

Half Year Financial Statement And Dividend Announcement For The Period Ended 30-06-2014

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

- 1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2014

| | Note | Group | | |
|---|------|----------------|-----------|----------|
| | | 6 Months Ended | | |
| | | 30-Jun-14 | 30-Jun-13 | Change |
| | | S\$'000 | S\$'000 | % |
| Revenue | | 20,409 | 30,671 | (33.46%) |
| Cost of sales | | (14,359) | (25,045) | (42.67%) |
| Gross Profit | | 6,050 | 5,626 | 7.54% |
| Other operating income | | 754 | 484 | 55.79% |
| Distribution expenses | | (851) | (908) | (6.28%) |
| Administrative expenses | | (4,671) | (4,285) | 9.01% |
| Other operating expenses | | (75) | (28) | 167.86% |
| Share of profit / (loss) of associates | | 25 | (140) | NM |
| Finance costs | | (294) | (255) | 15.29% |
| Profit before tax | | 938 | 494 | 89.88% |
| Taxation | | (315) | (320) | (1.56%) |
| Profit for the period | (i) | 623 | 174 | 258.05% |
| Profit / (Loss) attributable to: | | | | |
| Owners of the Company | | 700 | 151 | 363.58% |
| Non-controlling interests | | (77) | 23 | NM |
| | | 623 | 174 | 258.05% |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2014

| | Group | | |
|---|----------------|-----------|-----------|
| | 6 Months Ended | | |
| | 30-Jun-14 | 30-Jun-13 | Change |
| | S\$'000 | S\$'000 | % |
| Profit for the period | 623 | 174 | 258.05% |
| Other comprehensive income / (loss), after tax: | | | |
| Revaluation of property | | | |
| Exchange differences on translation of foreign operations | 179 | (477) | NM |
| | 179 | (477) | NM |
| Total comprehensive income / (loss) for the period | 802 | (303) | (364.69%) |
| Total comprehensive income / (loss) attributable to: | | | |
| Owners of the Company | 827 | 151 | 447.68% |
| Non-controlling interests | (25) | (454) | (94.49%) |
| | 802 | (303) | (364.69%) |

NM: Not meaningful

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2014 (cont'd)

Note

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

| | Group | | |
|---|-----------|-----------|-----------|
| | 30-Jun-14 | 30-Jun-13 | Change |
| | S\$'000 | S\$'000 | % |
| Allowance for doubtful debts | - | 1 | (100.00%) |
| Amortisation of prepaid land rental | 7 | 12 | (41.67%) |
| Amortisation of intangible assets | 229 | 202 | 13.37% |
| Amortisation of government grant | (37) | (32) | 15.63% |
| Depreciation of property, plant and equipment | 451 | 924 | (51.19%) |
| Finance costs | 294 | 255 | 15.29% |
| Foreign currency exchange adjustment loss / (gain) - net | 17 | (43) | NM |
| Gain on disposal of property, plant and equipment | - | (38) | (100.00%) |
| Government subsidy | - | (221) | (100.00%) |
| Impairment of available-for-sale financial assets | 400 | - | 100.00% |
| Interest income | (1) | (11) | (90.91%) |
| Loss on acquisition of subsidiary shares | 14 | - | 100.00% |
| Reversal of allowance for inventories | (62) | - | 100.00% |
| Reversal of allowance for claim on contract work and recovered expenses | (339) | - | 100.00% |
| Share-based payment expenses | 180 | - | 100.00% |

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1 (b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

| | Group | | Company | |
|--|----------------|----------------|---------------|---------------|
| | 30-Jun-14 | 31-Dec-13 | 30-Jun-14 | 31-Dec-13 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and bank balances | 7,455 | 10,913 | 1,508 | 4,817 |
| Trade receivables | 10,353 | 8,833 | - | - |
| Other receivables | 14,149 | 13,095 | 12,527 | 10,342 |
| Amount due from contract customer | 1,921 | 1,582 | - | - |
| Amount due from subsidiaries and associates | 400 | 404 | 7,604 | 8,926 |
| Inventories | 22,910 | 20,849 | - | - |
| Total current assets | 57,188 | 55,676 | 21,639 | 24,085 |
| Non-current assets: | | | | |
| Property, plant and equipment | 26,585 | 20,754 | - | - |
| Prepaid land rental | 308 | 307 | - | - |
| Goodwill | 497 | 497 | - | - |
| Intangible assets | 10,340 | 10,038 | - | - |
| Investment in subsidiaries | - | - | 21,144 | 17,956 |
| Investment in associates | 2,452 | 2,427 | - | - |
| Available-for-sale investment | 10,153 | 10,553 | 10,153 | 10,553 |
| Club membership | 190 | 190 | 190 | 190 |
| Refundable deposits | 678 | 668 | - | - |
| Amount due from subsidiaries and associates | - | - | 6,115 | 6,181 |
| Deferred tax assets | 80 | 80 | - | - |
| Total non-current assets | 51,283 | 45,514 | 37,602 | 34,880 |
| Total assets | 108,471 | 101,190 | 59,241 | 58,965 |
| LIABILITIES AND EQUITY | | | | |
| Current Liabilities: | | | | |
| Bank overdrafts | 45 | 276 | - | - |
| Current portion of bank loans | 6,423 | 4,667 | 2,000 | - |
| Current portion of finance leases | 331 | 272 | - | - |
| Bills payables | 10,250 | 8,884 | - | - |
| Trade payables | 1,779 | 1,158 | - | - |
| Other payables | 2,859 | 4,447 | 408 | 674 |
| Income tax payable/(receivable) | 188 | 149 | (277) | - |
| Total current liabilities | 21,875 | 19,853 | 2,131 | 674 |
| Non-current liabilities | | | | |
| Bank loans | 15,945 | 11,555 | - | - |
| Finance leases | 397 | 397 | - | - |
| Government grants | 2,158 | 2,072 | - | - |
| Deferred tax liabilities | 288 | 252 | - | - |
| Total non-current liabilities | 18,788 | 14,276 | - | - |
| Capital, reserves and non-controlling interests | | | | |
| Share capital | 36,131 | 36,131 | 36,131 | 36,131 |
| Reserves | 27,558 | 26,748 | 20,979 | 22,160 |
| Equity attributable to owners of the Company | 63,689 | 62,879 | 57,110 | 58,291 |
| Non-controlling interests | 4,119 | 4,182 | - | - |
| Total equity | 67,808 | 67,061 | 57,110 | 58,291 |
| Total liabilities and equity | 108,471 | 101,190 | 59,241 | 58,965 |

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

| | Group | |
|---|---------------|---------------|
| | As At | |
| | 30-Jun-14 | 31-Dec-13 |
| | S\$'000 | S\$'000 |
| Amount repayable in one year or less, or on demand:- | | |
| Secured | 15,049 | 14,099 |
| Unsecured | 2,000 | - |
| Sub-Total | 17,049 | 14,099 |
| Amount repayable after one year | | |
| Secured | 16,342 | 11,952 |
| Unsecured | - | - |
| Sub-Total | 16,342 | 11,952 |
| Total borrowings and debt securities | 33,391 | 26,051 |

Details of any collateral

At 30 June 2014 and 31 December 2013, the Group's secured borrowings consist of bank overdrafts, bank loans, finance leases and bills payable.

At 30 June 2014, bank loans of S\$10.74 million (31 December 2013: S\$9.65 million) was secured by a charge over a property of a subsidiary. In addition, bank loans of S\$5.13 million (31 December 2013: S\$2.17 million) was secured by a charge over three pieces of vacant land, a property and machineries and equipments of a subsidiary.

At 30 June 2014 and 31 December 2013, bank overdrafts, bills payable and remaining bank loans were secured by corporate guarantee of the Company. The finance leases were secured by the leased assets.

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1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2014

| | Note | Group | |
|---|------|----------------|----------------|
| | | 6 Months Ended | |
| | | 30-Jun-14 | 30-Jun-13 |
| | | S\$'000 | S\$'000 |
| Cash flows from operating activities: | | | |
| Profit before income tax: | | 938 | 494 |
| Adjustments for: | | | |
| Allowance for doubtful debts | | - | 1 |
| Amortisation of prepaid land rental | | 7 | 12 |
| Amortisation of intangible assets | | 229 | 202 |
| Amortisation of government grant | | (37) | (32) |
| Depreciation of property, plant and equipment | | 451 | 924 |
| Finance costs | | 294 | 255 |
| Gain on disposal of property, plant and equipment | | - | (38) |
| Impairment of available-for-sale financial assets | | 400 | - |
| Interest income | | (1) | (11) |
| Loss on disposal of intangible assets | | - | 20 |
| Loss on acquisition of subsidiary shares | | 14 | - |
| Unrealised foreign exchange loss/ (gain) | | 17 | (404) |
| Reversal of allowance for inventories | | (62) | - |
| Reversal of allowance for claim on contract work and recovered expenses | | (339) | - |
| Share of (profit)/loss of associates | | (25) | 140 |
| Share-based payment expenses | | 180 | - |
| Operating cash flow before working capital changes | | 2,066 | 1,563 |
| Trade receivables | | (1,520) | 1,084 |
| Other receivables | | (689) | (165) |
| Inventories | | (1,998) | 2,242 |
| Amount due from contract customers | | - | - |
| Trade payables | | 621 | (2,073) |
| Other payables | | (1,589) | (1,589) |
| Cash (used in) / generated from operations | | (3,109) | 1,062 |
| Interest paid | | (222) | (188) |
| Interest income received | | 1 | 11 |
| Income taxes paid | | (188) | (297) |
| Net cash (used in) / generated from operating activities | | (3,518) | 588 |
| Cash flows from investing activities: | | | |
| Proceeds on disposal of property, plant and equipment | | - | 41 |
| Proceeds on disposal of intangible assets | | - | 3 |
| Purchases of intangible assets | | (485) | (223) |
| Purchases of property, plant and equipment | | (6,244) | (4,012) |
| (Increase) / Decrease in amount due from associates | | (362) | 19 |
| Net cash used in investing activities | | (7,091) | (4,172) |

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2014 (cont'd)

| | Note | Group | |
|---|------|----------------|---------------|
| | | 6 Months Ended | |
| | | 30-Jun-14 | 30-Jun-13 |
| | | S\$'000 | S\$'000 |
| Cash flows from financing activities: | | | |
| Proceeds from bills payables, net | | 1,366 | 4,640 |
| Proceeds from bank loans | | 8,932 | 4,984 |
| Repayment of bank loans | | (2,804) | (7,172) |
| Proceeds from obligations under finance leases | | 276 | 530 |
| Repayment of obligations under finance leases | | (178) | (102) |
| Dividends paid | | (249) | (775) |
| Proceeds from government grants | | 91 | - |
| Net cash from financing activities | | 7,434 | 2,105 |
| Net decrease in cash and cash equivalents | | (3,175) | (1,479) |
| Cash and cash equivalents at the beginning of the period | | 10,637 | 15,735 |
| Effect of exchange rate changes on the balance of cash held in foreign currencies | | (52) | 164 |
| Cash and cash equivalents at the end of the period | (1) | 7,410 | 14,420 |

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

| | 30-Jun-14 | 30-Jun-13 |
|------------------------|--------------|---------------|
| | S\$'000 | S\$'000 |
| Cash and bank balances | 7,455 | 14,659 |
| Bank overdrafts | (45) | (239) |
| | 7,410 | 14,420 |

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1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2014

| | Share Capital | Currency Translation Reserve | Reserve Fund | Share Options Reserve | Retained Earnings | Attributable To Owners Of The Company | Non-Controlling Interests | Total Equity |
|---|---------------|------------------------------|--------------|-----------------------|-------------------|---------------------------------------|---------------------------|--------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Group | | | | | | | | |
| Balance as at 1 January 2013 | 36,131 | (701) | 32 | 915 | 27,063 | 63,440 | 10,951 | 74,391 |
| Dividend paid | - | - | - | - | (775) | (775) | - | (775) |
| Total comprehensive income/(loss) for the period | - | - | - | - | 151 | 151 | (454) | (303) |
| Balance as at 30 June 2013 | 36,131 | (701) | 32 | 915 | 26,439 | 62,816 | 10,497 | 73,313 |
| Balance as at 1 January 2014 | 36,131 | (291) | 44 | 900 | 26,095 | 62,879 | 4,182 | 67,061 |
| Dividend paid | - | - | - | - | (249) | (249) | - | (249) |
| Reclassification of share-based payments | - | - | - | (44) | 44 | - | - | - |
| Grant of equity-settled share options to employees | - | - | - | 180 | - | 180 | - | 180 |
| Acquisition of non-controlling interest in a subsidiary without a change in control | - | - | - | - | - | - | 14 | 14 |
| Total comprehensive income/(loss) for the period | - | 179 | - | - | 700 | 879 | (77) | 802 |
| Balance as at 30 June 2014 | 36,131 | (112) | 44 | 1,036 | 26,590 | 63,689 | 4,119 | 67,808 |

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STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2014 (cont'd)

| | Share Capital | Share Options Reserve | Retained Earnings | Total Equity |
|--|---------------|-----------------------|-------------------|---------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Company | | | | |
| Balance as at 1 January 2013 | 36,131 | 915 | 27,004 | 64,050 |
| Dividend paid | - | - | (747) | (747) |
| Total comprehensive income for the period | - | - | 1,345 | 1,345 |
| Balance as at 30 June 2013 | 36,131 | 915 | 27,602 | 64,648 |
| Balance as at 1 January 2014 | 36,131 | 900 | 21,260 | 58,291 |
| Dividend paid | - | - | (249) | (249) |
| Reclassification of share-based payments | - | (44) | 44 | - |
| Grant of equity-settled share options to employees | - | 180 | - | 180 |
| Total comprehensive loss for the period | - | - | (1,112) | (1,112) |
| Balance as at 30 June 2014 | 36,131 | 1,036 | 19,943 | 57,110 |
| | | | | |

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- 1 (d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of share for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

SHARE CAPITAL

| | Number of Shares | Share Capital |
|---|------------------|---------------|
| | '000 | S\$'000 |
| Balance as at 1 January 2014 248,973,000 ordinary shares | 248,973 | 36,131 |
| Balance as at 30 June 2014 | 248,973 | 36,131 |

The number of shares that may be issued on conversion of all share options outstanding as at 30 June 2014 was 20,562,000 (as at 30 June 2013: 8,069,000).

- 1 (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

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

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

Not applicable.

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by our auditors.

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

Not applicable.

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- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group and Company have adopted the same accounting policies and methods of computation for the current financial period since those applied in the financial year ended 31 December 2013 except for the adoption of new and revised accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2014.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changes, as well as the reasons for, and the effect of, the change.**

Please refer to item 4 above

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

EARNING PER ORDINARY SHARE

| | Group | | |
|--|----------------|-------------|---------|
| | 6 Months Ended | | |
| | 30-Jun-14 | 30-Jun-13 | Change |
| | | | % |
| Earnings per ordinary share (EPS) for the financial period based on net profit attributable to the equity holders of the Company | | | |
| (i) Based on weighted average number of ordinary shares (in cents) | 0.28 | 0.06 | 366.67% |
| - Weighted average number of shares | 248,973,000 | 248,973,000 | 0.00% |
| (ii) On a fully diluted basis (in cents) | 0.28 | 0.06 | 366.67% |
| - Adjusted weighted average number of shares | 248,973,000 | 248,973,000 | 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 period reported on; and
(b) immediately preceding financial year

| | Group | | | Company | | |
|---|-----------|-----------|--------|-----------|-----------|--------|
| | As At | | Change | As At | | Change |
| | 30-Jun-14 | 31-Dec-13 | | 30-Jun-14 | 31-Dec-13 | |
| | Cents | Cents | % | Cents | Cents | % |
| Net asset backing per ordinary share based on the existing issued share capital as at the end of the financial period | 25.58 | 25.26 | 1.27% | 22.94 | 23.41 | -2.01% |

The net asset value per ordinary share is based on 248,973,000 (2013: 248,973,000) shares at the end of each period.

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- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group's profit attributed to owners of the company for period ended 30 June 2014 increased by 3.6 times to S\$0.70 million as compared to prior period of S\$0.15 million. The improved results was mainly due to exclusion of loss-making entity; Shinsei Taizhou Steel Flanges Co., Ltd ("Shinsei Taizhou") after the restructuring exercise, better contribution from environmental business division and recognition of reversal of allowance for claim on contract works and recovered expenses amounting to S\$0.34 million in the current period.

The group's revenue for the half year ended 30 June 2014 dropped 33.46% from S\$30.67 million to S\$20.41 million. The decrease in group revenue of S\$10.26 million was mainly due to the divestment of Shinsei Taizhou in June 2013 resulting in no revenue being accounted for under the manufacturing division in the first half of 2014. In addition, lower sales generated in distribution division which was caused by weak demand of stainless steel products and slow down in the economy also contributed to the drop in group revenue. However, the decrease in group revenue was partially offset by the higher sales generated in environmental business division as its confirmed sales for equipment that was secured in 2013 was accepted by the customer in the first half year of 2014.

Despite a 33.46% drop in group turnover, gross profit increased marginally by S\$0.21 million or 1.80%. The increase was mainly attributable to higher gross profit margin contributed by the environmental business division and distribution division followed by the recent hike in nickel price and the exclusion of a loss making entity; Shinsei Taizhou under the manufacturing division since June 2013.

The Group's distribution expenses decreased slightly by S\$0.06 million or 6.28% as compared to the prior period. Administrative expenses increased by 9.01% due mainly to additional pre-operating expenses incurred for newly set up companies, Ichinose Emico Valves (S) Pte Ltd under the distribution division and Shinsei Industry Sdn Bhd under the manufacturing division. Finance costs rose from S\$0.26 million to S\$0.29 million due to higher outstanding balances for interest bearing borrowings. Other operating income increased due principally to reversal of allowance for claim on contract works and recovered expenses amounting to S\$0.34 million followed by award of cost and interest finalised by arbitrator on 1 July 2014. Higher operating expenses were incurred in the period ended 30 June 2014 as compared to corresponding period due mainly to unfavourable exchange rate movement recorded as exchange loss.

Share of profit of associates amounting to S\$0.03 million accounted in the period ended 30 June 2014 was mainly from Shuanglin Huzhou Wastewater Treatment Co., Ltd based on our shareholdings as compared to share of loss of associate of S\$0.14 million from Both-Well Taizhou Steel Fittings Co., Ltd in which the company had divested in June 2013.

Total liabilities of the Group increased by S\$6.53 million from S\$34.13 million as at 31 December 2013 to S\$40.66 million as at 30 June 2014. The increase was mainly due to increase in bank borrowings followed by financing arrangement obtained to support the construction of new warehouse in Singapore and production factory in Penang, Malaysia. In addition, the increase in bills payables and trade payables was in tandem with higher inventory balances for replenishment of stocks before recent hike in nickel prices. However, the increase in total liabilities was partially offset by decrease in other payables of S\$1.59 million due to reversal of accrual of construction cost after payment was made for the construction of a new warehouse in Singapore. The Group's gearing ratio increased to 0.52 times as at 30 June 2014 as compared to 0.41 times as at 31 December 2013.

Current assets of the Group increased by S\$1.51 million from S\$55.68 million as at 31 December 2013 to S\$57.19 million as at 30 June 2014. The increase in current assets was mainly due to higher inventory balances and trade receivables in conjunction with replenishment of stocks and longer debtors turnover coupled with higher recognition of credit sales at period end respectively. Debtors turnover increased to 95 days as at 30 June 2014 as compared to 63 days as at 31 December 2013. Moreover, recognition of reversal of allowance for claim on contract works and recovered expenses amounting to S\$0.34 million followed by award of cost and interest finalised by arbitrator on 1 July 2014 attributed to the increase in amount due from contract customers. However, the overall increase in current assets was partially offset by the decrease in cash and bank balances.

Non-current assets of the Group increased by S\$5.77 million from S\$45.51 million as at 31 December 2013 to S\$51.28 million as at 30 June 2014. The increase was mainly due to higher property, plant and equipment resulted by addition of warehouse and equipment in Singapore and a new manufacturing plant in Penang together with the purchase of machinery. In addition, the increase in intangible assets was mainly attributed to capital expenditure in the construction of wastewater treatment plants in PRC. However, the increase in non-current assets was partially offset by a reduction in available-for-sale investment as further allowance of impairment was made.

Group's net asset per share at 30 June 2014 was 25.58 cents and weighted average EPS for the period ended 30 June 2014 was 0.28 cents.

Cash and cash equivalents as at 30 June 2014 decreased by S\$3.18 million to S\$7.43 million from S\$10.64 million as at 31 December 2013 due to more cash used in operating activities for purchase of inventory and finance trade receivables and payables. In addition, higher cash outflows from investing activities for the purchase of new warehouse, factory and production equipment also lead to the decrease. However, the decrease of cash and cash equivalents was partially offset by financing activities due principally to additional interest bearing loans obtained in current period.

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

Not applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In Singapore, the market in which the Group operates in appears less favourable in the coming months. Fewer projects are anticipated for tendering and construction and with plant maintenance shutdown only occurring later part of the year.

This fueled market competition across the board and with major projects placing orders directly with manufacturers/mills, these factors shrink the market space and keen competition amongst market players.

On the other hand, the marine and offshore segment in which the Group is also engaged is expected to continue to do well and hopefully provide some reprieve where the process industry has fallen short.

Regionally, the market is showing sign of improving business sentiment and our traditional stronghold like Malaysia is leading the indicator by having more project constructions taking place. Indonesia and Thailand markets are also gradually picking up after the events of presidential election and the political uncertainties respectively. However, the rest of the region seems to be lack-luster and yet to really gather pace. Globally, USA, Europe and Japan economies are turning around and hopefully will create new market opportunities and better sales in the coming months.

The Group is on track to restructure its businesses with the divestiture of assets, redeploying its capital and new investments. Most notable is the Penang manufacturing plant relocation from China to carry on the production of its own product and further build up its own brand and product line. It is also actively refocusing its marketing attention on regional markets for expansion and presence to rely less on the Singapore market. In addition, it has also commenced general trading in the Middle East, South Asia and the Russian markets. Similarly, it is capitalizing on its strong internal cash flow and experiences to push ahead its expansion of its environmental business.

11 Dividend

(a) Current Financial Period Reported on

None

(b) Corresponding Period of the Immediately Preceding Financial Year

None

(c) Date Payable

Not applicable

(d) Books Closure Date

Not applicable

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

No dividend has been declared.

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13 Interested person transactions (IPT)

No IPT mandate has been obtained from shareholders.

14 Negative Confirmation by the Board pursuant to Rule 705(5)

We, Ow Chin Seng and Koh Beng Leong, being two directors of AnnAik Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for first half of 2014 financial results to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ow Chin Seng
Executive Chairman

Koh Beng Leong
Executive Director

BY ORDER OF THE BOARD

Wong Yoen Har
Company Secretary

11 August 2014