%)	2,564	2,740	(6.42%)
Distribution expenses		(516)	(640)	(19.38%)	(1,144)	(1,167)	(1.97%)
Administrative expenses		(5,162)	(4,989)	3.47%	(10,339)	(9,504)	8.79%
Impairment losses on financial assets		67	(102)	NM	(102)	(112)	(8.93%)
Other operating expenses		(339)	(655)	(48.24%)	(902)	(1,008)	(10.52%)
Share of profits/(losses) of associates		364	(561)	NM	339	(481)	NM
Finance costs		(644)	(601)	7.15%	(1,101)	(1,297)	(15.11%)
Profit before income tax	5	4,439	3,427	29.53%	8,417	5,838	44.18%
Income tax expense	6	(579)	(421)	37.53%	(1,070)	(786)	36.13%
Profit for the year		3,860	3,006	28.41%	7,347	5,052	45.43%
Attributable to:							
Owners of the Company		2,670	1,865	43.16%	5,526	3,093	78.66%
Non-controlling interests		1,190	1,141	4.29%	1,821	1,959	(7.04%)
		3,860	3,006	28.41%	7,347	5,052	45.43%
Earnings per share (cents per share):							
Basic and diluted		0.93	0.64	45%	1.92	1.07	79%

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group					
	6 Months Ended			12 Months Ended		
	31-Dec-22	31-Dec-21	Change	31-Dec-22	31-Dec-21	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the year	3,860	3,006	28.41%	7,347	5,052	45.43%
Other comprehensive income						
Exchange differences on translation of foreign operations	(3,969)	1,027	NM	(4,632)	2,541	NM
Other comprehensive income for the year, net of tax	(3,969)	1,027	NM	(4,632)	2,541	NM
Total comprehensive income for the year	(109)	4,033	NM	2,715	7,593	(64.24%)
Total comprehensive income attributable to:						
Owners of the Company	(375)	2,680	NM	2,133	5,003	(57.37%)
Non-controlling interests	266	1,353	(80.34%)	582	2,590	(77.53%)
	(109)	4,033	NM	2,715	7,593	(64.24%)

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B CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets:					
Cash and cash equivalents		15,002	14,382	305	215
Trade receivables		18,705	18,166	-	-
Other receivables		1,926	6,143	-	254
Prepayments		154	190	25	23
Amount due from subsidiaries		-	-	10,621	11,703
Inventories		25,102	26,083	-	-
Assets classified as held for sale		-	9,619	-	-
Total current assets		60,889	74,583	10,951	12,195
Non-current assets:					
Property, plant and equipment	7	11,954	13,017	11	12
Right-of-use assets		4,173	4,190	-	-
Goodwill	8	497	497	-	-
Intangible assets	9	37,197	38,532	1,018	1,357
Investment in subsidiaries		-	-	26,516	23,076
Investment in associates		10,338	10,926	-	-
Investment securities		67	67	-	-
Club membership		190	190	190	190
Refundable deposits		451	493	-	-
Deferred tax assets		62	3	-	-
Total non-current assets		64,929	67,915	27,735	24,635
Total assets		125,818	142,498	38,686	36,830
LIABILITIES AND EQUITY					
Current Liabilities:					
Bank loans	10	6,200	8,232	616	612
Government loans	10	357	598	-	-
Leases liabilities		324	172	-	-
Bills payables	10	7,139	10,295	-	-
Trade payables		3,443	4,812	-	-
Other payables and accruals		8,286	13,013	1,281	1,114
Provision for income tax		1,316	600	-	-
Amount due to subsidiaries and associates		326	426	-	460
Total current liabilities		27,391	38,148	1,897	2,186
Non-current liabilities					
Bank loans	10	14,210	19,985	512	758
Leases liabilities		2,763	2,731	-	-
Other payables and accruals		34	133	-	-
Deferred government grants		1,396	1,599	-	-
Deferred tax liabilities		998	1,076	-	-
Total non-current liabilities		19,401	25,524	512	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		26,214	26,091	(2,019)	(4,322)
Equity attributable to owners of the Company		64,510	64,299	36,277	33,886
Non-controlling interests		14,516	14,527	-	-
Total equity		79,026	78,826	36,277	33,886
Total equity and liabilities		125,818	142,498	38,686	36,830

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Condensed Financial Statements For The Full Year Ended 31-12-2022
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)
Purchase of treasury shares	-	(98)	-	-	-	-	(98)	-	(98)
Liquidation of Subsidiary	-	-	(50)	(196)	-	(199)	(445)	(255)	(700)
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	566	566
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	(686)	(686)
Reclassification of reserve fund	-	-	129	(129)	-	-	-	-	-
Transfer of statutory reserve fund	-	-	-	341	-	(341)	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(845)	(845)
Total comprehensive income for the year	-	-	1,910	-	-	3,093	5,003	2,590	7,593
Balance as at 31 December 2021	38,776	(568)	2,427	2,583	517	20,564	64,299	14,527	78,826
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)	58	88	-	88
Expiry of share option	-	-	-	-	(5)	5	-	-	-
Capital reductions to non-controlling interests	-	-	-	-	-	-	-	(264)	(264)
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	(275)	(275)
Transfer of statutory reserve fund	-	-	-	694	-	(694)	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(54)	(54)
Total comprehensive income for the year	-	-	(3,393)	-	-	5,526	2,133	582	2,715
Balance as at 31 December 2022	38,864	(568)	(966)	3,277	454	23,449	64,510	14,516	79,026

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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)
Purchase of treasury shares	-	(98)	-	-	(98)
Total comprehensive loss for the year	-	-	-	(2,586)	(2,586)
Balance as at 31 December 2021	38,776	(568)	517	(4,839)	33,886
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)	58	88
Expiry of share option	-	-	(5)	5	-
Total comprehensive income for the year	-	-	-	4,313	4,313
Balance as at 31 December 2022	38,864	(568)	454	(2,473)	36,277

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Condensed Financial Statements For The Full Year Ended 31-12-2022

D CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		12 Months Ended	
		31-Dec-22	31-Dec-21
		S\$'000	S\$'000
Cash flows from operating activities:			
Profit before tax		8,417	5,838
Adjustments for:			
Amortisation of government grants		(68)	(75)
Gain on disposal of property, plant and equipment		(713)	(91)
Loss on disposal of intangible assets		232	-
Gain on liquidation of subsidiary		-	(505)
Impairment losses on financial assets		102	112
Bad debts written off/(written back)		7	(151)
Depreciation of property, plant and equipment		1,049	1,394
Depreciation of right-of-use assets		364	383
Amortisation of intangible assets		1,791	1,994
Reversal of impairment loss on investment in associates		-	(15)
Allowance for slow moving inventories		380	1
Write down/(reversal of write-down) of inventories to net realisable value		32	(164)
Written-off of property, plant and equipment		12	105
Written-off of intangible assets		-	229
Share of (profits)/losses of associates		(339)	481
Interest income		(104)	(68)
Finance costs		1,101	1,297
Unrealised foreign exchange (gain)/loss, net		(461)	96
Operating profit before working capital changes		11,802	10,861
<u>Decrease/(increase) in:</u>			
Trade receivables		(514)	(2,379)
Other receivables and prepayments		4,145	(393)
Inventories		571	(5,456)
<u>(Decrease)/increase in:</u>			
Trade payables		(1,369)	1,338
Other payables		(4,826)	846
Bills payables		(3,156)	2,783
Cash generated from operations		6,653	7,600
Interest on lease liabilities paid		(143)	(145)
Interest expense paid		(958)	(1,152)
Interest income received		104	68
Income taxes paid		(436)	(759)
Net cash flows generated from operating activities		5,220	5,612
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment		10,302	155
Proceeds from disposal of intangible assets		15	-
Purchase of property, plant and equipment		(104)	(83)
Additions to right-of-use assets		36	(76)
Additions to intangible assets		(3,830)	(4,866)
Acquisition of non-controlling interests without a change in control		(275)	(686)
Purchase of investment securities		-	(67)
Dividend received from associated companies		-	520
Net cash outflows on liquidation of a subsidiary		-	(251)
Net cash flows generated from/(used in) investing activities		6,144	(5,354)
Cash flows from financing activities:			
Purchase of treasury shares		-	(98)
Proceeds from issuance of shares under ESOS Scheme 2013		88	-
Proceeds from loans and borrowings		3,367	6,037
Repayment to loans and borrowings		(10,819)	(5,716)
Decrease in amount due to associates		(100)	(858)
Capital (reduction)/contributions (to)/from non-controlling interests		(264)	566
Dividends paid		(2,010)	(289)
Dividends paid to non-controlling interests		(54)	(845)
Repayment of principal portion of leases liabilities		(243)	(163)
Net cash flows used in financing activities		(10,035)	(1,366)
Net increase/(decrease) in cash and cash equivalents		1,329	(1,108)
Cash and cash equivalents at the beginning of the year		14,382	15,048
Effect of exchange rate changes on the balance of cash held in foreign currencies		(709)	442
Cash and cash equivalents at the end of the year		15,002	14,382

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 Catalist Board of the Singapore Exchange.

These condensed consolidated financial statements as at and for the full financial year ended 31 December 2022 (FY2022) as well as for the second half year ended 31 December 2022 (2H 2022) comprise the Company and its subsidiaries (collectively, the Group) and the comparable periods are for the full financial year ended 31 December 2021 (FY2021) and for the second half year ended 31 December 2021 (2H 2021) respectively.

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 financial statements for 2H 2022 and FY2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed 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 interim financial statements for the period ended 30 June 2022 (1H 2022).

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 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 ("S'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 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 financial 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 Financial Statements For The Full Year Ended 31-12-2022

E NOTES TO THE CONDENSED 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 - 31 December 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)	16,432	-	-	-	16,432
External revenue (non-steel products)	1,314	-	3,239	-	4,553
External revenue	-	1,446	9,964	(263)	11,147
Inter-segment revenue	140	1,903	1,618	(3,661)	-
Total revenue	17,886	3,349	14,821	(3,924)	32,132
Result					
Segment results	622	187	3,813	(26)	4,596
Dividend Income	4,261	-	-	(4,261)	-
Impairment losses on financial assets	44	(38)	61	-	67
Share of profits of associates	-	-	364	-	364
Interest income	-	-	-	-	56
Finance costs	-	-	-	-	(644)
Profit before tax	-	-	-	-	4,439
Income tax	-	-	-	-	(579)
Profit for the year	-	-	-	-	3,860
Assets					
Segment assets	46,901	5,437	63,169	-	115,507
Investment in associates	-	-	10,338	-	10,338
Consolidated total assets	-	-	-	-	125,845
Liabilities					
Segment liabilities	13,151	1,381	11,520	-	26,052
Bank loans and government loans	14,341	-	6,426	-	20,767
Consolidated total liabilities	-	-	-	-	46,819
Other information					
Depreciation and amortisation	642	122	715	-	1,479
Capital expenditure	1	18	2,264	-	2,283
Other non-cash expenses	(183)	(9)	(776)	-	(968)

6 Months Ended - 31 December 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)	27,481	-	-	-	27,481
External revenue (non-steel products)	26,416	-	-	-	26,416
External revenue	-	1,464	12,048	(316)	13,196
Inter-segment revenue	104	2,277	1,935	(4,316)	-
Total revenue	54,001	3,741	13,983	(4,632)	67,093
Result					
Segment results	818	273	4,161	(819)	4,433
Dividend income	-	-	2,184	(2,184)	-
Impairment losses on financial assets	(61)	-	(41)	-	(102)
Share of losses of associates	-	-	(561)	-	(561)
Reversal of impairment loss on investment in associates	-	-	15	-	15
Gain on liquidation of subsidiary	196	-	-	-	196
Interest income	-	-	-	-	47
Finance costs	-	-	-	-	(601)
Profit before tax	-	-	-	-	3,427
Income tax	-	-	-	-	(421)
Profit for the year	-	-	-	-	3,006
Assets					
Segment assets	54,266	14,637	62,669	-	131,572
Investment in associates	-	-	10,926	-	10,926
Consolidated total assets	-	-	-	-	142,498
Liabilities					
Segment liabilities	19,387	3,818	11,652	-	34,857
Bank loans and government loans	15,478	6,272	7,065	-	28,815
Consolidated total liabilities	-	-	-	-	63,672
Other information					
Depreciation and amortisation	665	377	983	-	2,025
Capital expenditure	(14)	2	4,124	-	4,112
Other non-cash expenses	(257)	(12)	196	-	(73)

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E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
4.1 BUSINESS SEGMENTS (cont'd)

12 Months Ended - 31 December 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)	48,752	-	-	-	48,752
External revenue (non-steel products)	15,011	-	3,239	-	18,250
External revenue	-	3,021	18,050	(263)	20,808
Inter-segment revenue	219	4,069	1,618	(5,906)	-
Total revenue	63,982	7,090	22,907	(6,169)	87,810
Result					
Segment results	2,246	817	6,284	(170)	9,177
Dividend income	4,261	-	-	(4,261)	-
Impairment losses on financial assets	(118)	(38)	54	-	(102)
Share of profits of associates	-	-	339	-	339
Interest income	-	-	-	-	104
Finance costs	-	-	-	-	(1,101)
Profit before tax	-	-	-	-	8,417
Income tax	-	-	-	-	(1,070)
Profit for the year	-	-	-	-	7,347
Assets					
Segment assets	46,901	5,437	63,169	-	115,507
Investment in associates	-	-	10,338	-	10,338
Consolidated total assets	-	-	-	-	125,845
Liabilities					
Segment liabilities	13,151	1,381	11,520	-	26,052
Bank loans and government loans	14,341	-	6,426	-	20,767
Consolidated total liabilities	-	-	-	-	46,819
Other information					
Depreciation and amortisation	1,299	307	1,598	-	3,204
Capital expenditure	59	18	3,821	-	3,898
Other non-cash expenses	325	(379)	(355)	-	(409)

12 Months Ended - 31 December 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)	40,518	-	-	-	40,518
External revenue (non-steel products)	35,921	-	-	-	35,921
External revenue	-	2,284	21,164	(316)	23,132
Inter-segment revenue	226	3,944	1,981	(6,151)	-
Total revenue	76,665	6,228	23,145	(6,467)	99,571
Result					
Segment results	328	431	7,476	(1,095)	7,140
Dividend income	-	-	2,184	(2,184)	-
Impairment losses on financial assets	(71)	-	(41)	-	(112)
Share of losses of associates	-	-	(481)	-	(481)
Reversal of impairment loss on investment in associates	-	-	15	-	15
Gain on liquidation of subsidiary	505	-	-	-	505
Interest income	-	-	-	-	68
Finance costs	-	-	-	-	(1,297)
Profit before tax	-	-	-	-	5,838
Income tax	-	-	-	-	(786)
Profit for the year	-	-	-	-	5,052
Assets					
Segment assets	54,266	14,637	62,669	-	131,572
Investment in associates	-	-	10,926	-	10,926
Consolidated total assets	-	-	-	-	142,498
Liabilities					
Segment liabilities	19,387	3,818	11,652	-	34,857
Bank loans and government loans	15,478	6,272	7,065	-	28,815
Consolidated total liabilities	-	-	-	-	63,672
Other information					
Depreciation and amortisation	1,323	536	1,912	-	3,771
Capital expenditure	68	10	4,983	-	5,061
Other non-cash expenses	(37)	(12)	187	-	138

ANNAIK LIMITED

Condensed Financial Statements For The Full Year Ended 31-12-2022

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

4.2 DISAGGREGATION OF REVENUE

6 Months Ended - 31 December 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	12,778	652	-	13,430
People's Republic of China	4,063	5,896	3,079	13,038
South Korea	96	-	-	96
Malaysia	2,455	-	-	2,455
Indonesia	967	-	-	967
India	427	-	-	427
United Kingdom	215	-	-	215
Australia	519	-	-	519
New Zealand	225	-	-	225
Hong Kong	600	-	-	600
Others	160	-	-	160
	22,505	6,548	3,079	32,132
Timing of transfer of goods or services				
At a point in time	22,505	5,896	-	28,401
Over time	-	652	3,079	3,731
	22,505	6,548	3,079	32,132

6 Months Ended - 31 December 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	10,107	424	-	10,531
People's Republic of China	26,509	6,046	5,183	37,738
South Korea	651	-	-	651
Malaysia	2,975	-	-	2,975
Indonesia	962	-	-	962
India	10,822	-	-	10,822
United Kingdom	2,060	-	-	2,060
Australia	570	-	-	570
New Zealand	544	-	-	544
Vietnam	39	-	-	39
Taiwan	201	-	-	201
	55,440	6,470	5,183	67,093
Timing of transfer of goods or services				
At a point in time	55,440	6,470	-	61,910
Over time	-	-	5,183	5,183
	55,440	6,470	5,183	67,093

ANNAIK LIMITED

Condensed Financial Statements For The Full Year Ended 31-12-2022

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

4.2 DISAGGREGATION OF REVENUE (cont'd)

12 Months Ended - 31 December 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	24,296	836	-	25,132
People's Republic of China	17,765	12,074	4,803	34,642
South Korea	565	-	-	565
Malaysia	5,157	-	-	5,157
Indonesia	2,234	-	-	2,234
India	17,373	-	-	17,373
United Kingdom	215	-	-	215
Australia	1,022	-	-	1,022
New Zealand	457	-	-	457
Vietnam	14	-	-	14
Hong Kong	600	-	-	600
Thailand	129	-	-	129
Others	270	-	-	270
	70,097	12,910	4,803	87,810
Timing of transfer of goods or services				
At a point in time	70,097	12,074	-	82,171
Over time	-	836	4,803	5,639
	70,097	12,910	4,803	87,810

12 Months Ended - 31 December 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	18,457	898	-	19,355
People's Republic of China	35,965	12,152	7,764	55,881
South Korea	2,256	-	-	2,256
Malaysia	4,621	-	-	4,621
Indonesia	2,030	-	-	2,030
India	11,174	-	-	11,174
United Kingdom	2,060	-	-	2,060
Australia	912	-	-	912
New Zealand	709	-	-	709
Vietnam	243	-	-	243
Taiwan	201	-	-	201
Thailand	117	-	-	117
Others	12	-	-	12
	78,757	13,050	7,764	99,571
Timing of transfer of goods or services				
At a point in time	78,757	13,050	-	91,807
Over time	-	-	7,764	7,764
	78,757	13,050	7,764	99,571

A breakdown of sales:

	Group		
	FY 2022	FY 2021	Change
	S\$'000	S\$'000	%
Sales reported for the first half year	55,678	32,478	71.43%
Operating profit after tax before deducting non-controlling interests reported for first half year	3,487	2,046	70.43%
Sales reported for second half year	32,132	67,093	-52.11%
Operating profit after tax before deducting non-controlling interests reported for second half year	3,860	3,006	28.41%

ANNAIK LIMITED

Condensed Financial Statements For The Full Year Ended 31-12-2022

E NOTES TO THE CONDENSED 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		12 Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	S\$'000	S\$'000	S\$'000	S\$'000
Amortisation of government grants	(32)	(39)	(68)	(75)
Loss/(gain) on disposal of property, plant and equipment	15	(100)	(713)	(91)
Loss on disposal of intangible assets	232	-	232	-
Gain on liquidation of subsidiary	-	(196)	-	(505)
Impairment (gain)/losses on financial assets	(67)	102	102	112
Bad debts written off/(written back)	7	(151)	7	(151)
Depreciation of property, plant and equipment	440	800	1,049	1,394
Depreciation of right-of-use assets	208	234	364	383
Amortisation of intangible assets	831	991	1,791	1,994
Reversal of impairment loss on investment in associates	-	(15)	-	(15)
(Reversal)/allowance for slow moving inventories	(22)	(155)	380	1
Write down/(reversal of write-down) of inventories to net realisable value	32	(164)	32	(164)
Written-off of property, plant and equipment	-	103	12	105
Written-(back)/off of intangible assets	(42)	229	-	229
Share of (profits)/losses of associates	(364)	561	(339)	481
Interest income	(55)	(47)	(104)	(68)
Finance costs	644	601	1,101	1,297
Unrealised foreign exchange (gain)/loss, net	(1,065)	253	(461)	96

6 INCOME TAX EXPENSE

The major components of income tax expense for the period / year ended 31 December are:

	Group			
	6 Months Ended		12 Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	S\$'000	S\$'000	S\$'000	S\$'000
Consolidated income statement				
Current taxation:				
-Current income taxation	606	429	1,152	816
-Under/(over)provision in respect of prior years	-	8	-	8
	606	437	1,152	824
Deferred taxation:				
-Origination and reversal of temporary differences	(21)	(126)	(76)	(148)
Withholding tax expense	(6)	110	(6)	110
Income tax expense recognised in the profit or loss	579	421	1,070	786

7 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2022, the Group acquired assets amounting to S\$36,716 (31 December 2021: S\$751) and disposed of assets amounting to S\$65,618 (31 December 2021: S\$25,648).

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

ANNAIK LIMITED

Condensed Financial Statements For The Full Year Ended 31-12-2022

E NOTES TO THE CONDENSED 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	
	31-Dec-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 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	-	3,830	-	3,830
Disposals	-	(349)	-	(349)
Exchange differences	-	(4,082)	(17)	(4,099)
At 31 December 2022	3,732	47,752	388	51,872
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 year	339	1,452	-	1,791
Disposals	-	(102)	-	(102)
Exchange differences	-	(955)	(17)	(972)
At 31 December 2022	2,714	11,573	388	14,675
Carrying amount:				
At 31 December 2021	1,357	37,175	-	38,532
At 31 December 2022	1,018	36,179	-	37,197

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Condensed Financial Statements For The Full Year Ended 31-12-2022

E NOTES TO THE CONDENSED 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 31 December 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 year	339
At 31 December 2022	2,714
Carrying amount:	
At 31 December 2021	1,357
At 31 December 2022	1,018

10 LOANS AND BORROWINGS

	Group		Company	
	As At		As At	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand:-				
Secured	13,080	18,513	-	-
Unsecured	616	612	616	612
Sub-Total	13,696	19,125	616	612
Amount repayable after one year				
Secured	13,698	19,227	-	-
Unsecured	512	758	512	758
Sub-Total	14,210	19,985	512	758
Total borrowings	27,906	39,110	1,128	1,370

Details of any collateral

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

At 31 December 2022, bank loans of S\$7.99 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 31 December 2022, bills payable and remaining bank loans of S\$18.79 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			
	31-Dec-22		31-Dec-21	
	Number of Shares '000	Share Capital S\$'000	Number of Shares '000	Share Capital S\$'000
Share capital				
Beginning of the year	292,733	38,776	292,733	38,776
Issuance of shares under ESOS Scheme 2013	1,321	88	-	-
End of the year	294,054	38,864	292,733	38,776
Treasury shares				
Beginning of the year	(5,534)	(568)	(4,202)	(470)
Purchase of treasury shares	-	-	(1,332)	(98)
End of the year	(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 31 December 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 31 December 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 31 December 2022 was 10,416,500 (31 December 2021: 11,850,000).

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

ANNAIK LIMITED

Condensed Financial Statements For The Full Year Ended 31-12-2022

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

12 RELATED PARTIES TRANSACTIONS

	Group			
	6 Months Ended		12 Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	S\$'000	S\$'000	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 / year:				
Sales of goods to a related party	(2)	(1)	(2)	(1)
Purchase of goods from a related party	315	163	435	366
Compensation of directors and key management personnel				
The remuneration of directors and other members of key management during the period / year was as follows:				
Salaries, bonuses and benefits	1,887	1,675	3,200	2,798
Central Provident Fund contributions	77	48	137	123
Directors' fees	54	58	109	107
	2,018	1,781	3,446	3,028
Comprise amounts paid to:				
- Directors of the Company	1,138	1,046	1,986	1,672
- Other key management personnel	880	735	1,460	1,356
	2,018	1,781	3,446	3,028
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	
	12 Months Ended	
	31-Dec-22	31-Dec-21
	S\$'000	S\$'000
Declared and paid during the year:		
Dividends on ordinary shares:		
-Final exempt (one-tier) dividend paid in 2022: 0.7 (2020: 0.1) cent per share	2,010	289
Proposed but not recognised as liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at AGM:		
- Final exempt (one-tier) dividend for 2022: 0.4 (2021: 0.7) cent per share	1,154	2,010

14 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Group		Company	
	As At		As At	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	S\$'000	S\$'000	S\$'000	S\$'000
Financial Assets (Amortised cost)				
Refundable deposits	451	493	-	-
Trade and other receivables (1)	18,998	21,383	-	254
Amount due from subsidiaries	-	-	10,621	11,703
Cash and cash equivalents	15,002	14,382	305	215
	34,451	36,258	10,926	12,172
Financial Liabilities (Amortised cost)				
Trade payables	3,443	4,812	-	-
Other payables and accruals (2)	6,015	6,314	1,272	1,082
Amount due to associates	326	426	-	-
Amount due to subsidiaries	-	-	-	460
Loans and borrowings	27,906	39,110	1,128	1,370
Lease Liabilities	3,087	2,903	-	-
	40,777	53,565	2,400	2,912

(1) Exclude GST receivables and advances to suppliers.

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

ANNAIK LIMITED

Condensed Financial Statements For The Full Year Ended 31-12-2022

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 year 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 year 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 year 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 31 December 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 31 December 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 31 December 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 31 December 2022 was 10,416,500 (31 December 2021: 11,850,000).

Company has nil subsidiary holdings as at 31 December 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 year reported on.

There are no sales or transfers, cancellation and/or use of treasury shares between 1 January 2022 and 31 December 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 year reported on.

Not applicable.

ANNAIK LIMITED

Condensed Financial Statements For The Full Year Ended 31-12-2022

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 year 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 year reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

EARNING PER ORDINARY SHARE

	Group		
	31-Dec-22	31-Dec-21	Change
	%		
Earnings per ordinary share for the financial year based on net profit attributable to the equity holders of the Company			
(i) Based on weighted average number of ordinary shares (in cents) - Weighted average number of shares	1.92 287,876,060	1.07 288,115,106	79.44% (0.08%)
(ii) On a fully diluted basis (in cents) - Adjusted weighted average number of shares	1.92 287,876,060	1.07 288,115,106	79.44% (0.08%)

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
	31-Dec-22	31-Dec-21		31-Dec-22	31-Dec-21	
	Cents	Cents	%	Cents	Cents	%
Net asset backing per ordinary share based on the existing issued share capital excluding treasury shares as at the end of the financial year	22.36	22.39	(0.13%)	12.57	11.80	6.57%

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

ANNAIK LIMITED

Condensed Financial Statements For The Full Year Ended 31-12-2022

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 year 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 year ended 31 December 2022 was S\$5.53 million as compared to S\$3.09 million recorded in the prior year. The remarkable improvement in operating results was mainly due to higher turnover and gross profit achieved by the distribution of steel and the manufacturing of steel flanges division, fuelled by a hike in steel prices and strong demand. In addition, the environmental division continued to be profitable.

The Group's revenue for current year decreased by S\$11.76 million or 11.81% from S\$99.57 million in 31 December 2021 to S\$87.81 million in 31 December 2022. The decrease in group revenue of S\$11.76 million was mainly attributable to significantly lower demand on trading of non-steel products amounting to S\$20.91 million from the distribution division. However, the decrease was partially offset by higher sales derived from distribution of steel products business in Singapore of S\$8.23 million and higher sales under both the distribution division and manufacturing of steel flanges division in Malaysia amounting to S\$0.74 million. Both divisions' revenue was backed by a hike in steel prices and higher demand of our steel products. The environmental business division recorded a lower turnover attributed to lesser Engineering, Procurement and Construction ("EPC") projects delivered in current year partially offset by higher trading of non-steel products under hazardous wastewater treatment business.

From the disaggregation of revenue by geographical markets under sales of goods, sales to the PRC decreased by S\$18.20 million due to decrease in trading of non-steel products as compared to prior year. Sales of goods for the market in India increased by S\$6.20 million due to the improvement of the steel products trading business. The rise in sales of goods to Singapore, Malaysia, Indonesia, Australia and Hong Kong totalling S\$7.29 million was mainly attributable to the increase in distribution of steel products business. However, the increase was partially offset by a drop in sales of S\$3.77 million in the United Kingdom, Vietnam and Korea market after the cessation of business operations of a steel trading business under distribution division in FY2022. Disaggregation of revenue by geographical markets under construction revenue in PRC decreased by S\$2.96 million.

Gross profit increased by S\$2.43 million or 14.61% for the current year from S\$16.67 million in 31 December 2021 to S\$19.10 million in 31 December 2022. The increase in gross profit was due to higher revenue generated from both the distribution of steel and manufacturing of steel flanges division coupled with improved gross profit margin for the three segments of businesses.

Other operating income decreased by S\$0.18 million or 6.42% from S\$2.74 million in 31 December 2021 to S\$2.56 million in 31 December 2022. The decrease was mainly attributed to the decrease in rental income amounting to S\$0.32 million, lower government grants received amounting to S\$0.05 million, and with gain on liquidation of subsidiary (LinXing Water Supply) amounting to S\$0.51 million recorded in prior year as compared to recognition of gain on disposal of property (Shinsei Industry) amounting to S\$0.70 million in current year (Please refer to announcements dated 28 February 2020, 5 March 2020 and 23 February 2022 for further details on the disposal).

Distribution expenses decreased by S\$0.03 or 1.97% from S\$1.17 million in 31 December 2021 to S\$1.14 million in 31 December 2022. The decrease was due to change in product mix, shipping terms and lower revenue recorded under trading of steel business in Korea.

Administrative expenses increased by S\$0.84 million or 8.79% from S\$9.50 million in 31 December 2021 to S\$10.34 million in 31 December 2022 mainly due to higher payroll and its related costs due to higher sales and better operating results achieved.

Impairment losses on financial assets for trade and other receivables decreased by S\$0.01 million or 8.93% from S\$0.11 million in 31 December 2021 to S\$0.10 million in 31 December 2022 due to write back of allowance during the year.

Other operating expenses decreased by S\$0.11 million or 10.52% from S\$1.01 million in 31 December 2021 to S\$0.90 million in 31 December 2022 mainly due to lower foreign currency exchange loss.

As a result of higher EPC projects secured and delivered during the year from the rural wastewater treatment business under the environmental division, share of results of associate rose from a loss of S\$0.48 million in 31 December 2021 to profit of S\$0.34 million in 31 December 2022.

Depreciation and amortisation was S\$0.567 million lower compared to FY2021 mainly due to the reduction in property, plant and equipment and loss on foreign currency translation.

An additional allowance of S\$0.38 million was made for slow moving inventories in the current year.

Finance costs decreased by S\$0.20 million or 15.11% from S\$1.30 million in 31 December 2021 to S\$1.10 million in 31 December 2022 mainly attributed to the reduction in interest expense on bank loans as a result of repayment made during the year.

The total liabilities of the Group decreased by S\$16.88 million from S\$63.67 million as at 31 December 2021 to S\$46.79 million as at 31 December 2022. The decrease was mainly due to repayment made for bank loans, bills payables, trade payables and amount due to an associate amounting to S\$7.81 million, S\$3.16 million, S\$1.37 million and S\$0.10 million respectively. Other payables and accruals decreased by S\$4.73 million due to reversal of advances from customers as projects were completed. The Group's net gearing ratio decreased significantly from 0.42 times at 31 December 2021 to 0.24 times at 31 December 2022.

The current assets of the Group decreased by S\$13.69 million from S\$74.58 million as at 31 December 2021 to S\$60.89 million as at 31 December 2022. The decrease was mainly attributed to the completion of disposal of property classified as held for sale amounting to S\$9.62 million under the manufacturing business and the decrease in other receivables amounting to S\$4.22 million due to reversal of prepayment to supplier as projects were completed. In addition, the adoption of better inventory management control measures for stock replenishment led to a decrease in inventory of S\$0.98 million. Trade receivables was higher by S\$0.54 million due to higher sales generated from the distribution of steel and the manufacturing division of steel flanges during the year. Higher cash and bank balances of S\$0.62 million was driven by the management's conscious efforts to manage cash during the year. Debtor turnover increased from 70 days as at 31 December 2021 to 81 days as at 31 December 2022. The Group maintained a healthy and positive working capital of S\$33.50 million or current ratio of 2.22 times with current assets of S\$60.89 million and current liabilities of S\$27.39 million as at 31 December 2022.

The non-current assets of the Group decreased by S\$2.99 million from S\$67.92 million as at 31 December 2021 to S\$64.93 million as at 31 December 2022. The decrease was mainly attributed to reduction in property, plant and equipment amounting to S\$1.06 million and right-of-use assets amounting to S\$0.17 million due to additional depreciation and amortisation charge. The investment in associates decreased by S\$0.59 million due to recognition of foreign currency translation loss of S\$0.93 million which was partially offset with share of results of S\$0.34 million made during the year. The decrease in intangible assets of S\$1.34 million was due to the amortisation charge of S\$1.79 million and recognition of foreign currency translation loss of S\$3.13 million, which was partially offset by acquisition of intangible assets amounting to S\$3.83 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 31 December 2022 increased by S\$0.62 million from S\$14.38 million as at 31 December 2021 to S\$15.00 million as at 31 December 2022.

Operating activities have generated a positive cash flow amounting to S\$5.22 million in the current year. Operating profit before working capital changes was S\$11.80 million. The increase was mainly due to decrease in other receivables and inventory amounting to S\$4.15 million and S\$0.57 million respectively. However, the increase was partially offset by an increase in trade receivables amounting to S\$0.51 million, decrease in trade payables, other payables and bill payables amounting to S\$1.37 million, S\$4.83 million and S\$3.16 million respectively after scheduled payment made. Interest paid amounted to S\$0.96 million and income tax paid amounted to S\$0.44 million during the year.

Investing activities have generated significant positive cash flow of S\$6.14 million, mainly due to proceeds from disposal of property, plant and equipment (Shinsei Industry) amounting to S\$10.30 million. However, the increase was partially offset by additions in intangible assets amounting to S\$3.83 million for upgrading of plants in industrial cum municipal wastewater treatment business under the environmental division and purchase of property, plant and equipment amounting to S\$0.10 million. Additionally, the company has increased its shareholding in subsidiaries under the manufacturing business amounting to S\$0.28 million during the year.

The net cash flow used in financing activities amounting to S\$10.04 million was mainly due to dividend payment amounting to S\$2.01 million, repayments made for net loan borrowings of S\$7.45 million, obligations under leases liabilities of S\$0.24 million, amount due to associates of S\$0.10 million and capital reduction to non-controlling interested party of S\$0.26 million. However, the decrease was offset by cash flows of S\$0.09 million being proceeds from issuance of shares under employee share option scheme.

Group's net asset per share as at 31 December 2022 was 22.36 cents and weighted average profit per share was 1.92 cents.

ANNAIK LIMITED

Condensed Financial Statements For The Full Year Ended 31-12-2022

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.

The Singapore economy grew 3.6% in 2022 but the slower activity in the fourth quarter points to significant risks ahead in 2023 due to ongoing geopolitical tensions, significant inflationary pressures, rising interest rates and potential recession in 2023.

With the normalising of steel prices since the 2nd half of 2022, the Group is expecting a lower gross profit margin in both the distribution of steel and manufacturing of steel flanges divisions in the next twelve months. The general outlook of our environment business in Singapore and the PRC remains positive. We will keep our focus in securing more EPC projects in order to boost our order book and contribution of profit to the Group. We shall continue to exercise prudence in managing cost and working capital, focus on operational efficiency and mitigate business risks.

Barring unforeseen circumstances, the Group expects to remain profitable in FY2023.

11 If a decision regarding dividend has been made.

(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 0.4 Singapore cent per share for the year ended 31 December 2022, subject to shareholders' approval at the forthcoming Annual General Meeting.

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

0.4 Singapore cent per share.

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

0.7 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 and the reason(s) for the decision.

Not applicable.

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Condensed Financial Statements For The Full Year Ended 31-12-2022

F OTHER INFORMATION (cont'd)

13 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 Paid

Total	FY 2022	FY 2021
	S\$'000	S\$'000
Ordinary Preference	2,010 -	289 -
	2,010	289

14 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.

15 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
Ow Eei Meng Benjamin	44	Son of Mr Ow Chin Seng (Executive Chairman cum CEO) and brother of Mr Ow Eei Phurn, Benedict (Executive Director cum Sales Director).	Deputy Chief Executive Officer of the Group and as executive director for the rest of the Company's subsidiaries. His roles are to assist the Chief Executive Officer in managing the strategic direction of the Company and oversee operations.	-
Low Kheng	69	Wife of Mr Ow Chin Seng (Executive Chairman cum CEO) and mother of Mr Ow Eei Phurn, Benedict (Executive Director cum Sales Director).	Mdm. Low is responsible for the marketing and sales of the Group's distribution products in Singapore. She has over 41 years of experience in the hardware and steel industry.	-
Peh Choon Chieh	48	Nephew of Mr Ow Chin Seng (Executive Chairman cum CEO) and cousin of Mr Ow Eei Phurn, Benedict (Executive Director cum Sales Director).	Commercial Manager in AnnAik Limited's subsidiary (AnnAik Pte Ltd). Responsible for development of sales in distribution products.	-

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

None.

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Condensed Financial Statements For The Full Year Ended 31-12-2022

F OTHER INFORMATION (cont'd)

17 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 condensed financial statements announcement for the full year of 2022 to be false or misleading in any material aspect.

18 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).

19 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.

The Company has increased the shareholding in Anxon Engineering Pte Ltd ("Subsidiary") from 55% to 100% by acquiring 45,000 ordinary shares from an individual party at a consideration of S\$1.00 (negative book value). No material impact on the consolidated net tangible assets or net earnings per share of the Company and the Group for the financial year ended 31 December 2022.

Ow Chin Seng
Executive Director

Ng Kim Keang
Executive Director

27 February 2023

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.