

**Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2019**

**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 2019**

	Note	Group		
		2019	2018	Change
		S\$'000	(Restated) S\$'000	%
<b>Revenue</b>		<b>52,632</b>	<b>56,766</b>	<b>(7.28%)</b>
Cost of sales		(40,524)	(46,025)	(11.95%)
<b>Gross profit</b>		<b>12,108</b>	<b>10,741</b>	<b>12.73%</b>
Other operating income		5,105	1,803	183.14%
Distribution expenses		(1,209)	(1,557)	(22.35%)
Administrative expenses		(9,531)	(9,419)	1.19%
Impairment losses on financial assets		(159)	(217)	(26.73%)
Other operating expenses		(1,762)	(477)	269.39%
Share of result of associate		778	1,587	(50.98%)
Finance costs		(1,398)	(1,157)	20.83%
<b>Profit before income tax</b>		<b>3,932</b>	<b>1,304</b>	<b>201.53%</b>
Income tax expense		(663)	(326)	103.37%
<b>Profit for the year</b>	(i)	<b>3,269</b>	<b>978</b>	<b>234.25%</b>
<b>Attributable to:</b>				
Owners of the Company		1,956	845	131.48%
Non-controlling interests		1,313	133	887.22%
		<b>3,269</b>	<b>978</b>	<b>234.25%</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019**

	Group		
	2019	2018	Change
	S\$'000	(Restated) S\$'000	%
<b>Profit for the year</b>	<b>3,269</b>	<b>978</b>	<b>234.25%</b>
<b>Other comprehensive Profit, after tax:</b>			
Exchange differences on translation of foreign operations	(1,114)	(1,014)	10%
Other comprehensive (loss) for the period, net of tax	(1,114)	(1,014)	10%
<b>Total comprehensive Profit / (Loss) for the year</b>	<b>2,155</b>	<b>(36)</b>	<b>NM</b>
<b>Total comprehensive Profit / (Loss) attributable to:</b>			
Owners of the Company	1,114	55	1,925%
Non-controlling interests	1,041	(91)	NM
	<b>2,155</b>	<b>(36)</b>	<b>NM</b>

NM: Not meaningful

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2019

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019 (cont'd)

#### Note

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

	Group		
	2019	2018	Change
	S\$'000	(Restated) S\$'000	%
(Reversal )/allowance for slow moving inventories	(46)	379	NM
Write down/(reversal of write down) of inventories to net realisable value	45	(46)	NM
Impairment losses on financial assets - trade receivables	159	217	(27%)
Amortisation of land use rights	30	7	329%
Amortisation of intangible assets	1,426	1,306	9%
Amortisation of government grant	(68)	(70)	(3%)
Amortisation of right to use assets	172	-	NM
Depreciation of property, plant and equipment	1,319	1,467	(10%)
Finance costs	1,398	1,157	21%
Written off Intangible assets	454	36	1,161%
Gain on Bargain Purchase - net	(1,779)	-	NM
Written off goodwill	929	-	NM
Interest income	(24)	(41)	(41%)
Gain on disposal of property, plant and equipment	(1,493)	(17)	8,682%
Written off property, plant and equipment	8	-	NM
Bad debts written off	-	5	NM
Foreign currency exchange adjustment (gain)/loss - net	92	(71)	NM
Fair value gain on derivative of financial assets (unrealised)	(6)	(38)	(84%)

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2019

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 2019

	Group		Company	
	31-12-2019	31/12/2018 (Restated)	31-12-2019	31-12-2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	10,989	5,468	2,421	257
Trade receivables	12,493	10,860	-	-
Other receivables	6,271	5,809	185	120
Land use rights	7	7	-	-
Prepayments	198	112	36	24
Amount due from subsidiaries	-	-	12,240	11,435
Inventories	17,717	19,537	-	-
Financial derivative assets	-	1	-	-
Assets classified as held for sale	665	636	-	-
<b>Total current assets</b>	<b>48,340</b>	<b>42,430</b>	<b>14,882</b>	<b>11,836</b>
<b>Non-current assets:</b>				
Property, plant and equipment	24,353	27,529	-	-
Right-of-use assets	2,972	-	-	-
Land use rights	907	269	-	-
Goodwill	498	1,339	-	-
Intangible assets	34,169	21,856	2,036	2,375
Investment in subsidiaries	-	-	29,025	29,289
Investment in associates	10,178	13,709	-	-
Club membership	190	190	190	190
Refundable deposits	853	869	-	-
Amount due from subsidiaries	-	-	728	-
Deferred tax assets	3	4	-	-
<b>Total non-current assets</b>	<b>74,123</b>	<b>65,765</b>	<b>31,979</b>	<b>31,854</b>
<b>Total assets</b>	<b>122,463</b>	<b>108,195</b>	<b>46,861</b>	<b>43,690</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities:</b>				
Bank loans	7,626	6,037	1,451	200
Government loan	-	991	-	-
Leases liabilities	247	43	-	-
Bills payables	7,576	8,696	-	-
Trade payables	3,086	2,627	-	-
Other payables and accruals	10,024	6,788	1,114	611
Provision for income tax	905	369	-	-
Amount due to subsidiaries and an associate	259	2,646	-	-
Financial derivative liabilities	4	-	-	-
<b>Total current liabilities</b>	<b>29,727</b>	<b>28,197</b>	<b>2,565</b>	<b>811</b>
<b>Non-current liabilities</b>				
Bank loans	15,473	16,078	197	-
Government loan	396	519	-	-
Leases liabilities	2,698	75	-	-
Other payables and accruals	28	43	-	-
Government grants	1,591	1,703	-	-
Deferred tax liabilities	1,668	423	-	-
Financial derivative liabilities	-	12	-	-
<b>Total non-current liabilities</b>	<b>21,854</b>	<b>18,853</b>	<b>197</b>	<b>-</b>
<b>Capital, reserves and non-controlling interests</b>				
Share capital	38,777	36,131	38,777	36,131
Treasury Shares	(470)	(470)	(470)	(470)
Reserves	20,337	19,438	5,792	7,218
Equity attributable to owners of the Company	58,644	55,099	44,099	42,879
Non-controlling interests	12,238	6,046	-	-
<b>Total equity</b>	<b>70,882</b>	<b>61,145</b>	<b>44,099</b>	<b>42,879</b>
<b>Total liabilities and equity</b>	<b>122,463</b>	<b>108,195</b>	<b>46,861</b>	<b>43,690</b>

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2019

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

	Group	
	As At	
	31-12-2019	31/12/2018 (Restated)
	S\$'000	S\$'000
<b>Amount repayable in one year or less, or on demand:-</b>		
Secured	13,998	14,576
Unsecured	1,451	200
<b>Sub-Total</b>	<b>15,449</b>	<b>14,776</b>
<b>Amount repayable after one year</b>		
Secured	17,974	16,153
Unsecured	197	-
<b>Sub-Total</b>	<b>18,171</b>	<b>16,153</b>
<b>Total borrowings and debt securities</b>	<b>33,620</b>	<b>30,929</b>

Details of any collateral

At 31 December 2019 and 31 December 2018, the Group's secured borrowings consist of bank overdrafts, bank loans, leases liabilities and bills payable.

At 31 December 2019, bank loans of S\$10.39 million (31 December 2018: S\$11.05 million) was secured by a charge over a property of a subsidiary. In addition, bank loans of S\$6.95 million (31 December 2018: S\$7.37 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 2019 and 31 December 2018, bank overdrafts, bills payable and remaining bank loans were secured by corporate guarantee of the Company. The leases liabilities were secured by the leased assets.

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2019

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 2019

	Note	Group	
		2019	2018
		S\$'000	(Restated) S\$'000
<b>Cash flows from operating activities:</b>			
Profit before income tax:		3,932	1,304
<b>Adjustments for:</b>			
Impairment losses on financial assets - trade receivables		159	217
Amortisation of land use rights		30	7
Amortisation of intangible assets		1,426	1,306
Amortisation of government grant		(68)	(70)
Amortisation of right to use assets		172	-
Depreciation of property, plant and equipment		1,319	1,467
Finance costs		1,398	1,157
Gain on disposal of property, plant and equipment		(1,493)	(17)
Bad debts written off		-	5
Interest income		(24)	(41)
Written off intangible assets		454	36
Fair value gain on derivative of financial assets (unrealised)		(6)	(38)
Unrealised foreign exchange (gain)/loss		92	91
Written off property plant and equipment		8	-
Share of result of associates		(778)	(1,587)
Gain on Bargain Purchase - net		(1,779)	-
(Reversal)/allowance for slow moving inventories		(46)	379
Written off goodwill		929	-
Write down/(reversal of write down) of inventories to net realisable value		45	(46)
<b>Operating cash flow before working capital changes</b>		<b>5,770</b>	<b>4,170</b>
Trade receivables		(1,791)	(412)
Other receivables		(2,852)	(2,735)
Inventories		1,820	403
Trade payables		459	82
Other payables		3,986	2,102
(Repayment)/addition of bills payables, net		(1,120)	1,015
<b>Cash flows generated from operations</b>		<b>6,272</b>	<b>4,625</b>
Interest paid		(1,398)	(1,157)
Interest income received		24	41
Income taxes paid		1,117	(495)
<b>Net cash flows generated from operating activities</b>		<b>6,015</b>	<b>3,014</b>
<b>Cash flows from investing activities:</b>			
Proceeds on disposal of property, plant and equipment		3,163	101
Proceeds from disposal of assets held for sales		-	145
Receipt of fixed deposit, pledged		-	1,000
Additions to intangible assets		(10,611)	(1,847)
Purchase of property, plant and equipment		(378)	(477)
Purchase of land use rights		(699)	-
Decrease increase in amount due to associate		(2,387)	(735)
Proceed from disposal of subsidiary		4	-
<b>Net cash flows used in investing activities</b>		<b>(10,908)</b>	<b>(1,813)</b>

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2019

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019 (cont'd)

	Note	Group	
		2019	2018
		S\$'000	(Restated) S\$'000
<b>Cash flows from financing activities:</b>			
Purchase of treasury shares		-	(254)
Issuance in ordinary shares		2,844	-
Share Issuance cost		(199)	-
Proceeds / (Repayment of) from loans and borrowings		47	(61)
Increase in investment in subsidiary		(720)	-
Capital contributions from non-controlling interests		8,702	360
Proceed / (Repayment) of obligations under leases liabilities		25	(67)
Increase in amount due to associates		-	-
Acquisition of non-controlling interests without a change in control		-	(145)
<b>Net cash flows generated/(used in) from financing activities</b>		<b>10,699</b>	<b>(660)</b>
Net increase in cash and cash equivalents		5,806	541
Cash and cash equivalents at the beginning of the year		5,468	4,990
Effect of exchange rate changes on the balance of cash held in foreign currencies		(285)	(63)
<b>Cash and cash equivalents at the end of the year</b>	(1)	<b>10,989</b>	<b>5,468</b>

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

	2019	2018
	S\$'000	(Restated) S\$'000
Cash and bank balances	10,989	5,468
	10,989	5,468

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2019

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 FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Share Capital	Treasury shares	Currency Translation Reserve	Reserve Fund	Share Options Reserve	Retained Earnings	Attributable To Owners Of The Company	Non-Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>									
<b>Balance as at 1 January 2018</b>	36,131	(216)	286	315	785	18,242	55,543	5,915	61,458
Restated	-	-	-	-	-	248	248	-	248
<b>Restated Balance as at 1 January 2018</b>	36,131	(216)	286	315	785	18,490	55,791	5,915	61,706
Dividend paid	-	-	-	-	-	(493)	(493)	-	(493)
Expiry of share options	-	-	-	-	(205)	205	-	-	-
Purchase of treasury shares	-	(254)	-	-	-	-	(254)	-	(254)
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	360	360
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	(138)	(138)
Transfer to statutory reserve fund	-	-	-	755	-	(755)	-	-	-
Total comprehensive income for the year	-	-	(790)	-	-	1,222	432	(91)	341
<b>Balance as at 31 December 2018</b>	36,131	(470)	(504)	1,070	580	18,669	55,476	6,046	61,522
<b>Balance as at 1 January 2019</b>	36,131	(470)	(504)	1,070	580	18,669	55,476	6,046	61,522
Restated	-	-	-	-	-	(377)	(377)	-	(377)
<b>Restated Balance as at 1 January 2019</b>	36,131	(470)	(504)	1,070	580	18,292	55,099	6,046	61,145
Disposal of Subsidiary	-	-	-	-	-	4	4	-	4
Transfer of statutory reserve fund	-	-	-	497	-	(497)	-	-	-
Total comprehensive income for the year	-	-	(842)	-	-	1,956	1,114	1,041	2,155
Expiry of share options	-	-	-	-	(57)	57	-	-	-
Issuance of Ordinary Shares	2,845	-	-	-	-	-	2,845	-	2,845
Share issuance expenses	(199)	-	-	-	-	-	(199)	-	(199)
Dividend paid by a subsidiary	-	-	-	-	-	(219)	(219)	-	(219)
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	5,151	5,151
<b>Balance as at 31 December 2019</b>	38,777	(470)	(1,346)	1,567	523	19,593	58,644	12,238	70,882

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2019

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019 (cont'd)

	Share Capital	Treasury shares	Share Options Reserve	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>					
<b>Balance as at 1 January 2018</b>	<b>36,131</b>	<b>(216)</b>	<b>785</b>	<b>7,664</b>	<b>44,364</b>
Dividend paid	-	-	-	(493)	(493)
Expiry of share options	-	-	(205)	205	-
Purchase of treasury shares	-	(254)	-	-	(254)
Total comprehensive income for the year	-	-	-	(738)	(738)
<b>Balance as at 31 December 2018</b>	<b>36,131</b>	<b>(470)</b>	<b>580</b>	<b>6,638</b>	<b>42,879</b>
<b>Balance as at 1 January 2019</b>	<b>36,131</b>	<b>(470)</b>	<b>580</b>	<b>6,638</b>	<b>42,879</b>
Expiry of share options	-	-	(57)	57	-
Issuance of ordinary shares	2,845	-	-	-	2,845
Share issuance expenses	(199)	-	-	-	(199)
Total comprehensive income for the year	-	-	-	(1,426)	(1,426)
<b>Balance as at 31 December 2019</b>	<b>38,777</b>	<b>(470)</b>	<b>523</b>	<b>5,269</b>	<b>44,099</b>



# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2019

- 1 (d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of 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 2019	248,973	36,131
Less: Treasury Share	(4,202)	(470)
Add: Right Issue	43,760	2,646
Balance as at 31 December 2019	<b>288,531</b>	<b>38,307</b>

Company has treasury shares of 4,202,100 shares at S\$470,376 as at 31 December 2019 (31 December 2018: 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 2019 was 11,977,500 (as at 31 December 2018: 10,632,000).

Company has nil subsidiary holdings as at 31 December 2019 (31 December 2018: Nil).

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

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

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

Not applicable.

- 1 (d)(v) 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.

- 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.

- 3A Where the latest financial statements are subject to an adverse opinion or disclaimer of opinion:-

- (a) Updates on the efforts taken to resolve each outstanding audit issue.

The latest financial statements are not subject to an adverse opinion or disclaimer of opinion.

- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2019

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

Except as disclosed in paragraph 5 below, the Group and Company have adopted the same accounting policies and methods of computation for the current financial period as those applied in the financial year ended 31 December 2018 except for the adoption of new and revised accounting standards (including its consequential amendments) and interpretations applicable for the period year beginning 1 January 2019.

**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.**

The Group has adopted SFRS(I) 16 which took effect in the current financial year. Under SFRS(I) 16, the Group is required to recognise on the balance sheet a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use assets). The Group is also required to separately recognise the interest expense on the lease liability and amortisation expense on the right-of-use asset. The adoption has resulted in increases in total assets, liabilities, amortisation expense and finance cost.

**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		
	2019	2018 (Restated)	Change %
Earnings per ordinary share (EPS) 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	0.77 254,242,237	0.34 246,406,514	126.28% 3.18%
(ii) On a fully diluted basis (in cents) - Adjusted weighted average number of shares	0.77 254,242,237	0.34 246,406,514	126.47% 3.18%

**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
	31-12-2019	31/12/2018 (Restated)		31-12-2019	31-12-2018	
	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	20.33	22.51	(9.71%)	15.28	17.52	(12.76%)

The net asset value per ordinary share is based on 288,530,874 (2018: 244,770,900) shares at the end of each period.

- 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 2019 was S\$1.96 million as compared to S\$0.85 million recorded in the prior year. The improvement in results was mainly due to gain on bargain purchase recognised as income of S\$1.78 million was based on the fair value exercise for the strategic step-up acquisition of 20% shareholding in HuZhou ShuangLin plant coupled with improved operating results in the environmental business division.

The Group's revenue for the year ended 31 December 2019 decreased 7.28% from S\$56.77 million to S\$52.63 million. The decrease in group revenue of S\$4.14 million was mainly attributable to significantly lower sales generated from steel trading business amounting to S\$14.5 million, compounded by trade barrier and duties imposed in its principal markets such as India, Korea and Middle East countries. In addition, a lower turnover generated from steel distribution business amounting to S\$1.0 million was caused by lesser number of projects sales secured. Furthermore, the Group has exited from the carbon steel business and procurement services business since mid of FY2018. However, the decrease was partially offset by an improvement in sales amounting to S\$10.87 million for industrial wastewater treatment and hazardous wastewater treatment businesses, both of which are under the environmental business division, as a result from improved treatment utilisation rate, expansion of ChangXing Angwei and ChangXing Linyi plants and higher EPC projects delivered in China and Singapore.

Gross profit increased by S\$1.37 million or 12.73% for the year ended 31 December 2019. The increase in gross profit was predominantly attributable to better operating results derived from both industrial wastewater treatment and hazardous wastewater treatment businesses which were boosted by better utilisation rate, achieving economies of scale for newly set up plants in stable operations as well as more EPC projects secured and delivered as compared to the prior year. However, the increase was partially offset by lower gross profit generated from the distribution business corresponding with the lower turnover. The improvement of gross profit margin by 5 percentage points as compared to FY2018, was mainly due to changes in the product mix in distribution business and better margins secured from EPC projects under hazardous wastewater treatment in the environmental business division.

The Group's distribution expenses decreased by S\$0.35 million or 22.35% as compared to the prior year was in line with lower revenue generated. Administrative expenses increased by S\$0.11 million or 1.19% mainly due to higher payroll related cost. The increase in other operating income by S\$3.30 million was mainly attributable to a gain from disposal of property, plant and equipment amounting to S\$1.49 million in LinXing Water Supply plant and gain on bargain purchase as income of S\$1.78 million from the fair value exercise for the strategic a step-up acquisition of 20% in HuZhou ShuangLin plant recorded during the year. Other operating expenses increased by S\$1.28 million or 269.39% were mainly attributable to a write off of goodwill amounting to S\$0.93 million arising from the disposal of LinXing Water Supply plant in FY2019. Higher finance costs was attributed to increased interest bearing borrowings balances.

Share of result of associate mainly from the rural wastewater treatment business decreased by S\$0.56 million or 47.77% due to lesser number of EPC projects secured and delivered.

The total liabilities of the Group increased S\$4.53 million from S\$47.05 million as at 31 December 2018 to S\$51.58 million as at 31 December 2019. The increase was mainly due to adoption of SFRS(I) 16, the Group recognised right-of-use assets and corresponding lease liabilities at S\$2.95 million. The increase in other payable and accruals of S\$3.33 million was caused by full consolidation of HuZhou ShuangLin balances amounting to S\$1.13 million and additional amount owing to external party of S\$1.00 million after step-up acquisition, coupled with additional provision provided for EPC projects of S\$0.80 million under the environmental business. The increase in trade payables was attributable to the newly set up entity Zhejiang Shengtai. The increase in deferred tax liabilities of S\$1.25 million was also due to provision made based on the fair value exercise for the strategic step-up acquisition. Furthermore, additions in bank loans amounting to \$0.98 million was required for working capital purposes. However, the increase in total liabilities was partially offset by scheduled repayment made for amount due to an associate, government loans, bill payables amounting to S\$2.39 million, S\$1.12 million and S\$1.12 million respectively. The Group's net gearing ratio improved from 0.46 times as at 31 December 2018 to 0.39 times as at 31 December 2019.

The current assets of the Group increased by S\$5.91 million from S\$42.43 million as at 31 December 2018 to S\$48.34 million as at 31 December 2019. The increase was mainly attributable to the increase in cash and bank balances of S\$5.52 million from full consolidation of HuZhou ShuangLin cash balances after the step-up acquisition, proceeds of S\$2.64 million from rights cum warrants issue and sales proceeds of S\$3.16 million from LinXing government linked company in relation to the disposal of property, plant and equipment. Higher trade receivables amounting to S\$1.63 million was a result of extended credit terms given to our customers. This led to an increase in debtor turnover from 72 days as at 31 December 2018 as compared to 96 days as at 31 December 2019. However, the adoption of better inventory management control measures for stock replenishment led to a decrease in inventory of S\$1.82 million.

The Group maintained a healthy and positive working capital of S\$18.61 million or current ratio of 1.63 times with current assets of S\$48.34 million and current liabilities of S\$29.72 million as at 31 December 2019.

The non-current assets of the Group increased S\$8.35 million from S\$65.77 million as at 31 December 2018 to S\$74.12 million as at 31 December 2019. The increase was mainly attributable to adoption of SFRS(I) 16 mentioned as above with recognition of right-of-use assets at S\$2.97 million. The increase in land use rights was mainly due to the step-up acquisition of HuZhou ShuangLin and newly set up entity Changxing Linyi. The increase in intangible assets of S\$12.31 million under the environment business was mainly due to the step-up acquisition of additional 20% shareholding in HuZhou ShuangLin as subsidiary amounting to S\$4.66 million with a corresponding decrease in investment of associate of S\$3.94 million, fair value adjustment made amounting to S\$3.68 million and additional capital expenditure for expansion of wastewater treatment plants. However, the increase was partially offset by depreciation and amortisation charged for property plant and equipment, compulsory disposal of property plant and equipment and write off of goodwill and rights to draw water amounting to S\$0.93 million arising from the LinXing Water Supply plant.

The cash and cash equivalents as at 31 December 2019 increased by S\$5.52 million to S\$10.99 million. The increase was mainly due to proceeds from issuance on right issues cum warrants amounting to S\$2.64 million, sales proceeds on disposal on property, plant and equipment of S\$3.16 million and positive cash flows generated from operating activities amounting to S\$6.27 million in the current year. However, the increase was partially offset by cash used in industrial wastewater treatment plants expansion under intangible assets, repayment to associate, purchase of property plant and equipment and land use rights under investing activities and purchase consideration paid for in the step-up acquisition of Huzhou Shuanglin from 42% to 62% under financing activities.

Group's net asset per share as at 31 December 2019 was 20.33 cents and weighted average EPS was 0.77 cents.

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2019

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

Not applicable.

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

The COVID-19 (Coronavirus Disease 2019) outbreak emerged unexpectedly and disrupted early signs of stabilisation in the global economy. Depending on how the epidemic situation evolves and as the rest of the world progressively tighten their border controls, the negative impact to global supply chains and business confidence could deepen.

With China's investment growth already expected to slow down following earlier financial reforms to curb shadow lending, the declaration of a phase one trade deal in the last days of December 2019 between the US and China received cautious response as trade tensions remain a source of risk with existing tariffs still in place. Similarly in India, economic momentum is expected to remain subdued as the ongoing credit squeeze persists, shaking business confidence. Separately, developments in the Middle East between the US and Iran may further hurt global investment growth if tensions escalate.

Amidst these external shocks, the group is in a stronger financial position going into 2020 following the successful Rights cum Warrants issue in the 4<sup>th</sup> Quarter of 2019, giving us greater agility to seize larger-scale investment opportunities in China and open new markets in Southeast Asia for the environmental and distribution business. Of note, the environmental segment has proven to be growing in 2019 and is expected to continue to do so.

For the distribution segment, the Group have allocated more resources and step-up marketing efforts to garner higher sales revenue. At the same time, we will continue to pursue a strategy to be asset-light and adopt a sustainable, OEM-model approach, in the Group's manufacturing division. Looking ahead, growth is expected to remain on a moderate trajectory amid headwinds, although this projection is subject to considerable uncertainty in the external environment.

**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 of 0.3 Singapore cent per share for the year ended 31 December 2019, subject to shareholders' approval at the forthcoming Annual General Meeting.

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

0.3 Singapore cent per share.

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

NA

**(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.**

NA

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2019

- 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 - 2019	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	29,980	2,845	-	19,807	-	52,632
Inter-segment revenue	1,041	3,149	-	869	(5,059)	-
Total revenue	31,021	5,994	-	20,676	(5,059)	52,632
<b>RESULTS</b>						
Segment result	(2,020)	154	(4)	3,016	1,029	2,175
Gain on disposal of property, plant and equipment	-	-	-	1,493	-	1,493
Gain on Bargain Purchase - net	-	-	-	1,779	-	1,779
Written off goodwill	-	-	-	(929)	-	(929)
Share of results of associate	-	-	-	778	-	778
Interest income	8	2	-	24	-	34
Finance costs	-	-	-	-	-	(1,398)
Profit before income tax						3,932
Income tax expenses						(663)
Profit for the year						3,269

BUSINESS SEGMENT - 2018	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	44,689	2,448	-	9,629	-	56,766
Inter-segment revenue	3,284	3,533	-	174	(6,991)	-
Total revenue	47,973	5,981	-	9,803	(6,991)	56,766
<b>RESULTS</b>						
Segment result	(1,904)	293	(66)	1,965	545	833
Share of results of associate	-	-	-	1,587	-	1,587
Interest income	-	-	-	-	-	41
Finance costs	-	-	-	-	-	(1,157)
Profit before income tax						1,304
Income tax expenses						(326)
Profit for the year						978

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2019

### GEOGRAPHICAL SEGMENT

The geographical locations of the Group's customers comprise of below list.

#### Revenue by location of customers

	Revenue	
	FY 2019	FY 2018
	S\$'000	S\$'000
Singapore	16,593	14,136
China	17,191	9,580
Malaysia	5,214	5,260
India	4,101	9,856
Korea	3,063	10,616
Indonesia	2,257	1,783
Vietnam	1,245	770
Australia	1,039	1,366
Others	992	2,229
New Zealand	488	525
USA	332	491
Thailand	117	154
	52,632	56,766

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

	Non-current Assets	
	FY 2019	FY 2018
	S\$'000	S\$'000
Singapore	19,625	19,390
PRC	43,710	35,151
Korea	53	23
Malaysia	10,735	11,201
	74,123	65,765

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

Please refer to No. 8 page 11.

- 15 A breakdown of sales

	Group		
	FY 2019	2018 (Restated)	Change
	S\$'000	S\$'000	%
(a) Sales reported for first half of year	21,971	30,390	(28%)
(b) Profit / (Loss) after income tax reported for first half year	244	1,815	(87%)
(c) Sales reported for second half of year	30,661	26,376	16%
(d) Profit/(Loss) after income tax reported for second half year	3,025	(837)	NM

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2019

- 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 Paid

	FY 2019 S\$'000	FY 2018 S\$'000
Ordinary Preference Total	-	493
	-	-
	-	493

- 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 (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	66	Wife of Mr Ow Chin Seng (Executive Chairman cum CEO) and mother of Mr Ow Eei Meng, Benjamin (Deputy CEO cum Executive 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	45	Nephew of Mr Ow Chin Seng (Executive Chairman cum CEO) and cousin of Mr Ow Eei Meng, Benjamin (Deputy CEO cum Executive Director).	Commercial Manager in AnnAik Limited's subsidiary (Ichinose Emico Valves (S) Pte Ltd) since 1 Jan 2017. Responsible for daily operations of the Company.	-
Ow Eei Phurn Benedict	40	Son of Mr Ow Chin Seng (Executive Chairman cum CEO) and brother of Mr Ow Eei Meng, Benjamin (Deputy CEO cum Executive Director).	Project Sales Manager since July 2013. Responsible for development of the project sales department in distribution products.	-

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

	Allocation S\$'000	Utilization S\$'000	Balance S\$'000
Undertake potential investment in distribution and environmental business	1,679	-	1,679
Working capital requirement	701	(280)	421
Repayment of bank borrowings	265	(265)	-
<b>Total</b>	<b>2,645</b> <sup>(1)</sup>	<b>(545)</b>	<b>2,100</b>

The Board wish to provide an update that the Company has during the period from 11 October 2019 to the date of this announcement utilised approximately S\$0.265 million for repayment of bank borrowings and S\$0.280 million for general working capital (settlement of Trust Receipts for purchase of inventories) from the net proceeds.

The above allocation basis used are based on average of Net Proceeds from Maximum Subscription and Minimum Subscription Scenario (before exercise of the Warrants). As of the date of this announcement, no warrants have been exercised.

<sup>(1)</sup>The actual Net Proceeds after taking into account expenses related to Rights cum Warrants issue.

- 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                      Ng Kim Keang  
Executive Chairman              Executive Director

27-02-2020