



ANNAIK LIMITED

Condensed Financial Statements
for the six months and full year ended 31 December 2021

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Condensed Financial Statements For The Full Year Ended 31-12-2021

A CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Group					
		6 Months Ended			12 Months Ended		
		31-Dec-21	31-Dec-20	Change	31-Dec-21	31-Dec-20	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	4	67,093	25,087	167.44%	99,571	49,391	101.60%
Cost of sales		(57,786)	(18,774)	207.80%	(82,904)	(36,443)	127.49%
Gross profit		9,307	6,313	47.43%	16,667	12,948	28.72%
Other operating income		1,668	1,142	46.06%	2,740	2,182	25.57%
Distribution expenses		(640)	(352)	81.82%	(1,167)	(1,295)	(9.88)%
Administrative expenses		(4,989)	(4,748)	5.08%	(9,504)	(9,298)	2.22%
Impairment losses on financial assets		(102)	(299)	(65.89)%	(112)	(376)	(70.21)%
Other operating expenses		(655)	(684)	(4.24)%	(1,008)	(975)	3.38%
Share of result of associate		(561)	168	(433.93)%	(481)	94	(611.70)%
Finance costs		(601)	(583)	3.09%	(1,297)	(1,292)	0.39%
Profit before income tax	5	3,427	957	258.10%	5,838	1,988	193.66%
Income tax (expense)/credit	6	(421)	236	(278.39)%	(786)	(156)	403.85%
Profit for the year		3,006	1,193	151.97%	5,052	1,832	175.76%
Attributable to:							
Owners of the Company		1,865	354	426.84%	3,093	177	1,647.46%
Non-controlling interests		1,141	839	36.00%	1,959	1,655	18.37%
		3,006	1,193	151.97%	5,052	1,832	175.76%
Earnings per share (cents per share):							
Basic and diluted		0.64	0.12	433%	1.07	0.06	1683%

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group					
	6 Months Ended			12 Months Ended		
	31-Dec-21	31-Dec-20	Change	31-Dec-21	31-Dec-20	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the year	3,006	1,193	151.97%	5,052	1,832	175.76%
Other comprehensive income						
Exchange differences on translation of foreign operations	1,027	1,092	(5.95)%	2,541	2,025	25.48%
Other comprehensive income for the year, net of tax	1,027	1,092	(5.95)%	2,541	2,025	25.48%
Total comprehensive income for the year	4,033	2,285	76.50%	7,593	3,857	96.86%
Total comprehensive income attributable to:						
Owners of the Company	2,680	1,174	128.28%	5,003	1,648	203.58%
Non-controlling interests	1,353	1,111	21.78%	2,590	2,209	17.25%
	4,033	2,285	76.50%	7,593	3,857	96.86%

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B CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets:					
Cash and cash equivalents		14,382	15,048	215	1,318
Trade receivables		18,166	15,682	-	-
Other receivables		6,143	5,845	393	500
Prepayments		190	161	23	27
Amount due from subsidiaries		-	-	11,564	11,851
Inventories		26,083	20,464	-	-
Assets classified as held for sale		9,619	651	-	-
Total current assets		74,583	57,851	12,195	13,696
Non-current assets:					
Property, plant and equipment	7	13,017	23,176	12	5
Right-of-use assets		4,190	4,032	-	-
Goodwill	8	497	497	-	-
Intangible assets	9	38,532	34,347	1,357	1,696
Investment in subsidiaries		-	-	23,076	23,896
Investment in associates		10,926	11,264	-	-
Investment securities		67	-	-	-
Club membership		190	190	190	190
Refundable deposits		493	892	-	-
Deferred tax assets		3	3	-	-
Total non-current assets		67,915	74,401	24,635	25,787
Total assets		142,498	132,252	36,830	39,483
LIABILITIES AND EQUITY					
Current Liabilities:					
Bank loans	10	8,237	6,115	612	542
Government loans	10	424	405	-	-
Leases liabilities		172	158	-	-
Bills payables	10	10,295	7,512	-	-
Trade payables		4,812	3,474	-	-
Other payables and accruals		13,013	12,278	1,114	685
Provision for income tax		600	426	-	-
Amount due to subsidiaries and associates		426	1,284	460	397
Total current liabilities		37,979	31,652	2,186	1,624
Non-current liabilities					
Bank loans	10	19,980	21,416	758	1,000
Government loans	10	174	196	-	-
Leases liabilities		2,731	2,872	-	-
Other payables and accruals		133	22	-	-
Deferred government grants		1,599	1,597	-	-
Deferred tax liabilities		1,076	1,212	-	-
Total non-current liabilities		25,693	27,315	758	1,000
Capital, reserves and non-controlling interests					
Share capital	11	38,776	38,776	38,776	38,776
Treasury shares	11	(568)	(470)	(568)	(470)
Reserves		26,091	21,822	(4,322)	(1,447)
Equity attributable to owners of the Company		64,299	60,128	33,886	36,859
Non-controlling interests		14,527	13,157	-	-
Total equity		78,826	73,285	33,886	36,859
Total equity and liabilities		142,498	132,252	36,830	39,483

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C CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Treasury shares	Currency Translation Reserve	Reserve Fund	Share Options Reserve	Retained Earnings	Attributable To Owners Of The Company	Non-Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group									
Balance as at 1 January 2020	38,776	(470)	(1,033)	2,098	523	19,452	59,346	11,490	70,836
Dividend paid	-	-	-	-	-	(866)	(866)	-	(866)
Transfer of employee share option	-	-	-	-	(6)	6	-	-	-
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	36	36
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	(352)	(352)
Transfer of statutory reserve fund	-	-	-	469	-	(469)	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(226)	(226)
Total comprehensive income for the year	-	-	1,471	-	-	177	1,648	2,209	3,857
Balance as at 31 December 2020	38,776	(470)	438	2,567	517	18,300	60,128	13,157	73,285
Balance as at 1 January 2021	38,776	(470)	438	2,567	517	18,300	60,128	13,157	73,285
Dividend paid	-	-	-	-	-	(289)	(289)	-	(289)
Purchase of treasury shares	-	(98)	-	-	-	-	(98)	-	(98)
Liquidation of Subsidiary	-	-	(50)	(196)	-	(199)	(445)	(255)	(700)
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	566	566
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	(686)	(686)
Reclassification of reserve fund	-	-	129	(129)	-	-	-	-	-
Transfer of statutory reserve fund	-	-	-	341	-	(341)	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(845)	(845)
Total comprehensive income for the year	-	-	1,910	-	-	3,093	5,003	2,590	7,593
Balance as at 31 December 2021	38,776	(568)	2,427	2,583	517	20,564	64,299	14,527	78,826

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

	Share Capital	Treasury shares	Share Options Reserve	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
Balance as at 1 January 2020	38,776	(470)	523	5,270	44,099
Dividend paid	-	-	-	(866)	(866)
Transfer of employee share option	-	-	(6)	6	-
Total comprehensive loss for the year	-	-	-	(6,374)	(6,374)
Balance as at 31 December 2020	38,776	(470)	517	(1,964)	36,859
Balance as at 1 January 2021	38,776	(470)	517	(1,964)	36,859
Dividend paid	-	-	-	(289)	(289)
Purchase of treasury shares	-	(98)	-	-	(98)
Total comprehensive loss for the year	-	-	-	(2,586)	(2,586)
Balance as at 31 December 2021	38,776	(568)	517	(4,839)	33,886

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D CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		12 Months Ended	
		31-Dec-21	31-Dec-20
		S\$'000	S\$'000
Cash flows from operating activities:			
Profit before tax		5,838	1,988
Adjustments for:			
Amortisation of government grant		(75)	(71)
Gain on disposal of property, plant and equipment		(15)	(82)
Gain on liquidation of subsidiary		(505)	-
Fair value gain on derivative instrument		-	(4)
Impairment losses on financial assets		112	376
Bad debts (written back)/written off		(151)	23
Depreciation of property, plant and equipment		1,394	1,174
Depreciation of right-of-use assets		383	307
Amortisation of intangible assets		1,994	1,809
Reversal of impairment loss on investment in associates		(22)	-
Allowance for slow moving inventories		1	142
Reversal of write down of inventories to net realisable value		(164)	(145)
Written-off of property, plant and equipment		17	2
Written-off of intangible assets		200	298
Share of losses/(profits) of associates		481	(94)
Interest income		(68)	(45)
Finance costs		1,297	1,292
Unrealised foreign exchange gain, net		103	(29)
Operating profit before working capital changes		10,820	6,941
<u>(Increase)/decrease in:</u>			
Trade receivables		(2,379)	(3,577)
Other receivables and prepayments		(393)	874
Inventories		(5,456)	(2,719)
<u>Increase/(decrease) in:</u>			
Trade payables		1,338	359
Other payables		846	1,880
Bills payables		2,783	(65)
Cash generated from operations		7,559	3,693
Leases paid		(145)	(120)
Interest expense paid		(1,152)	(1,292)
Interest income received		68	45
Income taxes paid		(759)	(670)
Net cash flows generated from operating activities		5,571	1,656
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment		196	134
Purchase of property, plant and equipment		(119)	(273)
Additions to right-of-use assets		(76)	-
Additions to intangible assets		(4,866)	(1,568)
Acquisition of non-controlling interests without a change in control		(686)	(352)
Investment securities		(67)	-
Dividend received from associated companies		520	-
Net cash flows used in investing activities		(5,098)	(2,059)
Cash flows from financing activities:			
Purchase of treasury shares		(98)	-
Proceeds from loans and borrowings		6,037	12,173
Repayment to loans and borrowings		(5,716)	(7,535)
Repayment to obligations under leases liabilities		(127)	(170)
(Decrease)/increase in amount due to associates		(858)	1,025
Capital contributions from non-controlling interests		566	36
Dividends paid		(289)	(866)
Dividends paid to non-controlling interests		(845)	(446)
Consideration paid to non-controlling interests		(251)	-
Net cash flows (used in)/generated from financing activities		(1,581)	4,217
Net (decrease)/increase in cash and cash equivalents		(1,108)	3,814
Cash and cash equivalents at the beginning of the year		15,048	10,989
Effect of exchange rate changes on the balance of cash held in foreign currencies		442	245
Cash and cash equivalents at the end of the year		14,382	15,048

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Condensed Financial Statements For The Full Year Ended 31-12-2021

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

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

These condensed consolidated financial statements as at and for the full financial year ended 31 December 2021 (FY2021) as well as for the second half year ended 31 December 2021 (2H 2021) comprise the Company and its subsidiaries (collectively, the Group) and the comparable periods are for the full financial year ended 31 December 2020 (FY2020) and for the second half year ended 31 December 2020 (2H 2020) respectively.

The principal activities of the Group are:

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

2 BASIS OF PREPARATION

The condensed financial statements for 2H 2021 and FY2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2021 (1H 2021).

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

The condensed 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) 16 Leases: COVID-19 related rent concessions	1 Jun 2020
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 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 financial period are as follows:

Included in Note 8 - Goodwill

Provision of expected credit losses of trade receivables

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

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

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

Allowance for inventories

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

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

3 SEASONAL OPERATIONS

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

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Condensed Financial Statements For The Full Year Ended 31-12-2021

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

4 SEGMENT AND REVENUE INFORMATION

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

4.1 BUSINESS SEGMENTS

6 Months Ended - 31 December 2021	Distribution	Manufacturing of steel flanges	Environmental business	Elimination	Consolidation
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue					
External revenue (steel products)	27,481	-	-	-	27,481
External revenue (non-steel products)	26,416	-	-	-	26,416
External revenue	-	1,464	12,048	(316)	13,196
Inter-segment revenue	104	2,277	1,935	(4,316)	-
Total revenue	54,001	3,741	13,983	(4,632)	67,093
Result					
Segment results	818	273	6,338	(3,003)	4,426
Impairment losses on financial assets	(61)	-	(41)	-	(102)
Share of losses of associates	-	-	(561)	-	(561)
Reversal of impairment loss on investment in associates	-	-	22	-	22
Gain on liquidation of subsidiary	196	-	-	-	196
Interest income	-	-	-	-	47
Finance costs	-	-	-	-	(601)
Profit before tax	-	-	-	-	3,427
Income tax	-	-	-	-	(421)
Profit for the year	-	-	-	-	3,006
Assets					
Segment assets	54,266	14,637	62,669	-	131,572
Investment in associates	-	-	10,926	-	10,926
Consolidated total assets					142,498
Liabilities					
Segment liabilities	19,387	3,818	11,652	-	34,857
Bank loans and government loans	15,478	6,272	7,065	-	28,815
Consolidated total liabilities					63,672
Other information					
Depreciation and amortisation	790	377	858	-	2,025
Capital expenditure	-	2	4,110	-	4,112
Other non-cash expenses	(380)	1	161	-	(218)

6 Months Ended - 31 December 2020	Distribution	Manufacturing of steel flanges	Environmental business	Elimination	Consolidation
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue					
External revenue (steel products)	13,467	-	-	-	13,467
External revenue (non-steel products)	1,609	-	-	-	1,609
External revenue	-	848	9,163	-	10,011
Inter-segment revenue	403	1,417	357	(2,177)	-
Total revenue	15,479	2,265	9,520	(2,177)	25,087
Result					
Segment results	(970)	155	2,909	(447)	1,647
Impairment losses on financial assets	(3,857)	(11)	(233)	3,802	(299)
Share of profits of associates	-	-	168	-	168
Interest income	-	-	-	-	24
Finance costs	-	-	-	-	(583)
Profit before tax	-	-	-	-	957
Income tax	-	-	-	-	236
Profit for the year	-	-	-	-	1,193
Assets					
Segment assets	50,271	14,120	56,597	-	120,988
Investment in associates	-	-	11,264	-	11,264
Consolidated total assets					132,252
Liabilities					
Segment liabilities	16,340	2,564	11,931	-	30,835
Bank loans and government loans	16,197	6,479	5,456	-	28,132
Consolidated total liabilities					58,967
Other information					
Depreciation and amortisation	687	154	770	-	1,611
Capital expenditure	31	7	193	-	231
Other non-cash expenses	(13)	30	292	-	309

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

4.1 BUSINESS SEGMENTS (cont'd)

12 Months Ended - 31 December 2021	Distribution	Manufacturing of steel flanges	Environmental business	Elimination	Consolidation
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue					
External revenue (steel products)	40,518	-	-	-	40,518
External revenue (non-steel products)	35,921	-	-	-	35,921
External revenue	-	2,284	21,164	(316)	23,132
Inter-segment revenue	226	3,944	1,981	(6,151)	-
Total revenue	76,665	6,228	23,145	(6,467)	99,571
Result					
Segment results	328	431	9,653	(3,279)	7,133
Impairment losses on financial assets	(5)	-	(41)	-	(46)
Impairment losses on non-financial assets	(66)	-	-	-	(66)
Share of losses of associates	-	-	(481)	-	(481)
Reversal of impairment loss on investment in associates	-	-	22	-	22
Gain on liquidation of subsidiary	505	-	-	-	505
Interest income	-	-	-	-	68
Finance costs	-	-	-	-	(1,297)
Profit before tax	-	-	-	-	5,838
Income tax	-	-	-	-	(786)
Profit for the year	-	-	-	-	5,052
Assets					
Segment assets	54,266	14,637	62,669	-	131,572
Investment in associates	-	-	10,926	-	10,926
Consolidated total assets	-	-	-	-	142,498
Liabilities					
Segment liabilities	19,387	3,818	11,652	-	34,857
Bank loans and government loans	15,478	6,272	7,065	-	28,815
Consolidated total liabilities	-	-	-	-	63,672
Other information					
Depreciation and amortisation	1,448	536	1,787	-	3,771
Capital expenditure	82	10	4,969	-	5,061
Other non-cash expenses	(160)	1	152	-	(7)

12 Months Ended - 31 December 2020	Distribution	Manufacturing of steel flanges	Environmental business	Elimination	Consolidation
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue					
External revenue (steel products)	29,334	-	-	-	29,334
External revenue (non-steel products)	1,609	-	-	-	1,609
External revenue	-	1,353	17,095	-	18,448
Inter-segment revenue	1,264	3,045	797	(5,106)	-
Total revenue	32,207	4,398	17,892	(5,106)	49,391
Result					
Segment results	(1,784)	106	7,019	(1,824)	3,517
Impairment losses on financial assets	(132)	-	(233)	-	(365)
Impairment losses on non-financial assets	(3,802)	(11)	-	3,802	(11)
Share of profits of associates	-	-	94	-	94
Interest income	-	-	-	-	45
Finance costs	-	-	-	-	(1,292)
Profit before tax	-	-	-	-	1,988
Income tax	-	-	-	-	(156)
Profit for the year	-	-	-	-	1,832
Assets					
Segment assets	50,271	14,120	56,597	-	120,988
Investment in associates	-	-	11,264	-	11,264
Consolidated total assets	-	-	-	-	132,252
Liabilities					
Segment liabilities	16,340	2,564	11,931	-	30,835
Bank loans and government loans	16,197	6,479	5,456	-	28,132
Consolidated total liabilities	-	-	-	-	58,967
Other information					
Depreciation and amortisation	1,349	324	1,617	-	3,290
Capital expenditure	341	10	1,863	-	2,214
Other non-cash expenses	60	30	328	-	418

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

4.2 DISAGGREGATION OF REVENUE (cont'd)

12 Months Ended - 31 December 2021	Sale of goods	Service income from environmental business	Construction revenue	Total revenue
	S\$'000	S\$'000	S\$'000	S\$'000
Primary geographical markets				
Singapore	18,457	898	-	19,355
People's Republic of China	35,965	12,152	7,764	55,881
South Korea	2,256	-	-	2,256
Malaysia	4,621	-	-	4,621
Indonesia	2,030	-	-	2,030
India	11,174	-	-	11,174
United Kingdom	2,060	-	-	2,060
Australia	912	-	-	912
New Zealand	709	-	-	709
Vietnam	243	-	-	243
Taiwan	201	-	-	201
Thailand	117	-	-	117
Others	12	-	-	12
	78,757	13,050	7,764	99,571
Timing of transfer of goods or services				
At a point in time	78,757	13,050	-	91,807
Over time	-	-	7,764	7,764
	78,757	13,050	7,764	99,571

12 Months Ended - 31 December 2020	Sale of goods	Service income from environmental business	Construction revenue	Total revenue
	S\$'000	S\$'000	S\$'000	S\$'000
Primary geographical markets				
Singapore	14,353	-	-	14,353
People's Republic of China	39	10,924	4,242	15,205
South Korea	7,552	-	-	7,552
Malaysia	3,150	-	-	3,150
Indonesia	1,682	-	-	1,682
India	5,535	-	-	5,535
Australia	508	-	-	508
New Zealand	354	-	-	354
Vietnam	389	-	-	389
Thailand	341	-	-	341
Others	322	-	-	322
	34,225	10,924	4,242	49,391
Timing of transfer of goods or services				
At a point in time	34,225	10,924	-	45,149
Over time	-	-	4,242	4,242
	34,225	10,924	4,242	49,391

A breakdown of sales:

	Group		
	FY 2021	FY 2020	Change
	S\$'000	S\$'000	%
Sales reported for the first half year	32,478	24,304	33.63%
Operating profit after tax before deducting non-controlling interests reported for first half year	2,046	639	220.19%
Sales reported for second half year	67,093	25,087	167.44%
Operating profit after tax before deducting non-controlling interests reported for second half year	3,006	1,193	151.97%

ANNAIK LIMITED

Condensed Financial Statements For The Full Year Ended 31-12-2021

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

5 PROFIT BEFORE TAXATION

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

	Group			
	6 Months Ended		12 Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	S\$'000	S\$'000	S\$'000	S\$'000
Amortisation of government grant	(39)	(36)	(75)	(71)
Gain on disposal of property, plant and equipment	(24)	(80)	(15)	(82)
Gain on liquidation of subsidiary	(196)	-	(505)	-
Fair value gain on derivative instrument	-	-	-	(4)
Impairment losses on financial assets	102	299	112	376
Bad debts (written back)/written off	(151)	23	(151)	23
Depreciation of property, plant and equipment	800	565	1,394	1,174
Depreciation of right-of-use assets	234	178	383	307
Amortisation of intangible assets	991	868	1,994	1,809
Reversal of impairment loss on investment in associates	(22)	-	(22)	-
(Reversal of allowance)/allowance for slow moving inventories	(155)	142	1	142
Reversal of write down of inventories to net realisable value	(164)	(145)	(164)	(145)
Written-off of property, plant and equipment	15	2	17	2
Written-off of intangible assets	200	298	200	298
Share of losses/(profits) of associates	561	(168)	481	(94)
Interest income	(47)	(24)	(68)	(45)
Finance costs	601	583	1,297	1,292
Unrealised foreign exchange loss/(gain), net	260	6	103	(29)

6 INCOME TAX EXPENSE/(CREDIT)

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

	Group			
	6 Months Ended		12 Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	S\$'000	S\$'000	S\$'000	S\$'000
Consolidated income statement				
Current taxation:				
-Current income taxation	410	221	797	613
-Under/(over)provision in respect of prior years	28	(507)	28	(507)
	438	(286)	825	106
Deferred taxation:				
-Origination and reversal of temporary differences	(126)	(1)	(148)	(1)
Withholding tax expense	109	51	109	51
Income tax expense/(credit) recognised in the profit or loss	421	(236)	786	156

7 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2021, the Group acquired assets amounting to S\$751 (31 December 2020: S\$225,907) and disposed of assets amounting to S\$16,246 (31 December 2020: S\$20,077).

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

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Condensed Financial Statements For The Full Year Ended 31-12-2021

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

8 GOODWILL

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

	Group	
	As At	
	31-Dec-21	31-Dec-20
	S\$'000	S\$'000
AngWei Environmental Ecological & Engineering (Shanghai) Co., Ltd ("AngWei Enviro") and its subsidiaries	497	497
	497	497

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

The recoverable amount of AngWei Enviro Group was determined based on value in use calculated using cash flow projection from the financial budgets approved by management covering the remaining concession periods, useful lives of the wastewater treatment plants as well as the rights to draw water operated by the CGU, ranging from 19 - 26 years (2020: 20 - 27 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
Cost:				
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	-	4,866	-	4,866
Written off	-	(328)	-	(328)
Exchange differences	-	1,988	-	1,988
At 31 December 2021	3,732	48,353	405	52,490
Accumulated amortisation:				
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 year	339	1,655	-	1,994
Written off	-	(99)	-	(99)
Exchange differences	-	446	-	446
At 31 December 2021	2,375	11,178	405	13,958
Carrying amount:				
At 31 December 2020	1,696	32,651	-	34,347
At 31 December 2021	1,357	37,175	-	38,532

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

9 INTANGIBLE ASSETS (cont'd)

	Company Patent rights S\$'000
Cost:	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	3,732
Accumulated amortisation:	
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 year	339
At 31 December 2021	2,375
Carrying amount:	
At 31 December 2020	1,696
At 31 December 2021	1,357

10 LOANS AND BORROWINGS

	Group		Company	
	As At		As At	
	31-Dec-21 S\$'000	31-Dec-20 S\$'000	31-Dec-21 S\$'000	31-Dec-20 S\$'000
Amount repayable in one year or less, or on demand:-				
Secured	18,344	13,490	-	-
Unsecured	612	542	612	542
Sub-Total	18,956	14,032	612	542
Amount repayable after one year				
Secured	19,396	20,612	-	-
Unsecured	758	1,000	758	1,000
Sub-Total	20,154	21,612	758	1,000
Total borrowings	39,110	35,644	1,370	1,542

Details of any collateral

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

At 31 December 2021, bank loans of S\$8.80 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\$6.27 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 31 December 2021, bills payable and remaining bank loans of S\$22.67 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			
	31-Dec-21		31-Dec-20	
	Number of Shares '000	Share Capital S\$'000	Number of Shares '000	Share Capital S\$'000
Share capital				
Beginning and end of interim period	292,733	38,776	292,733	38,776
Treasury shares				
Beginning of interim period	(4,202)	(470)	(4,202)	(470)
Purchase of treasury shares	(1,332)	(98)	-	-
End of interim period	(5,534)	(568)	(4,202)	(470)

Company has treasury shares of 5,533,700 shares at S\$567,174 as at 31 December 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 31 December 2021 was 11,850,000 (31 December 2020: 11,850,000).

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

ANNAIK LIMITED

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

12 RELATED PARTIES TRANSACTIONS

	Group			
	6 Months Ended		12 Months Ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	S\$'000	S\$'000	S\$'000	S\$'000
Sales and purchases of goods and services				
In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period / year:				
Purchase of goods from a related party	163	404	366	691
Compensation of directors and key management personnel				
The remuneration of directors and other members of key management during the period / year was as follows:				
Salaries, bonuses and benefits	1,675	1,121	2,798	2,360
Central Provident Fund contributions	48	72	123	145
Directors' fees	58	49	107	98
	1,781	1,242	3,028	2,603
Comprise amounts paid to:				
- Directors of the Company	1,176	611	1,802	1,333
- Other key management personnel	605	631	1,226	1,270
	1,781	1,242	3,028	2,603
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	
	12 Months Ended	
	31-Dec-21	31-Dec-20
	S\$'000	S\$'000
Declared and paid during the year:		
Dividends on ordinary shares:		
-Final exempt (one-tier) dividend for 2021: 0.1 (2020: 0.3) cent per share	289	866
Proposed but not recognised as liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at AGM:		
- Final exempt (one-tier) dividend for 2021: 0.7 (2020: 0.1) cent per share	2,010	289

ANNAIK LIMITED

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

14 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Group		Company	
	As At		As At	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	S\$'000	S\$'000	S\$'000	S\$'000
Financial Assets (Amortised cost)				
Refundable deposits	493	892	-	-
Trade and other receivables (1)	21,572	19,797	422	403
Amount due from subsidiaries	-	-	11,564	11,851
Cash and cash equivalents	14,382	15,048	215	1,318
	36,447	35,737	12,201	13,572
Financial Liabilities (Amortised cost)				
Trade payables	4,812	3,474	-	-
Other payables and accruals (2)	6,182	5,695	1,082	685
Amount due to associates	426	1,284	-	-
Amount due to subsidiaries	-	-	460	397
Loans and borrowings	39,110	35,644	1,370	1,542
	50,530	46,097	2,912	2,624

(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)	
As at 31 December 2021				
Finance liabilities:				
Deferred consideration payable	-	-	-	-
Financial liabilities as at 31/12/2021	-	-	-	-
As at 31 December 2020				
Finance liabilities:				
Deferred consideration payable	-	-	750	750
Financial liabilities as at 31/12/2020	-	-	750	750

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.

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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 292,732,974 ordinary shares	292,733	38,776
Less: Treasury Shares	(5,534)	(568)
Balance as at 31 December 2021 287,199,274 ordinary shares	287,199	38,208

Company has treasury shares of 5,533,700 shares at S\$567,174 as at 31 December 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 31 December 2021 was 11,850,000 (31 December 2020: 11,850,000).

Company has nil subsidiary holdings as at 31 December 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 31 December 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.

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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 year 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		
	31-Dec-21	31-Dec-20	Change %
Earnings per ordinary share for the financial year based on net profit attributable to the equity holders of the Company			
(i) Based on weighted average number of ordinary shares (in cents) - Weighted average number of shares	1.07 288,115,106	0.06 288,530,874	1,683.33% (0.14%)
(ii) On a fully diluted basis (in cents) - Adjusted weighted average number of shares	1.07 288,115,106	0.06 288,530,874	1,683.33% (0.14%)

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial year reported on; and

(b) immediately preceding financial year

	Group			Company		
	As At		Change %	As At		Change %
	31-Dec-21	31-Dec-20		31-Dec-21	31-Dec-20	
	Cents	Cents	Cents	Cents		
Net asset backing per ordinary share based on the existing issued share capital excluding treasury shares as at the end of the financial year	22.39	20.84	7.43%	11.80	12.77	(7.64%)

The net asset value per ordinary share is based on 287,199,274 (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 year ended 31 December 2021 was S\$3.09 million as compared to S\$0.18 million recorded in the prior year. The significant improvement in operating results was mainly due to higher turnover and gross profit achieved in both the distribution and manufacturing of steel divisions fuelled by a hike in steel price and strong demand. In addition, the sustainable contribution of profit and cash flows from its environmental division also contributed to the improved results of the Group in current year.

The Group's revenue for current year increased by S\$50.18 million or 101.60% from S\$49.39 million in 31 December 2020 to S\$99.57 million in 31 December 2021. The increase in group revenue of S\$50.18 million was mainly attributable to significantly higher sales derived from both the distribution division in Singapore and manufacturing of steel flanges business amounting to S\$45.50 million and S\$0.93 million respectively. Both divisions' revenue were driven by a hike in steel price and higher demand of our steel and sales of non-steel products. In addition, the environmental business division also contributed to an increase of revenue amounting to S\$4.07 million due to higher construction sales and service income generated during FY2021 and higher utilisation rate from the existing plant.

From the disaggregation of revenue by geographical markets under sales of goods, sales to the PRC increased by S\$35.93 million due to new trading of non-steel products achieved as compared to the prior year. Sales of goods for the market in India increased due to the improvement of trading of steel products business. Sales of goods to Singapore, Malaysia, Indonesia, UK, Australia and New Zealand arose mainly attributed to increase of distribution of steel products during the year. However, the increase was partially offset by a drop in sales in the Korea market after cessation of business operations of a trading of steel business in Q2 of FY2021.

Gross profit increased by S\$3.72 million or 28.72% for the current year from S\$12.95 million in 31 December 2020 to S\$16.67 million in 31 December 2021. The increase in gross profit was due to the higher revenue generated from all the three business divisions. However, in the distribution division, the gross profit margin decreased from 26.22% to 16.74% due to a change in product mix of trading business.

Other operating income increased by S\$0.56 million or 25.57% from S\$2.18 million in 31 December 2020 to S\$2.74 million in 31 December 2021 mainly attributed to recognition of gain on liquidation of subsidiary (LinXing Water Supply) amounting to S\$0.51 million.

Distribution expenses decreased by S\$0.12 million or 9.88% from S\$1.29 million in 31 December 2020 to S\$1.17 million in 31 December 2021. The decrease was due to change in product mix, shipping terms and lower revenue recorded under its trading business in Korea.

Administrative expenses increased by S\$0.20 million or 2.15% from S\$9.30 million in 31 December 2020 to S\$9.50 million in 31 December 2021 mainly due to higher payroll and its related costs offset by higher sales and better operating results achieved.

Impairment losses on financial assets – trade and other receivables decreased by S\$0.26 million or 70.21% from S\$0.37 million in 31 December 2020 to S\$0.11 million in 31 December 2021 due to write back of allowance during the year.

Other operating expenses increased by S\$0.03 million or 3.38% from S\$0.98 million in 31 December 2020 to S\$1.01 million in 31 December 2021 mainly due to recognition of higher foreign currency exchange loss. Finance costs remained constant.

As a result of lesser Engineering, Procurement and Construction ("EPC") projects being secured, delivered and under-provision of income tax from the previous periods during the year for the rural wastewater treatment business under the environmental division, share of results of associate deteriorated from a profit of S\$0.09 million in 31 December 2020 to loss of S\$0.48 million in 31 December 2021.

The total liabilities of the Group increased by S\$4.70 million from S\$58.97 million as at 31 December 2020 to S\$63.67 million as at 31 December 2021. The increase was mainly due to additional bank loans and bill payables amounting to S\$0.56 million and S\$2.78 million respectively drawn down in FY2021 for working capital and replenishment of inventory purposes. Higher trade payables amounting to S\$1.34 million in the current year was attributed to more purchases made to support our increased turnover. The increase in other payables amounting to S\$0.73 million was mainly due to advances received from customers in trading business and additional accrual of payroll related costs made during the year. However, the increase was partially offset by the decrease in amount due to an associate of S\$0.86 million as a result of scheduled repayment made. The Group's net gearing ratio increased slightly from 0.38 times at 31 December 2020 to 0.42 times at 31 December 2021.

The current assets of the Group increased by S\$16.73 million from S\$57.85 million as at 31 December 2020 to S\$74.58 million as at 31 December 2021. The increase was mainly attributed to reclassification of property, plant and equipment to assets classified as held for sale amounting to S\$9.62 million. The disposal of property of Shinsei Industry under the manufacturing business as announced on 28 February 2020 and 23 February 2022 was completed on 16 February 2022. Higher trade receivables amounting to S\$2.48 million, other receivables and prepayments amounting to S\$0.33 million were in tandem with higher sales generated from distribution division during the year. The rise in inventory amounting to S\$5.62 million for fulfillment of project sales delivery and replenishment of stock requirement also led to the increase in current assets. However, the increase was partially offset by lower cash and bank balances of S\$0.67 million due to scheduled repayment made for bank loans, other payables, bill payables and amount due to associates. Debtor turnover decreased from 120 days as at 31 December 2020 to 70 days as at 31 December 2021 was mainly due to new trading of non-steel business which was in cash term where the settlement is done upon delivery of goods.

The Group maintained a healthy and positive working capital of S\$36.60 million or current ratio of 1.96 times with current assets of S\$74.58 million and current liabilities of S\$37.98 million as at 31 December 2021.

The non-current assets of the Group decreased by S\$6.48 million from S\$74.40 million as at 31 December 2020 to S\$67.92 million as at 31 December 2021. The decrease was mainly attributed to reclassification of property, plant and equipment amounting to S\$9.62 million to assets classified as held for sale as mentioned above. In addition, reduction in refundable deposits of S\$0.40 million was due to reclassification made to right-of-use assets after recent change in terms of the supplemental agreement signed with the local government in the PRC under industrial cum municipal wastewater treatment business. The investment in associates decreased by S\$0.33 million mainly due to loss in results, declaration of dividend of S\$0.52 million during the year but partially offset with recognition of foreign currency translation gain. However, the decrease was partially offset by the increase in intangible assets amounting to S\$4.19 million as compared to prior year for upgrading of plants in industrial cum municipal wastewater treatment business under the environmental division.

The cash and cash equivalents as at 31 December 2021 decreased by S\$0.67 million from S\$15.05 million as at 31 December 2020 to S\$14.38 million as at 31 December 2021.

The net cash flow used in financing activities amounting to S\$1.58 million were mainly due to repayments made for obligations under leases liabilities of S\$0.13 million, amount due to associates amounting to S\$0.86 million, dividend payment amounting to S\$1.13 million, consideration paid amounting to S\$0.25 million and S\$0.10 million purchase of treasury shares under share buy-back arrangement. However the decrease was offset with positive cash flows generated from net loan borrowings of S\$0.32 million and capital contributions from non-controlling interested party of S\$0.57 million.

Investing activities have generated a negative cash flow of S\$5.10 million due to addition in intangible assets amounting to S\$4.87 million and purchase of property, plant and equipment amounting to S\$0.11 million; both for upgrading of plants in industrial cum municipal wastewater treatment business under the environmental division. Moreover, the company has increased the shareholding in subsidiaries under environmental business with net cash outflows amounting to S\$0.69 during the year. However, the decrease was partially offset by dividend received amounting to S\$0.52 million from associated companies.

Operating activities have generated significant positive cash flows amounting to S\$5.57 million in the current year. The increase was mainly due to increase in trade payables, other payables and bill payables amounting to S\$1.34 million, S\$0.85 million and S\$2.78 million respectively. However, the increase was partially offset by increase in trade receivables amounting to S\$2.38 million, more cash were being used in the purchase of inventory amounting to S\$5.46 million, interest expense amounting to S\$1.15 million and income tax amounting to S\$0.76 million.

Group's net asset per share as at 31 December 2021 was 22.39 cents and weighted average profit per share was 1.07 cents.

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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.

As more countries including Singapore continue to open its borders for quarantine-free travel and also adopt high vaccination rate strategy to rebuild their economies with the aim to live with COVID-19, we are expecting that business activities and volume will continue to grow in 2022. The Ministry of Trade and Industry ("MTI") is maintaining Singapore's Gross Domestic Product ("GDP") growth forecast at 3 to 5 per cent for 2022. Barring any unforeseen circumstances, such as constraints caused by the COVID-19 pandemic, prolonged global supply disruptions and persistent inflation, we are expecting a sustainable operating environment for our businesses in the next 12 months.

Our distribution and manufacturing of steel flanges divisions have benefitted from the rise of steel prices and strong demand since early 2021. We believe such momentum will be sustainable in 2022 with our focus in industries such as cleanroom, healthcare and IT infrastructure together with traditional segments in shipbuilding, petrochemical and utilities. We will continue to adopt prudent inventory replenishment strategy in tandem with economic and demand trends so as to have an ideal product mix and stock holding level.

As Singapore and the PRC are focusing on promoting green environmental projects, we will actively tender for Engineering, Procurement and Construction ("EPC") projects under hazardous and rural wastewater treatment businesses in order to build our order book value. We are also committed to enhance the value of our industrial cum municipal wastewater treatment business under Built-Owned-Transfer ("BOT") or Built-Owned-Operate ("BOO") business model through a few upgrading projects in 2022. These investment opportunities will generate a respectable yield and contribute predictable positive cash flows to the group for the long term.

The Group is working hard to look for new avenues of growth in the distribution & trading business especially trading of non-steel products and its environmental business after the redeployment of cash from the completion of disposal of plant in its manufacturing business. We will also review our businesses for potential restructuring exercise in order to achieve higher contribution of profit to the Group. We are committed to build a resilient team both in Singapore and overseas and carry out intensive marketing to promote our core competencies in both the steel distribution & trading and water treatment businesses.

11 If a decision regarding dividend has been made.

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

The Director are pleased to propose a first and final one tier tax exempt of 0.7 Singapore cent per share for the year ended 31 December 2021, subject to shareholders' approval at the forthcoming Annual General Meeting.

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

0.7 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 and the reason(s) for the decision.

Not applicable.

ANNAIK LIMITED

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F OTHER INFORMATION (cont'd)

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

Total Annual Dividend Paid

	FY 2021	FY 2020
	S\$'000	S\$'000
Ordinary Preference	289	866
	-	-
	289	866

14 If the Group has obtained a general mandate from shareholders for interested persons transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained from shareholders.

15 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10). In the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Low Kheng	68	Wife of Mr Ow Chin Seng (Executive Chairman cum CEO) and mother of Mr Ow Eei Phurn, Benedict (Executive Director cum Sales Director).	Mdm. Low is responsible for the marketing and sales of the Group's distribution products in Singapore. She has over 40 years of experience in the hardware and steel industry.	-
Peh Choon Chieh	47	Nephew of Mr Ow Chin Seng (Executive Chairman cum CEO) and cousin of Mr Ow Eei Phurn, Benedict (Executive Director cum Sales Director).	Commercial Manager in AnnAik Limited's subsidiary (AnnAik Pte Ltd) since 1 April 2020. Responsible for development of sales in distribution products..	-
Ow Eei Meng Benjamin	43	Son of Mr Ow Chin Seng (Executive Chairman cum CEO) and brother of Mr Ow Eei Phurn, Benedict (Executive Director cum Sales Director).	Executive Director cum Deputy Chief Executive Officer since March 2015. His roles are to assist the Chief Executive Officer in managing the strategic direction of the Company and oversee operations.	Retired as Executive Director since April 2021. He will continue to serve the Group as Deputy Chief Executive Officer and as executive director for the rest of the Company's subsidiaries.
Ow Eei Phurn Benedict	42	Son of Mr Ow Chin Seng (Executive Chairman cum CEO) and brother of Mr Ow Eei Meng, Benjamin.	Sales Director since March 2020. Responsible for development of the project sales department in distribution products.	Appointed as Executive Director since 7 May 2021. Responsible for the overall distribution business of the Group and managing the Group's supply chain operations.

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

	Total utilization as at 28 February 2022		
	Allocation S\$'000	S\$'000	Balance S\$'000
Undertake potential investment in distribution and environmental business	1,680	(1680)	-
Working capital requirement	701	(701)*	-
Repayment of bank borrowings	265	(265)	-
Total	2,646	-2,646	-

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.

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F OTHER INFORMATION (cont'd)

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

On behalf of the Board of Directors, we hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of AnnAik Limited which may render the condensed financial statements announcement for the full year of 2021 to be false or misleading in any material aspect.

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

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

19 Disclosure pursuant to Rule 706A of the Listing Manual

As announced on 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 ended 31 December 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 liquidation (before taxation) of approximately S\$0.51 million.

Further to the Announcement made on 26 July 2021, Acquisitions pursuant to the Shanghai AngWei SPA amounting to RMB 2,709,367 has been completed on 23 July 2021 and ChangXing AngWei SPA amounting to RMB 1,720,606 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

28 February 2022

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

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