



## **ANNAIK LIMITED**

### Condensed Interim Financial Statements for the half year ended 30 June 2021

<b><u>Contents</u></b>	<b><u>Page</u></b>
A. Condensed interim consolidated income statement and other comprehensive income	1
B. Condensed interim statements of financial position	2
C. Condensed interim statements of changes in equity	3 - 4
D. Condensed interim consolidated statement of cash flows	5
E. Notes to the condensed interim consolidated financial statements	6 - 13
F. Other information required by Listing Rule Appendix 7.2	14 - 18

**Condensed Interim Financial Statements For The Period Ended 30-06-2021**

**A CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT**

	Note	Group		
		6 Months Ended		
		30-Jun-21	30-Jun-20	Change
		S\$'000	S\$'000	%
<b>Revenue</b>	4	32,478	24,304	33.63%
Cost of sales		(25,118)	(17,669)	42.16%
<b>Gross profit</b>		<b>7,360</b>	<b>6,635</b>	<b>10.93%</b>
Other operating income		1,072	1,040	3.08%
Distribution expenses		(527)	(943)	(44.11%)
Administrative expenses		(4,515)	(4,550)	(0.77%)
Impairment losses on financial assets		(10)	(77)	(87.01%)
Other operating expenses		(353)	(291)	21.31%
Share of result of associate		80	(74)	NM
Finance costs		(696)	(709)	(1.83%)
<b>Profit before income tax</b>	5	<b>2,411</b>	<b>1,031</b>	133.85%
Income tax expense	6	(365)	(392)	(6.89%)
<b>Profit for the period</b>		<b>2,046</b>	<b>639</b>	<b>220.19%</b>
<b>Attributable to:</b>				
Owners of the Company		1,228	(177)	NM
Non-controlling interests		818	816	0.25%
		<b>2,046</b>	<b>639</b>	<b>220.19%</b>
<b>Earnings/(loss) per share (cents per share):</b>				
Basic and diluted		<b>0.43</b>	<b>(0.06)</b>	<b>-817%</b>

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Group		
	30-Jun-21	30-Jun-20	Change
	S\$'000	S\$'000	%
<b>Profit for the period</b>	<b>2,046</b>	<b>639</b>	<b>220.19%</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations	1,514	933	62.27%
Other comprehensive income for the period, net of tax	1,514	933	62.27%
<b>Total comprehensive income for the period</b>	<b>3,560</b>	<b>1,572</b>	<b>126.46%</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	2,323	474	390.08%
Non-controlling interests	1,237	1,098	12.66%
	<b>3,560</b>	<b>1,572</b>	<b>126.46%</b>

# ANNAIK LIMITED

## Condensed Interim Financial Statements For The Period Ended 30-06-2021

### B CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
		S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents		15,784	15,048	1,005	1,318
Trade receivables		16,223	15,682	-	-
Other receivables		6,250	5,845	250	500
Prepayments		336	161	48	27
Amount due from subsidiaries		-	-	11,133	11,851
Inventories		21,264	20,464	-	-
Assets classified as held for sale		659	651	-	-
<b>Total current assets</b>		<b>60,516</b>	<b>57,851</b>	<b>12,436</b>	<b>13,696</b>
<b>Non-current assets:</b>					
Property, plant and equipment	7	22,854	23,176	12	5
Right-of-use assets		3,983	4,032	-	-
Goodwill	8	497	497	-	-
Intangible assets	9	35,001	34,347	1,527	1,696
Investment in subsidiaries		-	-	24,010	23,896
Investment in associates		11,596	11,264	-	-
Club membership		190	190	190	190
Refundable deposits		892	892	-	-
Deferred tax assets		3	3	-	-
<b>Total non-current assets</b>		<b>75,016</b>	<b>74,401</b>	<b>25,739</b>	<b>25,787</b>
<b>Total assets</b>		<b>135,532</b>	<b>132,252</b>	<b>38,175</b>	<b>39,483</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current Liabilities:</b>					
Bank loans	10	8,773	6,115	864	542
Government loans	10	416	405	-	-
Leases liabilities		168	158	-	-
Bills payables	10	8,977	7,512	-	-
Trade payables		3,391	3,474	-	-
Other payables and accruals		9,426	12,278	735	685
Provision for income tax		466	426	-	-
Amount due to subsidiaries and associates		418	1,284	430	397
<b>Total current liabilities</b>		<b>32,035</b>	<b>31,652</b>	<b>2,029</b>	<b>1,624</b>
<b>Non-current liabilities</b>					
Bank loans	10	21,323	21,416	875	1,000
Government loans	10	182	196	-	-
Leases liabilities		2,807	2,872	-	-
Other payables and accruals		68	22	-	-
Deferred government grants		1,605	1,597	-	-
Deferred tax liabilities		1,196	1,212	-	-
<b>Total non-current liabilities</b>		<b>27,181</b>	<b>27,315</b>	<b>875</b>	<b>1,000</b>
<b>Capital, reserves and non-controlling interests</b>					
Share capital	11	38,776	38,776	38,776	38,776
Treasury shares	11	(470)	(470)	(470)	(470)
Reserves		23,412	21,822	(3,035)	(1,447)
Equity attributable to owners of the Company		61,718	60,128	35,271	36,859
Non-controlling interests		14,598	13,157	-	-
<b>Total equity</b>		<b>76,316</b>	<b>73,285</b>	<b>35,271</b>	<b>36,859</b>
<b>Total equity and liabilities</b>		<b>135,532</b>	<b>132,252</b>	<b>38,175</b>	<b>39,483</b>

# ANNAIK LIMITED

## Condensed Interim Financial Statements For The Period Ended 30-06-2021

### 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
<b>Group</b>									
<b>Balance as at 1 January 2020</b>	<b>38,776</b>	<b>(470)</b>	<b>(1,033)</b>	<b>2,098</b>	<b>523</b>	<b>19,452</b>	<b>59,346</b>	<b>11,490</b>	<b>70,836</b>
Dividend paid	-	-	-	-	-	(865)	(865)	(174)	(1,039)
Transfer of employee share option	-	-	-	-	(6)	6	-	-	-
Total comprehensive income/(loss) for the period	-	-	651	-	-	(177)	474	1,098	1,572
<b>Balance as at 30 June 2020</b>	<b>38,776</b>	<b>(470)</b>	<b>(382)</b>	<b>2,098</b>	<b>517</b>	<b>18,416</b>	<b>58,955</b>	<b>12,414</b>	<b>71,369</b>
<b>Balance as at 1 January 2021</b>	<b>38,776</b>	<b>(470)</b>	<b>438</b>	<b>2,567</b>	<b>517</b>	<b>18,300</b>	<b>60,128</b>	<b>13,157</b>	<b>73,285</b>
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/(loss) for the period	-	-	1,095	-	-	1,228	2,323	1,237	3,560
<b>Balance as at 30 June 2021</b>	<b>38,776</b>	<b>(470)</b>	<b>1,416</b>	<b>2,438</b>	<b>517</b>	<b>19,041</b>	<b>61,718</b>	<b>14,598</b>	<b>76,316</b>

# ANNAIK LIMITED

## Condensed Interim Financial Statements For The Period Ended 30-06-2021

### 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
<b>Company</b>					
<b>Balance as at 1 January 2020</b>	<b>38,776</b>	<b>(470)</b>	<b>523</b>	<b>5,270</b>	<b>44,099</b>
Dividend paid	-	-	-	(865)	(865)
Transfer of employee share option	-	-	(6)	6	-
Total comprehensive loss for the period	-	-	-	(274)	(274)
<b>Balance as at 30 June 2020</b>	<b>38,776</b>	<b>(470)</b>	<b>517</b>	<b>4,137</b>	<b>42,960</b>
<b>Balance as at 1 January 2021</b>	<b>38,776</b>	<b>(470)</b>	<b>517</b>	<b>(1,964)</b>	<b>36,859</b>
Dividend paid	-	-	-	(289)	(289)
Total comprehensive loss for the period	-	-	-	(1,299)	(1,299)
<b>Balance as at 30 June 2021</b>	<b>38,776</b>	<b>(470)</b>	<b>517</b>	<b>(3,552)</b>	<b>35,271</b>

# ANNAIK LIMITED

## Condensed Interim Financial Statements For The Period Ended 30-06-2021

### D CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		6 Months Ended	
		30-Jun-21	30-Jun-20
		S\$'000	S\$'000
<b>Cash flows from operating activities:</b>			
Profit before tax		2,411	1,031
<b>Adjustments for:</b>			
Amortisation of government grant		(36)	(35)
Loss/(gain) on disposal of property, plant and equipment		9	(2)
Gain on liquidation of subsidiary		(309)	-
Fair value gain on derivative instrument		-	(4)
Impairment losses on financial assets		10	77
Depreciation of property, plant and equipment		594	609
Depreciation of right-of-use assets		149	129
Amortisation of intangible assets		1,003	941
Allowance for slow moving inventories		156	-
Written-off of property, plant and equipment		2	-
Share of (profits)/losses of associates		(80)	74
Interest income		(21)	(21)
Finance costs		696	709
Unrealised foreign exchange gain, net		(157)	(35)
<b>Operating profit before working capital changes</b>		<b>4,427</b>	<b>3,473</b>
<u>(Increase)/decrease in:</u>			
Trade receivables		(551)	43
Other receivables and prepayments		(580)	(419)
Inventories		(956)	(1,716)
<u>Increase/(decrease) in:</u>			
Trade payables		(83)	(554)
Other payables		(2,806)	235
Bills payables		1,465	(168)
<b>Cash generated from operations</b>		<b>916</b>	<b>894</b>
Interest expense paid		(623)	(709)
Interest income received		21	21
Income taxes paid		(347)	(479)
<b>Net cash flows used in operating activities</b>		<b>(33)</b>	<b>(273)</b>
<b>Cash flows from investing activities:</b>			
Proceeds from disposal of property, plant and equipment		12	52
Purchase of property, plant and equipment		(119)	(345)
Additions to intangible assets		(830)	(1,638)
Acquisition of non-controlling interests without a change in control		(114)	-
<b>Net cash flows used in investing activities</b>		<b>(1,051)</b>	<b>(1,931)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from loans and borrowings		3,764	5,118
Repayment to loans and borrowings		(1,458)	(2,601)
(Repayment to)/proceeds from obligations under leases liabilities		(201)	99
(Decrease)/increase in amount due to associates		(866)	1,155
Capital contributions from non-controlling interests		573	-
Dividends paid		(289)	(1,039)
<b>Net cash flows generated from financing activities</b>		<b>1,523</b>	<b>2,732</b>
Net increase in cash and cash equivalents		439	528
Cash and cash equivalents at the beginning of the period		15,048	10,989
Effect of exchange rate changes on the balance of cash held in foreign currencies		297	157
<b>Cash and cash equivalents at the end of the period</b>		<b>15,784</b>	<b>11,674</b>

	30-Jun-21	30-Jun-20
	S\$'000	S\$'000
Cash and bank balances	15,784	11,674
	15,784	11,674

**E NOTES TO THE CONDENSED INTERIM 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 interim consolidated financial statements as at and for the six months ended 30 June 2021 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 related 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 2021 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 2020.

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**

A number of amendments to Standards have become applicable for the current reporting period as follows

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 9 Financial Instruments, SFRS(I) 1-39 Financial Instruments: Recognition and Measurement, SFRS(I) 7 Financial Instruments: Disclosures, SFRS(I) 4 Insurance Contracts, SFRS(I) 16 Leases: Interest Rate Benchmark Reform - Phase 2	1 Jan 2021

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

**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 2020.

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 7 - Property, plant and equipment  
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.

# ANNAIK LIMITED

## Condensed Interim Financial Statements For The Period Ended 30-06-2021

### 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 four reporting segments; i.e. distribution of stainless steel piping products; manufacturing of steel flanges; engineering construction of piping process system 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 2021	Distribution	Manufacturing of steel flanges	Engineering construction	Environmental business	Elimination	Consolidation
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Revenue</b>						
External revenue	22,542	820	-	9,116	-	32,478
Inter-segment revenue	122	1,667	-	46	(1,835)	-
Total revenue	22,664	2,487	-	9,162	(1,835)	32,478
<b>Result</b>						
Segment results	(490)	158	(3)	3,318	(276)	2,707
Impairment losses on 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
<b>Assets</b>						
Segment assets	48,455	14,467	29	60,985	-	123,936
Investment in associates	-	-	-	11,596	-	11,596
Consolidated total assets	-	-	-	-	-	135,532
<b>Liabilities</b>						
Segment liabilities	14,685	2,797	2	11,038	-	28,522
Bank loans and government loans	17,190	6,421	-	7,083	-	30,694
Consolidated total liabilities	-	-	-	-	-	59,216
<b>Other information</b>						
Depreciation and amortisation	658	159	-	929	-	1,746
Capital expenditure	82	8	-	859	-	949
Other non-cash expenses	220	-	-	(9)	-	211

6 Months Ended - 30 June 2020	Distribution	Manufacturing of steel flanges	Engineering construction	Environmental business	Elimination	Consolidation
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Revenue</b>						
External revenue	15,867	505	-	7,932	-	24,304
Inter-segment revenue	861	1,628	-	440	(2,929)	-
Total revenue	16,728	2,133	-	8,372	(2,929)	24,304
<b>Result</b>						
Segment results	(814)	(49)	(2)	4,112	(1,377)	1,870
Impairment of financial assets	(77)	-	-	-	-	(77)
Share of profits of associates	-	-	-	(74)	-	(74)
Interest income	-	-	-	-	-	21
Finance costs	-	-	-	-	-	(709)
Profit before tax	-	-	-	-	-	1,031
Income tax	-	-	-	-	-	(392)
Profit for the year	-	-	-	-	-	639
<b>Assets</b>						
Segment assets	46,314	15,192	21	54,543	-	116,070
Investment in associates	-	-	-	10,586	-	10,586
Consolidated total assets	-	-	-	-	-	126,656
<b>Liabilities</b>						
Segment liabilities	11,709	2,935	5	14,310	-	28,959
Bank loans and government loans	13,908	7,013	-	5,407	-	26,328
Consolidated total liabilities	-	-	-	-	-	55,287
<b>Other information</b>						
Depreciation and amortisation	662	170	-	847	-	1,679
Capital expenditure	310	3	-	1,670	-	1,983
Other non-cash expenses	73	-	-	36	-	109



# ANNAIK LIMITED

## Condensed Interim Financial Statements For The Period Ended 30-06-2021

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

#### 4.2 DISAGGREGATION OF REVENUE

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
<b>Primary geographical markets</b>				
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
Vietnam	204	-	-	204
Others	637	-	-	637
	23,317	6,580	2,581	32,478
<b>Timing of transfer of goods or services</b>				
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

6 Months Ended - 30 June 2020	Sale of goods	Service income from environmental business	Construction revenue	Total revenue
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Primary geographical markets</b>				
Singapore	5,172	234	-	5,406
People's Republic of China	-	5,574	2,115	7,689
South Korea	4,121	-	-	4,121
Malaysia	1,139	9	-	1,148
Indonesia	904	-	-	904
India	3,921	-	-	3,921
Vietnam	385	-	-	385
Others	730	-	-	730
	16,372	5,817	2,115	24,304
<b>Timing of transfer of goods or services</b>				
At a point in time	16,372	5,817	-	22,189
Over time	-	-	2,115	2,115
	16,372	5,817	2,115	24,304

#### 5 PROFIT BEFORE TAXATION

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

	Group	
	6 Months Ended	
	30-Jun-21	30-Jun-20
	S\$'000	S\$'000
Amortisation of government grant	(36)	(35)
Loss/(gain) on disposal of property, plant and equipment	9	(2)
Gain on liquidation of subsidiary	(309)	-
Fair value gain on derivative instrument	-	(4)
Impairment losses on financial assets	10	77
Depreciation of property, plant and equipment	594	609
Depreciation of right-of-use assets	149	129
Amortisation of intangible assets	1,003	941
Allowance for slow moving inventories	156	-
Written-off of property, plant and equipment	2	-
Share of (profits)/losses of associates	(80)	74
Interest income	(21)	(21)
Finance costs	696	709
Unrealised foreign exchange gain, net	(157)	(35)

# ANNAIK LIMITED

## Condensed Interim Financial Statements For The Period Ended 30-06-2021

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

#### 6 INCOME TAX EXPENSE

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

	Group	
	6 Months Ended	
	30-Jun-21	30-Jun-20
	S\$'000	S\$'000
<b>Consolidated income statement</b>		
Current taxation:		
-Current income taxation	387	392
-Overprovision in respect of prior years	-	-
	<b>387</b>	<b>392</b>
Deferred taxation:		
-Origination and reversal of temporary differences	(22)	-
Income tax expense recognised in the profit or loss	<b>365</b>	<b>392</b>

#### 7 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets amounting to S\$118,673 (30 June 2020: S\$46,917) and disposed of assets amounting to S\$70,573 (30 June 2020: S\$128,984).

##### Valuation technique and key assumptions

The recoverable amount of the plant and machineries and buildings were determined based on the valuation technique and key assumptions:

Description	Fair value hierarchy	Valuation technique	Key assumptions
Plant and Machinery	Level 3	Fair value less cost to sell - Depreciated replacement cost method	Include consideration of: <ul style="list-style-type: none"><li>• Market value;</li><li>• Economic or external obsolescence;</li><li>• Functional or technical obsolescence; and</li><li>• Physical deterioration</li></ul>
Buildings	Level 3	Value-in-use - Discounted cash flow	<ul style="list-style-type: none"><li>• Discount rate</li><li>• Long-term growth rates</li></ul>

The Group carried out a review of the recoverable amount of its property, plant and equipment and determined that there is no impairment loss to these assets for the current and previous financial periods.

# ANNAIK LIMITED

## Condensed Interim Financial Statements For The Period Ended 30-06-2021

### 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-21	31-Dec-20
	S\$'000	S\$'000
AngWei Environmental Ecological & Engineering (Shanghai) Co., Ltd ("AngWei Enviro") and its subsidiaries	497	497
	<b>497</b>	<b>497</b>

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 20 - 27 years (2020: 21 - 28 years). The pre-tax discount rate applied to these cash flows is 7% (2020: 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
<b>Cost:</b>				
At 1 January 2020	3,732	38,900	387	43,019
Additions	-	1,568	-	1,568
Written off	-	(510)	-	(510)
Exchange differences	-	1,869	18	1,887
At 31 December 2020 and 1 January 2021	3,732	41,827	405	45,964
Additions	-	830	-	830
Written off	-	-	-	-
Exchange differences	-	1,076	11	1,087
At 30 June 2021	<b>3,732</b>	<b>43,733</b>	<b>416</b>	<b>47,881</b>
<b>Accumulated amortisation:</b>				
At 1 January 2020	1,696	7,562	387	9,645
Amortisation charge for the year	340	1,469	-	1,809
Written off	-	(212)	-	(212)
Exchange differences	-	357	18	375
At 31 December 2020 and 1 January 2021	2,036	9,176	405	11,617
Amortisation charge for the period	169	834	-	1,003
Written off	-	-	-	-
Exchange differences	-	249	11	260
At 30 June 2021	<b>2,205</b>	<b>10,259</b>	<b>416</b>	<b>12,880</b>
<b>Carrying amount:</b>				
At 31 December 2020	1,696	32,651	-	34,347
At 30 June 2021	<b>1,527</b>	<b>33,474</b>	<b>-</b>	<b>35,001</b>

# ANNAIK LIMITED

## Condensed Interim Financial Statements For The Period Ended 30-06-2021

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

#### 9 INTANGIBLE ASSETS (cont'd)

	Company Patent rights S\$'000
<b>Cost:</b>	
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	3,732
<b>Accumulated amortisation:</b>	
At 1 January 2020	1,696
Amortisation charge for the year	340
At 31 December 2020 and 1 January 2021	2,036
Amortisation charge for the period	169
At 30 June 2021	2,205
<b>Carrying amount:</b>	
At 31 December 2020	1,696
At 30 June 2021	1,527

#### 10 LOANS AND BORROWINGS

	Group		Company	
	As At		As At	
	30-Jun-21 S\$'000	31-Dec-20 S\$'000	30-Jun-21 S\$'000	31-Dec-20 S\$'000
<b>Amount repayable in one year or less, or on demand:-</b>				
Secured	17,302	13,490	-	-
Unsecured	864	542	864	542
<b>Sub-Total</b>	<b>18,166</b>	<b>14,032</b>	<b>864</b>	<b>542</b>
<b>Amount repayable after one year</b>				
Secured	20,630	20,612	-	-
Unsecured	875	1,000	875	1,000
<b>Sub-Total</b>	<b>21,505</b>	<b>21,612</b>	<b>875</b>	<b>1,000</b>
<b>Total borrowings</b>	<b>39,671</b>	<b>35,644</b>	<b>1,739</b>	<b>1,542</b>

#### Details of any collateral

At 30 June 2021 and 31 December 2020, the Group's secured borrowings consist of bank loans, government loans and bills payable.

At 30 June 2021, bank loans of S\$9.21 million (31 December 2020: S\$9.61 million) was secured by a charge over a property of a subsidiary. In addition, bank loans of S\$6.42 million (31 December 2020: S\$6.48 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 2021, bills payable and remaining bank loans of S\$22.3 million (31 December 2020: S\$16.81 million) was secured by corporate guarantee of the Company.

#### 11 SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	30-Jun-21		31-Dec-20	
	Number of Shares '000	Share Capital S\$'000	Number of Shares '000	Share Capital S\$'000
<u>Share capital</u>				
Beginning and end of interim period	292,733	38,776	292,733	38,776
<u>Treasury shares</u>				
Beginning and end of interim period	4,202	470	4,202	470

Company has treasury shares of 4,202,100 shares at S\$470,376 as at 30 June 2021 (31 December 2020: 4,202,100 shares at S\$470,376). The number of shares that may be issued on conversion of all share options outstanding as at 30 June 2021 was 11,850,000 (as at 31 December 2020: 11,850,000).

The Company subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

# ANNAIK LIMITED

## Condensed Interim Financial Statements For The Period Ended 30-06-2021

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

#### 12 RELATED PARTIES TRANSACTIONS

	Group	
	6 Months Ended	
	30-Jun-21	30-Jun-20
	S\$'000	S\$'000
<b>Sales and purchases of goods and services</b>		
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	203	287
<b>Compensation of directors and key management personnel</b>		
The remuneration of directors and other members of key management during the period was as follows:		
Salaries, bonuses and benefits	1,123	1,239
Central Provident Fund contributions	75	73
Directors' fees	49	49
	<b>1,247</b>	<b>1,361</b>
Comprise amounts paid to:		
- Directors of the Company	626	722
- Other key management personnel	621	639
	<b>1,247</b>	<b>1,361</b>
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 (2020: 3,476,000).		

#### 13 DIVIDENDS

	Group	
	6 Months Ended	
	30-Jun-21	30-Jun-20
	S\$'000	S\$'000
<b>Declared and paid during the period:</b>		
Dividends on ordinary shares:		
-Final exempt (one-tier) dividend for 2021: 0.1 (2020: 0.3) cent per share	289	865

# ANNAIK LIMITED

## Condensed Interim Financial Statements For The Period Ended 30-06-2021

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

#### 14 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Group		Company	
	As At		As At	
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Financial Assets</b> (Amortised cost)				
Refundable deposits	892	892	-	-
Trade and other receivables (1)	20,568	19,797	236	403
Amount due from subsidiaries	-	-	11,133	11,851
Cash and cash equivalents	15,784	15,048	1,005	1,318
	<b>37,244</b>	<b>35,737</b>	<b>12,374</b>	<b>13,572</b>
<b>Financial Liabilities</b> (Amortised cost)				
Trade payables	3,391	3,474	-	-
Other payables and accruals (2)	3,741	5,695	735	685
Amount due to associates	418	1,284	-	-
Amount due to subsidiaries	-	-	430	397
Loans and borrowings	39,671	35,644	1,739	1,542
	<b>47,221</b>	<b>46,097</b>	<b>2,904</b>	<b>2,624</b>

(1) Exclude GST receivables and advances to suppliers.

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

#### 15 FAIR VALUES OF ASSETS AND LIABILITIES

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation input used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The following tables show an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments	Significant observable inputs other than quoted prices	Significant unobservable inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
<b>As at 30 June 2021</b>				
<b>Finance liabilities:</b>				
Deferred consideration payable	-	-	1,402	1,402
Financial liabilities as at 30/06/2021	-	-	<b>1,402</b>	<b>1,402</b>
<b>As at 31 December 2020</b>				
<b>Finance liabilities:</b>				
Deferred consideration payable	-	-	750	750
Financial liabilities as at 31/12/2020	-	-	<b>750</b>	<b>750</b>

#### Deferred consideration payable

The fair value, determined using significant unobservable inputs (level 3), is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period. The fair value is similar to the carrying amount as the current market rate does not differ significantly from the intrinsic rate of the deferred consideration payable.

A significant increase/(decrease) in the incremental lending rate based on management's assumptions would result in a significantly lower/(higher) fair value measurement.

# ANNAIK LIMITED

## Condensed Interim Financial Statements For The Period Ended 30-06-2021

### 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 2021 292,733,000 ordinary shares	292,733	38,776
Less: Treasury Share	(4,202)	(470)
Balance as at 30 June 2021 288,530,874 ordinary shares	<b>288,531</b>	<b>38,306</b>

Company has treasury shares of 4,202,100 shares at S\$470,376 as at 30 June 2021 (31 December 2020: 4,202,100 shares at S\$470,376). The number of shares that may be issued on conversion of all share options outstanding as at 30 June 2021 was 11,850,000 (as at 31 December 2020: 11,850,000).

Company has nil subsidiary holdings as at 30 June 2021 (31 December 2020: 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 2021 and 30 June 2021.

- 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 Interim Financial Statements For The Period Ended 30-06-2021

### 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.**

Except as disclosed in paragraph 5 below, 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 2020.

**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		
	30-Jun-21	30-Jun-20	Change %
Earnings/(Loss) per ordinary share for the period based on net profit/(loss) attributable to the equity holders of the Company			
(i) Based on weighted average number of ordinary shares (in cents) - Weighted average number of shares	0.43 288,530,874	(0.06) 288,530,874	NM 0.00%
(ii) On a fully diluted basis (in cents) - Adjusted weighted average number of shares	0.43 288,530,874	(0.06) 288,530,874	NM 0.00%

**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
	30-Jun-21	31-Dec-20		30-Jun-21	31-Dec-20	
	Cents	Cents	%	Cents	Cents	%
Net asset backing per ordinary share based on the existing issued share capital as at the end of the period	21.39	20.84	2.64%	12.22	12.77	(4.31%)

The net asset value per ordinary share is based on 288,530,874 (2020: 288,530,874) 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 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 period ended 30 June 2021 was S\$1.23 million as compared to a loss of S\$0.18 million recorded in prior year. The significant improvement in results was mainly due to higher demand of steel products and increase in steel prices which lifted the revenue and gross profit of both distribution and manufacturing of steel flanges divisions. In addition, increased EPC projects deployment in hazardous wastewater treatment business under environmental division also contributed positively to the overall performance in current period.

The Group's revenue for the period ended 30 June 2021 increased by S\$8.18 million or 33.63% from S\$24.30 million in June 2020 to S\$32.48 million in June 2021. The increase in group revenue of S\$8.18 million was mainly attributable to significantly higher sales derived from distribution division in Singapore and manufacturing of steel flanges business in Malaysia amounting to S\$6.68 million and S\$0.32 million respectively. Both divisions' revenue were fuelled by higher demand of our steel products as more projects were secured and delivered in the current period. In addition, the environmental business division also contributed to an increase of revenue amounting to S\$1.18 million followed by more EPC projects completed during first half of 2021.

Gross profit increased by S\$0.72 million or 10.93% for the period ended 30 June 2021 from S\$6.64 million in June 2020 to S\$7.36 million in June 2021. The increase in gross profit was due to higher revenue generated from all the three business divisions. However, the decrease in gross profit margin from 27.30% to 22.66% was due to changes in product mix of steel trading business under the distribution division.

Other operating income increased by S\$0.03 million or 3.08% from S\$1.04 million in June 2020 to S\$1.07 million in June 2021 was mainly attributed to recognition of gain on liquidation of subsidiary amounting to S\$0.31 million. The increase was offset by lower COVID-19 government grants and subsidies received in Singapore during the period.

Distribution expenses decreased by S\$0.41 million or 44.11% from S\$0.94 million in June 2020 to S\$0.53 million in June 2021. The decrease was due to changes in product mix, shipping terms and lower revenue recorded in steel trading business in Korea.

Administrative expenses decreased by S\$0.03 million or 0.77% from S\$4.55 million in June 2020 to S\$4.52 million in June 2021 mainly due to cost control measures in place.

Impairment losses on financial assets – trade receivables decreased by S\$0.07 million or 87.01% from S\$0.08 million in June 2020 to S\$0.01 million in June 2021 due to less provision made during the period.

Other operating expenses increased by S\$0.06 million or 21.31% from S\$0.29 million in June 2020 to S\$0.35 million in June 2021 mainly due to higher foreign currency exchange loss.

Finance costs decreased by S\$0.01 million or 1.83% from S\$0.71 million in June 2020 to S\$0.70 million in June 2021 which was mainly attributed to reduction in funding costs.

As a result of additional EPC projects being secured and delivered during the period from the rural wastewater treatment business under the environmental division, share of results of associate, improved from a loss of S\$0.07 million in June 2020 to profit of S\$0.08 million in June 2021.

The total liabilities of the Group increased by S\$0.25 million from S\$58.97 million as at 31 December 2020 to S\$59.22 million as at 30 June 2021. The increase was mainly due to additional bank loans and bill payables amounting to S\$2.57 million and S\$1.47 million respectively drawn down for working capital and replenishment of inventory purposes. However, the increase in total liabilities was mostly offset by reduction in other payables and accruals amounting to S\$2.81 million after settlement of advances received from customers in trading business and reduction in amount due to an associate of S\$0.87 million in accordance to scheduled repayment made. The Group's net gearing ratio increased from 0.38 times at 31 December 2020 to 0.43 times at 30 June 2021.

The current assets of the Group increased by S\$2.67 million from S\$57.85 million as at 31 December 2020 to S\$60.52 million as at 30 June 2021. The increase was mainly attributed to the increase in inventory amounting by S\$0.80 million for fulfilment of project sales delivery and replenishment of stock requirement. In addition, higher trade receivables amounting to S\$0.54 million and other receivables amounting to S\$0.41 million were in tandem with the higher sales generated from distribution division during the period. Debtor turnover decreased from 120 days as at 31 December 2020 to 93 days as at 30 June 2021. Cash and bank balances stood at above S\$15 million for both periods.

The Group maintained a healthy and positive working capital of S\$28.48 million or a current ratio of 1.89 times with current assets of S\$60.52 million and current liabilities of S\$32.04 million as at 30 June 2021.

The non-current assets of the Group increased by S\$0.62 million from S\$74.40 million as at 31 December 2020 to S\$75.02 million as at 30 June 2021. The increase was mainly attributed to acquisition of intangible assets amounting to S\$0.65 million for upgrading of wastewater treatment plants in industrial cum municipal wastewater treatment business under environmental division. The increase in non-current assets was partially offset by decrease in property, plant and equipment amounting to S\$0.32 million and right-of-use assets amounting to S\$0.05 million as additional depreciation and amortisation charge. The investment in associates increase of S\$0.34 million was due to S\$11.26 million as at 31 December 2020 to S\$11.60 million as at 30 June 2021 was due to additional profit coupled with foreign exchange gain recognised during the period.

The cash and cash equivalents as at 30 June 2021 increased by S\$0.73 million from S\$15.05 million as at 31 December 2020 to S\$15.78 million as at 30 June 2021.

The increase in financing activities were mainly due to positive cash flows generated from net loan borrowings of S\$2.31 million and capital contributions from non-controlling interested party of S\$0.57 million offset by repayments made for obligations under leases liabilities of S\$0.20 million, amount due to associates amounting to S\$0.87 million and dividend payment amounting to S\$0.29 million.

Investing activities have generated a negative cash flow of S\$1.05 million due to addition in intangible assets amounting to S\$0.83 million and property, plant and equipment amounting to S\$0.12 million; both for upgrading of wastewater treatment plants in industrial cum municipal wastewater treatment business under environmental division.

Operating activities have also generated negative cash flows amounting to S\$0.03 million in the current period because more cash were being used in the purchase of inventory amounting to S\$0.96 million, payment of other payables amounting to S\$2.81 million, interest expense amounting to S\$0.62 million and income tax amounting to S\$0.35 million.

Group's net asset per share as at 30 June 2021 was 21.39 cents and weighted average profit per share was 0.43 cents.

# ANNAIK LIMITED

## Condensed Interim Financial Statements For The Period Ended 30-06-2021

### 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 operating environment for the next 12 months is expected to remain uncertain and challenging as the global economic activity continues to be disrupted due to the ongoing COVID-19 pandemic. Nevertheless, with the progress in vaccination, especially in major economies such as the United States, Europe and China, hope is raised that external demand will hold and continue to lift Singapore's trade-dependent sectors. The escalation of vaccination rates in Singapore has also boosted Government's confidence to open up more sectors especially travelling, tourism and F&B which ultimately will translate into positive business sentiments locally. The Group's adoption of prudent strategies in our core businesses since last year had paid off well in first half of 2021 and will continue to be our key strategy going forward.

Distribution and Manufacturing Business:

Despite the surge in steel prices since beginning of the year, the external demand of our steel products remains strong and healthy. We will continue to allocate more resources to our sales team in order to secure steel supply related projects in Singapore and the regional markets.

This current trend in price increases and strong demand also benefited our manufacturing business and is expected to continue till year-end. With our assets-light business model strategy in manufacturing business, the final proceeds amounting to RM29.10 million or S\$9.70 million from the disposal of land and property as announced on 28 February 2020 is expected to be received in first half of 2022. This investing cash inflows will ultimately improve the Group's gearing ratio, cash availability and further lower down our fixed operating expenses.

Environmental Business:

The industrial cum municipal wastewater treatment division continues to be the main profit and cash flow contributor of our Group. We will undertake two additional upgrading projects in the 2nd half of 2021 as requested by the local government of PRC in line with their pro-environmental policy. With subsequent completion of all upgrading projects, we will see excellent discharge quality which complies with local highest discharge standard and enhance our overall assets value.

The rural wastewater treatment division is expected to have a lower profit contribution this year as tough competition is expected especially with the local State-Owned-Enterprise ("SOE") in the PRC. We will continue to adopt collaboration strategy with the local SOE and provide our technical support and system in order to get more Engineering, Procurement and Construction ("EPC") projects.

The hazardous wastewater treatment division is continuously growing stronger. We managed to secure new EPC projects in Singapore and the PRC and hope to build a higher order book by tapping into our expertise in water and wastewater treatment. We will strive to build a resilient team in Singapore, the PRC and Malaysia and perform targeted marketing to promote our core competencies in steel and water businesses.

**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 30-06-2021

### 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.**

	Allocation S\$'000	Total utilization as at 13 August 2021 S\$'000	Balance S\$'000
Undertake potential investment in distribution and environmental business	1,680	(1,521)	159
Working capital requirement	701	(701)*	-
Repayment of bank borrowings	265	(265)	-
<b>Total</b>	<b>2,646</b>	<b>(2,487)</b>	<b>159</b>

The Board confirmed that the proceeds had been used in accordance to the percentage allocated in the circular to shareholder dated 11 July 2019.

Note

\*S\$701,000 relates to settlement of Trust receipts for purchase of inventories.

**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 2021 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 1 April 2021, the Company has increased the shareholding in Metal Wang Pte Ltd ("Subsidiary") from 60% to 75% by acquiring 15% shareholding of 75,000 ordinary fully paid shares from two unrelated individual parties at a cash consideration of USD\$63,269 (equivalent to S\$83,622). The consideration is funded by internal resources and has no material impact on the consolidated net tangible assets or net earnings per share of the Company and the Group for the financial year ending 30 June 2021.

Pursuant to announcement made on 20 August 2019 and 24 March 2021, LinXing Water Supply Co., Ltd, a subsidiary 85% owned by ChangXing LinSheng Wastewater Treatment Co., Ltd had been wound up by way of a members' voluntary winding up on 8 March 2021 and had received the final consideration of RMB1.2 million from the Purchaser on 22 March 2021. The total consideration upon winding up as compared to the cost of investment resulted in a gain on winding up (before taxation) of approximately S\$0.31 million.

Further to the Announcement made on 26 Jul 2021, Acquisitions pursuant to the Shanghai AngWei SPA has been completed on 23 July 2021 and ChangXing AngWei SPA has been completed on 9 November 2020. On completion of the Acquisitions, Anxon Environmental currently holds 66% of the registered share capital of Shanghai AngWei and 66% of the registered share capital of ChangXing AngWei.

Ow Chin Seng  
Executive Director

Ng Kim Keang  
Executive Director

13 August 2021

*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.*