

**Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2016**

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

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

**CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Group		
		FY 2016	FY 2015	Change
		S\$'000	S\$'000	%
<b>Revenue</b>		<b>48,022</b>	<b>53,071</b>	<b>(9.51%)</b>
Cost of sales		(39,891)	(43,914)	(9.16%)
<b>Gross Profit</b>		<b>8,131</b>	<b>9,157</b>	<b>(11.20%)</b>
Other operating income		1,113	1,454	(23.45%)
Distribution expenses		(1,659)	(1,971)	(15.83%)
Administrative expenses		(8,271)	(10,393)	(20.42%)
Other operating expenses		(4,560)	(3,359)	35.75%
Share of result of an associate		315	228	38.16%
Share of result of a joint venture		2,174	636	241.82%
Finance costs		(1,035)	(1,331)	(22.24%)
<b>Loss before income tax</b>		<b>(3,792)</b>	<b>(5,579)</b>	<b>(32.03%)</b>
Income tax expenses	(i)	(518)	(436)	18.81%
<b>Loss for the year</b>	(ii)	<b>(4,310)</b>	<b>(6,015)</b>	<b>(28.35%)</b>
<b>Attributable to:</b>				
Owners of the Company		(4,568)	(5,756)	(20.64%)
Non-controlling interests		258	(259)	(199.61%)
		<b>(4,310)</b>	<b>(6,015)</b>	<b>(28.35%)</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016**

	Group		
	FY 2016	FY 2015	Change
	S\$'000	S\$'000	%
<b>Loss for the year</b>	<b>(4,310)</b>	<b>(6,015)</b>	<b>(28.35%)</b>
<b>Other comprehensive loss, after tax:</b>			
Exchange differences on translation of foreign operations	(620)	626	NM
Other comprehensive (loss)/ income for the year, net of tax	(620)	626	NM
<b>Total comprehensive loss for the year</b>	<b>(4,930)</b>	<b>(5,389)</b>	<b>(8.52%)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company	(5,019)	(5,222)	(3.89%)
Non-controlling interests	89	(167)	(153.29%)
	<b>(4,930)</b>	<b>(5,389)</b>	<b>(8.52%)</b>

NM: Not meaningful

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2016

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd)

#### Notes

(i) The Group income tax figure includes an underprovision in prior years of S\$57,000 (2015: overprovision in prior years of S\$115,000).

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

	Group		
	FY 2016	FY 2015	Change
	S\$'000	S\$'000	%
Allowance for slow moving inventories	86	119	(27.73%)
(Reversal of write down)/Write down of inventories to net realisable value	(401)	622	NM
Allowance for doubtful debts (net)	177	612	(71.08%)
Amortisation of government grant for wastewater treatment business	(73)	(79)	(7.59%)
Amortisation of intangible assets	947	880	7.61%
Amortisation of prepaid land rental	7	7	0.00%
Bad debts written off	31	132	(76.52%)
Depreciation of property, plant and equipment	1,464	1,507	(2.85%)
Employee benefits	5,624	6,949	(19.07%)
Finance costs	1,035	1,331	(22.24%)
Foreign currency exchange adjustment gain - net	(41)	(231)	(82.25%)
Loss on disposal of plant and equipment	8	17	(52.94%)
Income from government subsidy	(351)	(404)	(13.12%)
Impairment of available-for-sale financial assets	3,467	2,200	57.59%
Impairment of plant and equipment	362	783	(53.77%)
Interest income	(211)	(295)	(28.47%)
Share-based payments	-	311	NM
Gain on disposal of available-for sale financial assets	-	(28)	NM
Unrealised fair value loss/(gain) on derivative of financial assets	135	(86)	NM

NM: Not meaningful

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2016

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

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Group		Company	
	FY 2016	FY 2015	FY 2016	FY 2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	7,369	5,966	1,556	2,032
Trade receivables	9,575	13,051	-	-
Other receivables	5,298	3,804	10,079	597
Prepaid land rental	7	7	-	-
Prepayments	129	235	22	2
Amount due from subsidiaries and an associate	709	518	5,046	13,001
Inventories	21,636	27,423	-	-
Financial derivative assets	-	5	-	-
<b>Total current assets</b>	<b>44,723</b>	<b>51,009</b>	<b>16,703</b>	<b>15,632</b>
<b>Non-current assets:</b>				
Property, plant and equipment	29,702	30,481	-	-
Prepaid land rental	297	320	-	-
Goodwill	497	497	-	-
Intangible assets	20,593	16,811	3,053	3,393
Investment in subsidiaries	-	-	21,164	25,666
Investment in an associate	3,207	3,026	-	-
Investment in a joint venture	3,842	1,733	-	-
Available-for-sale financial assets	-	3,467	-	3,467
Club membership	190	190	190	190
Other receivables	-	6,973	-	6,973
Refundable deposits	409	935	-	-
Amount due from subsidiaries and an associate	-	-	8,262	8,116
Financial derivative assets	-	81	-	-
<b>Total non-current assets</b>	<b>58,737</b>	<b>64,514</b>	<b>32,669</b>	<b>47,805</b>
<b>Total assets</b>	<b>103,460</b>	<b>115,523</b>	<b>49,372</b>	<b>63,437</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Bank overdrafts	154	196	-	-
Bank loans	5,567	9,890	-	3,500
Government loan	622	327	-	-
Finance leases	93	223	-	-
Bills payables	7,649	8,483	-	-
Trade payables	1,973	2,992	-	-
Other payables and accruals	3,559	4,655	2,187	882
Provision for income tax	393	408	-	-
Amount due to subsidiaries and a joint venture	3,157	850	-	572
<b>Total current liabilities</b>	<b>23,167</b>	<b>28,024</b>	<b>2,187</b>	<b>4,954</b>
<b>Non-current liabilities:</b>				
Bank loans	16,762	17,779	-	1,500
Government loan	828	436	-	-
Finance leases	39	135	-	-
Other payables and accruals	618	2,101	618	2,101
Government grants	1,933	2,100	-	-
Deferred tax liabilities	408	392	-	-
Financial derivative liabilities	48	-	-	-
<b>Total non-current liabilities</b>	<b>20,636</b>	<b>22,943</b>	<b>618</b>	<b>3,601</b>
<b>Capital, reserves and non-controlling interests:</b>				
Share capital	36,131	36,131	36,131	36,131
Reserves	17,977	22,996	10,436	18,751
Equity attributable to owners of the Company	54,108	59,127	46,567	54,882
Non-controlling interests	5,549	5,429	-	-
<b>Total equity</b>	<b>59,657</b>	<b>64,556</b>	<b>46,567</b>	<b>54,882</b>
<b>Total liabilities and equity</b>	<b>103,460</b>	<b>115,523</b>	<b>49,372</b>	<b>63,437</b>

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2016

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

	Group	
	FY 2016	FY 2015
	S\$'000	S\$'000
<b>Amount repayable in one year or less, or on demand:-</b>		
Secured	13,318	15,292
Unsecured	145	3,500
<b>Sub-Total</b>	<b>13,463</b>	<b>18,792</b>
<b>Amount repayable after one year</b>		
Secured	16,801	16,414
Unsecured	-	1,500
<b>Sub-Total</b>	<b>16,801</b>	<b>17,914</b>
<b>Total borrowings and debt securities</b>	<b>30,264</b>	<b>36,706</b>

Details of any collateral

At 31 December 2016 and 31 December 2015, the Group's secured borrowings such as of bank overdrafts, bank loans, finance leases and bills payables were secured by corporate guarantees of the Company. Finance leases were secured by the respective underlying leased assets. Unsecured loans consist of revolving and short term loans granted by several banks.

At 31 December 2016, bank loans of S\$10.18 million (31 December 2015: S\$10.35 million) were secured by a charge over a property of a subsidiary. In addition, bank loans of S\$8.83 million (31 December 2015: S\$9.24 million) were secured by a charge over three pieces of vacant land, a property and machinery and equipment of a subsidiary.

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2016

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

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group	
		FY 2016	FY 2015
		S\$'000	S\$'000
<b>Cash flows from operation activities:</b>			
Loss before income tax:		(3,792)	(5,579)
<b>Adjustments for:</b>			
Allowance for doubtful debts (net)		177	612
Amortisation of prepaid land rental		7	7
Amortisation of intangible assets		947	880
Amortisation of government grant for wastewater treatment business		(73)	(79)
Bad debts written off		31	132
Depreciation of property, plant and equipment		1,464	1,507
Finance costs		877	1,331
Loss on disposal of plant and equipment		8	17
Gain on disposal of available-for-sale financial assets		-	(28)
Unrealised fair value loss/(gain) on derivative of financial assets		135	(86)
Impairment of available-for-sale financial assets		3,467	2,200
Impairment of plant and equipment		362	783
Interest income		(211)	(295)
Unrealised foreign exchange (gain)/loss		(41)	556
Allowance for slow moving inventories		86	119
Write back of over-accrual of project costs		-	196
(Reversal of write down)/ Write down of inventories to net realisable value		(401)	622
Share of result of an associate		(315)	(228)
Share of result of a joint venture		(2,174)	(636)
Share-based payment		-	311
<b>Operating cash flows before working capital changes</b>		<b>554</b>	<b>2,342</b>
Trade receivables		3,355	(144)
Other receivables		4,921	877
Inventories		6,102	4,355
Trade payables		(1,019)	600
Other payables		(2,580)	274
Bill payables		(834)	(10,753)
<b>Cash flows generated from/(used in) operations</b>		<b>10,499</b>	<b>(2,449)</b>
Interest paid		(877)	(1,174)
Interest income received		211	295
Income taxes paid		(517)	(327)
<b>Net cash flows generated from/(used in) operating activities</b>		<b>9,316</b>	<b>(3,655)</b>
<b>Cash flows from investing activities:</b>			
Proceeds on disposal of property, plant and equipment		31	25
Proceeds on disposal of available-for-sale assets		1,505	3,010
Additions to intangible assets		(5,324)	(3,639)
Purchases of property, plant and equipment	(1)	(618)	(1,045)
(Increase)/Decrease in amounts due from related parties		(392)	338
Decrease in amount due from an associate		519	49
Increase in amount due from a joint venture		(709)	-
Investment in a joint venture		-	(1,097)
<b>Net cash flows used in investing activities</b>		<b>(4,988)</b>	<b>(2,359)</b>

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2016

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd)

	Note	Group	
		FY 2016	FY 2015
		S\$'000	S\$'000
<b>Cash flows from financing activities:</b>			
Proceeds from loans and borrowings		5,093	8,595
Repayment of loans and borrowings		(9,892)	(4,273)
Contribution from non-controlling interests		31	457
Repayment of obligations under finance leases		(378)	(351)
Dividends paid on ordinary shares		-	(498)
Increase in amount due to an associate		420	-
Increase in amount due to a joint venture		1,887	850
<b>Net cash flows (used in)/generated from financing activities</b>		<b>(2,839)</b>	<b>4,780</b>
Net increase/(decrease) in cash and cash equivalents		1,489	(1,234)
Cash and cash equivalents at the beginning of the year		5,770	6,970
Effect of exchange rate changes on the balance of cash held in foreign currencies		(44)	34
<b>Cash and cash equivalents at the end of the year</b>	(2)	<b>7,215</b>	<b>5,770</b>

Note

(1) During the year, the Group acquired plant and equipment with an aggregate cost of Nil (2015: S\$74,000) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to S\$ 618,000 (2014: S\$1,044,000).

(2) Cash and cash equivalents at the end of year include the following:

	FY 2016	FY 2015
	S\$'000	S\$'000
Cash and bank balances	7,369	5,966
Bank overdrafts	(154)	(196)
	<b>7,215</b>	<b>5,770</b>

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2016

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

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	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
<b>Group</b>								
<b>Balance as at 1 January 2015</b>	36,131	608	44	1,216	26,537	64,536	5,169	69,705
Total comprehensive income for the year	-	534	-	-	(5,756)	(5,222)	(167)	(5,389)
Dividends paid on ordinary shares	-	-	-	-	(498)	(498)	-	(498)
Expiry of share options	-	-	-	(42)	42	-	-	-
Grant of equity-settled share options to employees	-	-	-	311	-	311	-	311
Contributions from non-controlling interests	-	-	-	-	-	-	427	427
<b>Balance as at 31 December 2015</b>	36,131	1,142	44	1,485	20,325	59,127	5,429	64,556
<b>Balance as at 1 January 2016</b>	36,131	1,142	44	1,485	20,325	59,127	5,429	64,556
Total comprehensive income for the year	-	(451)	-	-	(4,568)	(5,019)	89	(4,930)
Dividends paid on ordinary shares	-	-	-	-	-	-	-	-
Expiry of share options	-	-	-	(205)	205	-	-	-
Grant of equity-settled share options to employees	-	-	-	-	-	-	-	-
Contributions from non-controlling interests	-	-	-	-	-	-	31	31
<b>Balance as at 31 December 2016</b>	36,131	691	44	1,280	15,962	54,108	5,549	59,657

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2016

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd)

	Share Capital	Share Options Reserve	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>				
<b>Balance as at 1 January 2015</b>	<b>36,131</b>	<b>1,216</b>	<b>20,237</b>	<b>57,584</b>
Total comprehensive income for the year	-	-	(2,515)	(2,515)
Expiry of share options	-	(42)	42	-
Grant of equity-settled share options to employees	-	311	-	311
Dividends paid on ordinary shares	-	-	(498)	(498)
<b>Balance as at 31 December 2015</b>	<b>36,131</b>	<b>1,485</b>	<b>17,266</b>	<b>54,882</b>
<b>Balance as at 1 January 2016</b>	<b>36,131</b>	<b>1,485</b>	<b>17,266</b>	<b>54,882</b>
Total comprehensive income for the year	-	-	(8,315)	(8,315)
Expiry of share options	-	(205)	205	-
Grant of equity-settled share options to employees	-	-	-	-
Dividends paid on ordinary shares	-	-	-	-
<b>Balance as at 31 December 2016</b>	<b>36,131</b>	<b>1,280</b>	<b>9,156</b>	<b>46,567</b>



# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2016

- 1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State 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 year reported on and as at the end of the corresponding year of the immediately preceding financial year.

### SHARE CAPITAL

	Number of Shares	Share Capital
	'000	S\$'000
Balance as at 1 January 2016 and 31 December 2016	248,973	36,131

The number of shares that may be issued on conversion of all share options outstanding as at 31 December 2016 was 17,917,000 (as at 31 December 2015: 19,804,000).

There were no treasury shares held at 31 December 2016 or 31 December 2015.

- 1 (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year 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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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2016

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

The Group and Company have adopted the same accounting policies and methods of computation for the current financial year since those applied in the financial year ended 31 December 2015 except for the adoption of new and revised accounting standards (including its consequential amendments) and interpretations applicable for the financial year beginning 1 January 2016.

The adoption of these new/revised accounting standards (including its consequential amendments) and interpretations does not result in changes to the Company's accounting policies and has no material effect on the full year announcement for the current financial year.

**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.**

Not applicable.

**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.**

**LOSS PER ORDINARY SHARE**

	Group		
	FY 2016	FY 2015	Change %
Loss per ordinary share for the financial year based on net loss attributable to the equity holders of the Company			
(i) Based on weighted average number of ordinary shares (in cents)	(1.83)	(2.31)	(20.78%)
- Weighted average number of shares	248,973,000	248,973,000	-
(ii) On a fully diluted basis (in cents)	(1.83)	(2.31)	(20.78%)
- Adjusted weighted average number of shares	248,973,000	248,973,000	-

**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		
	FY 2016	FY 2015	Change	FY 2016	FY 2015	Change
	Cents	Cents	%	Cents	Cents	%
Net asset backing per ordinary share based on the existing issued share capital as at the end of the financial year	21.73	23.75	(8.49%)	18.70	22.04	(15.15%)

The net asset value per ordinary share is based on 248,973,000 (2015: 248,973,000) shares at the end of each year.

- 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 loss attributed to owners of the company for year ended 31 Dec 2016 was S\$4.57 million as compared to S\$5.76 million recorded in prior year. The loss was mainly due to a write down of long term available-for-sale financial assets for its China's Dalian Sicheng project investment amounting to S\$3.47 million. The write down is recorded following and reflecting major shareholders' impairment of the project concerned. Excluding this impairment of S\$3.47 million made in the current year, the actual operating loss was S\$1.10 million due principally to a sharp downward correction in market condition which negatively affected the demand and selling price of steel piping products in both the distribution and manufacturing divisions.

The Group revenue for the year ended 31 Dec 2016 decreased 9.52% from S\$53.07 million to S\$48.02 million. The decrease in group revenue of S\$5.05 million was mainly due to lower sales from distribution of stainless steel and carbon steel piping products which were impacted by weak market sentiment and lesser project sales. In addition, lesser trading of coils and sheets business especially for Denmark market also resulted in lower Group revenue. However, the decrease was partially offset by higher revenue derived from environmental business due to new project secured.

Gross profit dipped by S\$1.03 million or 11.20% for year ended 31 December 2016. The drop was mainly attributable to lower revenue coupled with decreased gross profit margin from the distribution business. This was partially offset by the increase in gross profits under the manufacturing business due to write-back of allowance for slow-moving inventories in the current year and cost cutting measures in place.

The Group distribution expenses decreased by S\$0.31 million or 15.83% as compared to the prior year was in tandem with lower revenue generated. Administrative expenses decreased by S\$2.12 million or 20.42% due mainly to cost cutting scheme was in place since beginning of the year. Finance costs decreased from S\$1.33 million to S\$1.04 million due to lower outstanding balances for interest bearing borrowings after scheduled payments made. The increase in operating expenses were due principally to higher impairment of available-for-sale financial assets of S\$3.47 million made as compared to S\$2.20 million in prior year and also higher amortisation of intangible assets. The increase in other operating expenses was partially offset by decrease in allowance for doubtful debts, lower depreciation and impairment of plant and equipment.

Other operating income decreased from S\$1.45 million to S\$1.11 million due to lower foreign exchange gains as compared to prior year and also lesser income from government subsidy.

Share of profit of an associate & a joint venture amounting to S\$2.49 million was derived from both industrial and rural wastewater environmental business in conjunction with higher revenue and gross profit recorded.

Total liabilities of the Group decreased by S\$7.17 million from S\$50.97 million as at 31 December 2015 to S\$43.80 million as at 31 December 2016. The decrease was mainly due to repayment in bills payable of S\$0.83 million, trade payables of S\$1.02 million, other payables of S\$2.58 million and bank borrowings of S\$5.61 million according to payment schedule. The decrease was partially offset by increase in amount due to a joint venture for monies owing due to addition of a new plant under the environmental business.

The Group's net gearing ratio reduced from 0.52 times as at 31 December 2015 to 0.42 times as at 31 December 2016.

Current assets of the Group decreased by S\$6.29 million from S\$51.01 million as at 31 December 2015 to S\$44.72 million as at 31 December 2016. The decrease was mainly due to lower inventories balance of S\$5.79 million arising from control measures taken in inventories replenishment and drop in trade receivables of S\$3.48 million as collection efforts were enforced. However the decrease was partially offset by a reclassification of proceeds due from buyer for previous disposal of Shinsei and Both-Well Jiangyan group amounting to S\$2.00 million from long term other receivable to current other receivable and higher cash and bank balances of S\$1.40 million. Trade debtors turnover decreased to 82 days as at 31 December 2016 as compared to 110 days as at 31 December 2015.

The Group has a positive working capital of S\$21.55 million with a current assets of S\$44.72 million and a current liabilities S\$23.17 million as at 31 December 2016 as compared to a positive working capital of S\$22.98 million with a current assets of S\$51.01 million and a current liabilities of S\$28.03 million as at 31 December 2015.

Non-current assets of the Group decreased by S\$5.77 million from S\$64.51 million in 31 December 2015 to S\$58.74 million in 31 December 2016. The decrease was mainly due to reclassification of the full amount in long term other receivable to current other receivable and payment received in relation to the sales proceed for the previous disposal of Shinsei and Both-Well Jiangyan. The full impairment made for available-for-sale investment in Dalian project amounting to S\$3.47 million and reduction in refundable deposits also lead to the decrease in non-current assets. Additionally, the decrease in property, plant and equipment and prepaid rent rental were mainly due to depreciation and amortisation charged during the year. However, the decrease was partially offset by increase in our share of profit from our associate and joint venture. In addition intangible assets increased by S\$3.78 million mainly due to recognition of concession rights from construction of a new plant under the environmental business.

Cash and cash equivalents as at 31 December 2016 increased by S\$1.45 million to S\$7.22 million from S\$5.77 million as at 31 December 2015 due to positive cash flows generated from operating activities followed by strict control in inventories replenishment and collection efforts in receivables. However, the increase was partially offset by repayment of bank borrowings in financing activities and net cash used in additions to intangible assets and property, plant and equipment under investing activities.

Group's net asset per share at 31 December 2016 was 21.73 cents and weighted average EPS for 12 months ended 31 December 2016 was negative 1.83 cents.

# ANNAIK LIMITED

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2016

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

There is no significant variance from the previous statement.

**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 World witnessed a number of surprising events in the second half of 2016. We saw Britain voted to leave EU, then the unexpected results of some major general elections which make the global politics and trade more uncertain than before.

Despite these uncertainties there are signs that certain region and individual states are resolved to manage the situation and work towards their future with less dependence on major global players to determine their economies, particularly in the areas of resource independence and security. The transformation of the Group through the years as a solution provider rather than a product trader, puts us in a position to benefit when industries turn from oil to gas, waste to energy, solvents and water recovery centric.

As for the Group, it is also observing closely the global business mood in the coming months. Currently there is more questions than answers. Whilst the Group manages its cash flow and business with care, its manufacturing, distribution and environmental businesses will seize both local and international opportunities when presented. In line with 'Future Ready Singapore', the Group will look beyond our shores and expand and grow accordingly in areas which allow us to tap our expertise and resources accumulated over the years in our core business. It is now collaborating with overseas partners, opening new markets, working closely with authorities and tapping on government agency's resources, building closer customers' and suppliers' relationships and last but not least, preparing the workforce through skill upgrading and training to meet new challenges ahead.

**11 Dividend**

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

The Director are pleased to propose a first and final one tier tax exempt dividend of 0.2 Singapore cent per share for the year ended 31 December 2016, subject to shareholders' approval at the forthcoming Annual General Meeting.

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

0.2 Singapore cent per share.

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

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).**

One-tier tax exempt.

**(d) The date the dividend is payable.**

To be announced later.

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

To be announced later.

**12 If no dividend has been declared (recommended), a statement to that effect.**

Not applicable.

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2016

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

### SEGMENT ANALYSIS

#### Primary reporting segment - business segments (The Group)

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

BUSINESS SEGMENT - 2016	Distribution Steel Products	Manufacturing Steel Flanges	Engineering Construction	Environmental Business	Elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>REVENUE</b>						
External revenue	33,053	3,884	-	11,085	-	48,022
Inter-segment revenue	3,190	3,442	-	-	(6,632)	-
Total revenue	36,243	7,326	-	11,085	(6,632)	48,022
<b>RESULTS</b>						
Segment result	(2,227)	(850)	(65)	1,152	-	(1,990)
Impairment of available-for-sale investment	(3,467)	-	-	-	-	(3,467)
Share of results of an associate	-	-	-	315	-	315
Share of results of a joint venture	-	-	-	2,174	-	2,174
Interest income	-	-	-	-	-	211
Finance costs	-	-	-	-	-	(1,035)
Loss before income tax						(3,792)
Income tax expenses						(518)
Loss for the year						(4,310)

BUSINESS SEGMENT - 2015	Distribution Steel Products	Manufacturing Steel Flanges	Engineering Construction	Environmental Business	Elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>REVENUE</b>						
External revenue	42,576	3,599	-	6,896	-	53,071
Inter-segment revenue	3,288	4,747	-	-	(8,035)	-
Total revenue	45,864	8,346	-	6,896	(8,035)	53,071
<b>RESULTS</b>						
Segment result	(1,819)	(2,504)	(35)	1,151	-	(3,207)
Impairment of available-for-sale investment	(2,200)	-	-	-	-	(2,200)
Share of results of an associate	-	-	-	228	-	228
Share of results of a joint venture	-	-	-	636	-	636
Interest income	-	-	-	-	-	295
Finance costs	-	-	-	-	-	(1,331)
Loss before income tax						(5,579)
Income tax expenses						(436)
Loss for the year						(6,015)

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2016

### GEOGRAPHICAL SEGMENT

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

#### Revenue by location of customers

	Revenue	
	FY 2016	FY 2015
	S\$'000	S\$'000
Singapore	20,236	24,080
Malaysia	4,691	5,779
PRC	9,545	6,362
Russia	3,361	1,879
Indonesia	4,444	1,974
Vietnam	1,135	2,099
Denmark	-	3,572
India	1,808	3,500
Others	2,802	3,826
	48,022	53,071

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

	Non-current Assets	
	FY 2016	FY 2015
	S\$'000	S\$'000
Singapore	26,665	34,587
PRC	18,883	16,270
Malaysia	13,189	13,657
	58,737	64,514

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

The decrease in revenue from the distribution steel products business segment was mainly due to weak market sentiment and lesser project sales in Singapore and internationally. The decrease in revenue resulted in a lower gross profit and subsequently, a higher net loss.

The decrease in revenue from the manufacturing steel flanges business segment was mainly due to a drop in demand and reduced averaged selling price. The net loss decreased as a result of write-back of allowance for slow-moving inventories and lower impairment of plant and equipment.

The increase in revenue from the environmental business was mainly due to the construction of a new wastewater treatment plant which resulted in the recognition of revenue and a corresponding cost of sales of a same amount in accordance to FRS 112. Aside from the construction of the new plant, revenue and earnings remained relatively stable as compared to the prior financial year.

The decrease in revenue in Singapore, Malaysia, Vietnam, Denmark and India was mainly due to weak market sentiment.

The increase in revenue in PRC, Russia, Indonesia was mainly due to new projects secured.

#### 15 A breakdown of sales

	Group		
	FY 2016	FY 2015	Change
	S\$'000	S\$'000	%
(a) Sales reported for first half of year	22,964	25,399	(10%)
(b) Loss after income tax reported for first half year	(4,180)	(940)	345%
(c) Sales reported for second half of year	25,058	27,672	(9%)
(d) Loss after income tax reported for second half year	(130)	(5,075)	(97%)

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2016

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

Total Annual Dividend

	FY 2016	FY 2015
	S\$'000	S\$'000
Ordinary	498	-
Preference	-	-
Total	-	-

- 17 If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT Mandate has been obtained from shareholders.

- 18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13). 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
Peh Choon Chieh	42	Nephew of Mr Ow Chin Seng (Executive Chairman cum CEO) and cousin of Mr Koh Beng Leong (Executive Director) and Mr Ow Eei Meng, Benjamin (Executive Director).	Senior Manager of operations since July 2013. Responsible for managing the daily business operations of the Company's distribution business.	Appointed as Commercial Manager in AnnAik Limited's subsidiary (IEVS) since 1 Jan 2017. Responsible for daily operations of the Company.
Ow Eei Phurn Benedict	37	Son of Mr Ow Chin Seng (Executive Chairman cum CEO) and brother of Mr Ow Eei Meng, Benjamin (Executive Director) and cousin of Mr Koh Beng Leong (Executive Director).	Project Sales Manager since July 2013. Responsible for development of the project sales department.	-

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

None.

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

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

On behalf of the Board of Directors

Ow Chin Seng  
Executive Chairman

Ng Kim Keang  
Executive Director

27-02-17