

**Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2013**

**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 2013**

	Note	Group		
		FY 2013	FY 2012	Change
		S\$'000	S\$'000	%
<b>Revenue</b>		52,410	82,590	(36.54%)
Cost of sales		(40,649)	(71,037)	(42.78%)
<b>Gross Profit</b>		11,761	11,553	1.80%
Other operating income		1,475	3,324	(55.63%)
Distribution expenses		(1,708)	(2,194)	(22.15%)
Administrative expenses		(8,335)	(9,644)	(13.57%)
Other operating expenses		(1,636)	(919)	78.02%
Share of result of associates		(66)	689	NM
Finance costs		(560)	(579)	(3.28%)
<b>Profit before income tax</b>		931	2,230	(58.25%)
Income tax expenses	(i)	(441)	(419)	5.25%
<b>Profit for the year</b>	(ii)	490	1,811	(72.94%)
<b>Attributable to:</b>				
Equity holders of the Company		(273)	2,492	NM
Non-controlling interests		763	(681)	NM
		490	1,811	(72.94%)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013**

	Group		
	FY 2013	FY 2012	Change
	S\$'000	S\$'000	%
<b>Profit for the year</b>	490	1,811	(72.94%)
<b>Other comprehensive income, after tax:</b>			
Exchange differences on translation of foreign operations	153	1,024	(85.06%)
Other comprehensive income for the year, net of tax	153	1,024	(85.06%)
<b>Total comprehensive income for the year</b>	643	2,835	(77.32%)
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	137	2,936	(95.33%)
Non-controlling interests	506	(101)	NM
	643	2,835	(77.32%)

NM: Not meaningful

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd)**

**Notes**

(i) The Group income tax figure includes an underprovision in prior years of S\$202,697 (2012: S\$84,978) and group relief of S\$90,396 (2012: S\$164,247)

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

	Group		
	FY 2013	FY 2012	Change
	S\$'000	S\$'000	%
Reversal of allowance for inventories	(1,138)	(118)	864.41%
Allowance for doubtful debts	54	44	22.73%
Allowance for claim on contract work	727	-	NM
Amortisation of government grant	(64)	(60)	6.67%
Amortisation of intangible assets	410	343	19.53%
Amortisation of prepaid land rental	16	25	(36.00%)
Bad debts written off	45	-	NM
Depreciation of property, plant and equipment	1,339	1,718	(22.06%)
Ex-gratia received	-	(959)	NM
Finance costs	560	579	(3.28%)
Foreign currency exchange adjustment loss - net	274	610	(55.08%)
Gain on liquidation of an associate	(3)	-	NM
Gain on dilution of shares in subsidiaries & associates	(788)	-	NM
Gain on acquisition of a subsidiary's shares	(44)	-	NM
Gain on disposal of property, plant and equipment	(40)	(1,940)	(97.94%)
Government subsidy	(398)	(140)	184.29%
Impairment of available-for-sale investments	553	-	NM
Interest income	(33)	(30)	10.00%
Loss on deregistration of a subsidiary	31	-	NM
Loss on disposal of subsidiaries	-	294	NM
Loss on disposal of intangible assets	20	-	NM
Property, plant and equipment written off	5	8	(37.50%)

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2013

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 2013

	Group		Company	
	FY 2013	FY 2012	FY 2013	FY 2012
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	10,913	15,917	4,817	5,052
Trade receivables	8,833	12,693	-	-
Other receivables	13,095	4,367	10,342	2,354
Amount due from contract customer	1,582	2,309	-	-
Amount due from subsidiaries and associates	404	4,107	8,926	6,773
Inventories	20,849	34,989	-	-
<b>Total current assets</b>	<b>55,676</b>	<b>74,382</b>	<b>24,085</b>	<b>14,179</b>
<b>Non-current assets:</b>				
Property, plant and equipment	20,754	18,765	-	-
Prepaid land rental	307	1,116	-	-
Goodwill	497	497	-	-
Intangible assets	10,038	9,395	-	-
Investment in subsidiaries	-	-	17,956	32,574
Investment in associates	2,427	5,939	-	984
Available-for-sale investments	10,553	5,667	10,553	5,667
Club membership	190	190	190	190
Refundable deposits	668	668	-	-
Amount due from subsidiaries and associates	-	-	6,181	12,996
Deferred tax assets	80	-	-	-
<b>Total non-current assets</b>	<b>45,514</b>	<b>42,237</b>	<b>34,880</b>	<b>52,411</b>
<b>Total assets</b>	<b>101,190</b>	<b>116,619</b>	<b>58,965</b>	<b>66,590</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Bank overdrafts	276	182	-	-
Current portion of bank loans	4,667	10,014	-	-
Current portion of finance leases	272	82	-	-
Bills payables	8,884	4,036	-	-
Trade payables	1,158	3,818	-	-
Other payables	4,447	15,195	674	2,540
Income tax payable	149	7	-	-
<b>Total current liabilities</b>	<b>19,853</b>	<b>33,334</b>	<b>674</b>	<b>2,540</b>
<b>Non-current liabilities:</b>				
Bank loans	11,555	6,428	-	-
Finance leases	397	175	-	-
Government grants	2,072	1,936	-	-
Deferred tax liabilities	252	355	-	-
<b>Total non-current liabilities</b>	<b>14,276</b>	<b>8,894</b>	<b>-</b>	<b>-</b>
<b>Capital, reserves and non-controlling interests:</b>				
Share capital	36,131	36,131	36,131	36,131
Reserves	26,720	27,309	22,160	27,919
Equity attributable to equity holders of the Company	62,851	63,440	58,291	64,050
Non-controlling interests	4,210	10,951	-	-
<b>Total equity</b>	<b>67,061</b>	<b>74,391</b>	<b>58,291</b>	<b>64,050</b>
<b>Total liabilities and equity</b>	<b>101,190</b>	<b>116,619</b>	<b>58,965</b>	<b>66,590</b>

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2013

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

	Group	
	FY 2013	FY 2012
	S\$'000	S\$'000
<b><u>Amount repayable in one year or less, or on demand:-</u></b>		
Secured	14,099	14,314
Unsecured	-	-
<b>Sub-Total</b>	<b>14,099</b>	<b>14,314</b>
<b><u>Amount repayable after one year</u></b>		
Secured	11,952	6,603
Unsecured	-	-
<b>Sub-Total</b>	<b>11,952</b>	<b>6,603</b>
<b>Total borrowings and debt securities</b>	<b>26,051</b>	<b>20,917</b>

#### Details of any collateral

At 31 December 2013 and 31 December 2012, the Group's secured borrowings consist of bank overdrafts, bank loans, finance leases and bills payables.

At 31 December 2013, bank loans of S\$9.65 million (31 December 2012: S\$4.62 million) was secured by a charge over a property of subsidiary.

At 31 December 2013 and 31 December 2012, bank overdrafts, bills payables and remaining bank loans were secured by corporate guarantees of the Company. The finance leases were secured by the leased assets.

**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 2013**

	Note	Group	
		FY 2013	FY 2012
		S\$'000	S\$'000
<b>Operating activities:</b>			
Profit before income tax:		931	2,230
<b>Adjustments for:</b>			
Gain on disposal of property, plant and equipment		(40)	(1,940)
Loss on disposal of intangible assets		20	-
Loss on deregistration of a subsidiary		31	-
Loss on disposal of subsidiaries		-	294
Gain on liquidation of an associate		(3)	-
Gain on dilution of shares in subsidiaries and associates		(788)	-
Gain on acquisition of a subsidiary's shares		(44)	-
Allowance for doubtful debts		54	44
Allowance for claim on contract work		727	-
Reversal of allowance for inventories		(1,138)	(118)
Impairment of available-for-sale investments		553	-
Amortisation of intangible assets		410	343
Amortisation of prepaid land rental		16	25
Amortisation of government grant		(64)	(60)
Bad debt written off		45	-
Depreciation of property, plant and equipment		1,339	1,718
Finance costs		560	579
Interest income		(33)	(30)
Unrealised foreign exchange (gain)/loss		(614)	817
Property, plant and equipment written off		5	8
Share of result of associates		66	(689)
Share-based payment expense		49	-
<b>Operating cash flows before movement in working capital</b>		<b>2,082</b>	<b>3,221</b>
Trade receivables		928	(999)
Other receivables		(9,885)	(475)
Inventories		2,176	4,874
Trade payables		(2,033)	(458)
Other payables		5,946	1,663
<b>Cash (used in)/generated from operations</b>		<b>(786)</b>	<b>7,826</b>
Interest paid		(512)	(540)
Interest received		33	30
Income tax paid		(516)	(765)
<b>Net cash (used in)/generated from operating activities</b>		<b>(1,781)</b>	<b>6,551</b>
<b>Investing activities:</b>			
Proceeds on disposal of property, plant and equipment		49	3,447
Proceeds on disposal of a subsidiary	(1)	-	91
Proceeds from government in relation to compulsory land acquisition		-	10,711
Proceeds on disposal of intangible assets		2	-
Decrease in amount due from associates		19	19
Purchase of property, plant and equipment	(2)	(13,669)	(8,162)
Additions to intangible assets		(1,075)	(2,456)
Acquisition of additional interest in a subsidiary		(113)	-
Effect of dilution in shareholdings of subsidiaries & associates	(3)	6,646	-
Cash inflow on investment of subsidiaries		809	-
<b>Net cash (used in)/generated from investing activities</b>		<b>(7,332)</b>	<b>3,650</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd)**

	Note	Group	
		FY 2013	FY 2012
		S\$'000	S\$'000
<b>Financing activities:</b>			
Repayment to non-controlling interests		-	(1,291)
Proceeds from/(Repayment of) bills payables, net		4,848	(6,719)
Proceeds from government grants		200	126
Proceeds from bank loans		9,035	18,598
Repayment of bank loans		(9,255)	(16,355)
Repayment of obligations under finance leases		(234)	(184)
Dividends paid		(775)	(747)
<b>Net cash generated from/(used in) financing activities</b>		<b>3,819</b>	<b>(6,572)</b>
Net (decrease)/increase in cash and cash equivalents		(5,294)	3,629
Cash and cash equivalents at the beginning of the year		15,735	12,397
Effect of exchange rate changes on the balance of cash held in foreign currencies		196	(291)
<b>Cash and cash equivalents at the end of the year</b>	<b>(4)</b>	<b>10,637</b>	<b>15,735</b>

Notes

(1) The effect of disposal of a subsidiary on the cash flows are as follows:

	FY 2012
	S\$'000
Cash and bank balances	249
Trade receivables	583
Other receivables	249
Inventories	967
Property, plant and equipment	242
Bank overdrafts	(42)
Bank loans	(889)
Trade payables	(44)
Other payables	(95)
Group's share of net assets disposed	1,220
Non-controlling interests	(124)
Reclassification of currency translation reserves	1
	1,097
Loss on disposal of a subsidiary	(294)
	803
Less: Cash and cash equivalents in a subsidiary disposed	(207)
	596
Less: Outstanding consideration recorded under other receivables	(505)
Net cash inflow on disposal	91

(2) During the year, the Group acquired plant and equipment with an aggregate cost of S\$646,000 (2012: S\$Nil) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to S\$13,669,000 (2012: S\$8,162,000).

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2013

(3) The effect of dilution in shareholdings of subsidiaries & associates on the cash flows are as follows:

	FY 2013
	S\$'000
Cash and bank balances	3,749
Trade receivables	2,833
Other receivables	1,259
Inventories	13,102
Property, plant and equipment	10,973
Prepaid land rental	793
Investment in associates	3,420
Trade payables	(627)
Other payables	(11,303)
Amount due to holding company	(5,439)
Group's share of net assets disposed	18,760
Non-controlling interests	(7,899)
Reclassification of currency translation reserves	436
	11,297
Gain on dilution of shares in subsidiaries and associates	788
	12,085
Less: Remaining 19% shareholding interests	(5,439)
Net cash inflow on dilution	6,646

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

	FY 2013	FY 2012
	S\$'000	S\$'000
Cash and bank balances	10,913	15,917
Bank overdrafts	(276)	(182)
	10,637	15,735

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**Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2013**


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

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013**

	Share Capital	Currency Translation Reserve	Reserve Fund	Share Options Reserve	Property Revaluation Reserve	Other Reserve	Retained Earnings	Attributable To Equity Holders 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	S\$'000
<b>Group</b>										
<b>Balance as at 1 January 2012</b>	36,131	(1,145)	47	1,250	12,962	(835)	12,841	61,251	11,176	72,427
Total comprehensive income for the year	-	444	-	-	-	-	2,492	2,936	(101)	2,835
Expiry of share options	-	-	-	(335)	-	-	335	-	-	-
Dividend paid	-	-	-	-	-	-	(747)	(747)	-	(747)
Disposal of a subsidiary	-	-	(21)	-	-	835	(814)	-	(124)	(124)
Appropriation to reserve fund	-	-	6	-	-	-	(6)	-	-	-
Transfer of property revaluation reserve to retained earnings	-	-	-	-	(12,962)	-	12,962	-	-	-
<b>Balance as at 31 December 2012</b>	36,131	(701)	32	915	-	-	27,063	63,440	10,951	74,391
<b>Balance as at 1 January 2013</b>	36,131	(701)	32	915	-	-	27,063	63,440	10,951	74,391
Total comprehensive income for the year	-	410	-	-	-	-	(273)	137	506	643
Dividend paid	-	-	-	-	-	-	(775)	(775)	-	(775)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(7,899)	(7,899)
Expiry of share options	-	-	-	(64)	-	-	64	-	-	-
Recognition of share based payment	-	-	-	49	-	-	-	49	-	49
Appropriation to reserve fund	-	-	12	-	-	-	(12)	-	-	-
Incorporation of subsidiaries	-	-	-	-	-	-	-	-	809	809
Acquisition of non-controlling interest in a subsidiary without a change in control	-	-	-	-	-	-	-	-	(157)	(157)
<b>Balance as at 31 December 2013</b>	36,131	(291)	44	900	-	-	26,067	62,851	4,210	67,061



### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd)

	Share Capital	Share Options Reserve	Property Revaluation Reserve	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>					
<b>Balance as at 1 January 2012</b>	<b>36,131</b>	<b>1,250</b>	<b>12,962</b>	<b>12,178</b>	<b>62,521</b>
Total comprehensive income for the year	-	-	-	2,276	2,276
Expiry of share options	-	(335)	-	335	-
Dividend paid	-	-	-	(747)	(747)
Transfer of property revaluation reserve to retained earnings	-	-	(12,962)	12,962	-
<b>Balance as at 31 December 2012</b>	<b>36,131</b>	<b>915</b>	<b>-</b>	<b>27,004</b>	<b>64,050</b>
<b>Balance as at 1 January 2013</b>	<b>36,131</b>	<b>915</b>	<b>-</b>	<b>27,004</b>	<b>64,050</b>
Total comprehensive loss for the year	-	-	-	(5,061)	(5,061)
Expiry of share options	-	(64)	-	64	-
Recognition of share based payment	-	49	-	-	49
Dividend paid	-	-	-	(747)	(747)
<b>Balance as at 31 December 2013</b>	<b>36,131</b>	<b>900</b>	<b>-</b>	<b>21,260</b>	<b>58,291</b>

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2013

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

### SHARE CAPITAL

	Number of Shares	Share Capital
	'000	S\$'000
Balance as at 1 January 2013	248,973	36,131
Balance as at 31 December 2013	<b>248,973</b>	<b>36,131</b>

The number of shares that may be issued on conversion of all share options outstanding as at 31 December 2013 was 21,057,000 (as at 31 December 2012: 8,069,000).

There were no treasury shares held at 31 December 2013 or 31 December 2012.

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

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

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

Not applicable.

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

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

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

Not applicable.

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

The Group and Company have adopted the same accounting policies and methods of computation for the current financial year since those applied in the financial year ended 31 December 2012 except for the adoption of new and revised accounting standards (including its consequential amendments) and interpretations applicable for the financial year beginning 1 January 2013.

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

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

Not applicable.

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

**EARNING PER ORDINARY SHARE**

	Group		
	FY 2013	FY 2012	Change %
(Loss)/Earnings per ordinary share for the financial year based on net (loss)/profit attributable to the equity holders of the Company			
(i) Based on weighted average number of ordinary shares (in cents)	(0.11)	1.00	NM
- Weighted average number of shares	248,973,000	248,973,000	-
(ii) On a fully diluted basis (in cents)	(0.11)	1.00	NM
- Adjusted weighted average number of shares	249,785,225	248,973,000	0.33%

**7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**  
**(a) current financial year reported on; and**  
**(b) immediately preceding financial year**

	Group			Company		
	FY 2013	FY 2012	Change	FY 2013	FY 2012	Change
	Cents	Cents	%	Cents	Cents	%
Net asset backing per ordinary share based on the existing issued share capital as at the end of the financial year	25.24	25.48	-0.94%	23.41	25.73	-9.02%

The net asset value per ordinary share is based on 248,973,000 (2012: 248,973,000) shares at the end of each year.

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

The Group's profit for the year ended 31 December 2013 weakened by 72.94% to S\$0.49 million as compared to S\$1.81 million recorded in the prior year. The weakened results was mainly due to lower turnover and margin generated by the distribution business, the exclusion of one-off gain on the disposal of a factory building of S\$1.88 million and ex-gratia payments from Singapore Land Authority ("SLA") of S\$0.96 million recorded in 2012, further allowance made for claim on contract work of S\$0.73 million and impairment of available-for-sale investments of S\$0.55 million.

The Group's turnover for financial year ended 31 December 2013 dropped 36.54% from S\$82.59 million to S\$52.41 million. The decrease of S\$30.18 million was principally due to the dilution in shareholdings of Shinsei Taizhou Steel Flanges Co., Ltd ("Shinsei Taizhou"), which resulted in only its first six months' turnover being incorporated in financial year ended 31 December 2013. In addition, the distribution division recorded a lower turnover by S\$1.31 million as compared to prior year due to weak demand of stainless steel products and increased competition. However, the decrease in group revenue was partially offset by higher turnover generated in the environmental business division by S\$2.98 million with the delivery and installation of the equipment and the higher volume of treated water from the completed second phase of wastewater treatment plants in PRC.

Despite significant drop in group turnover, gross profit was maintained at 2012 level with much higher gross profit margin of 22.44% recorded as compared to 13.99% in the prior year. The higher gross profit margin was attributed to the exclusion of the second half-year results of the loss making entity; Shinsei Taizhou after dilution in its shareholdings, and the higher contribution from the environmental business division.

Group distribution and administrative expenses decreased by S\$0.49 million and S\$1.31 million respectively as compared to the prior year, in tandem with the lower turnover and the exclusion of the second half-year expenses of Shinsei Taizhou after the dilution. Other operating expenses increased mainly due to recognition of further allowance for claim on contract work of S\$0.73 million followed by arbitration award granted, impairment of available-for-sale investments of S\$0.55 million and recognition of forex loss of S\$0.27 million. As at 31 December 2013, other operating income principally consisted of one-off gain on dilution of share in subsidiaries & associates of S\$0.79 million and gain on acquisition of subsidiary shares of S\$0.04 million, gain on disposal of property, plant and equipment of S\$0.04 million and government subsidy of S\$0.40 million; this compares to one-off gain on disposal of factory building of S\$1.88 million and ex-gratia payments from SLA of S\$0.96 million, gain on disposal of property, plant and equipment of S\$0.05 million and government subsidy of S\$0.14 million in prior year.

Share of loss of associates of S\$0.07 million recorded in 31 December 2013 was due mainly to lower turnover registered by Both-Well Taizhou Steel Fittings Co., Ltd ("Both-Well Taizhou"), coupled with decreased gross profit margin as a result of weak demand of its products and increased production overheads in PRC. The results of Both-Well Taizhou was also deconsolidated together with Shinsei Taizhou from the Group's results following the dilution of share in subsidiaries & associates made in June 2013.

Income tax expenses increased slightly notwithstanding the lower profit before income tax due to underprovision in prior year amounting to S\$0.20 million recorded in the financial year ended 31 December 2013.

As a result of the above, loss attributable to equity holders of the company of S\$0.27 million in financial year ended 31 December 2013 was recorded as compared to profit attributable to equity holders of the company of S\$2.49 million in prior year.

Total liabilities of the Group decreased by S\$8.10 million from S\$42.23 million in 31 December 2012 to S\$34.13 million in 31 December 2013. The decrease was mainly due to deconsolidation of Shinsei Taizhou from the group accounts, thus leading to a drop in trade payables and other payables. However, the decrease in total liabilities was partially offset by increase in bills payables of S\$4.85 million as reutilisation of this facility for the procurement of inventory and increase in finance leases of S\$0.41 million in relation to the purchase of warehouse equipment. Bank borrowings including bank overdrafts and bank loans remain stable as compared to 31 December 2012 except for a higher long-term portion arising from the restructuring of current portion of bank loans to a longer period. This leads to a corresponding decrease in current portion of bank loans. The Group's gearing ratio increased slightly to 0.41 times in 31 December 2013 as compared to 0.33 times in 31 December 2012.

Total assets of the Group decreased by S\$15.43 million from S\$116.62 million in 31 December 2012 to S\$101.19 million in 31 December 2013. The significant drop in total assets was due principally to the deconsolidation of Shinsei Taizhou from the group accounts, which led to a drop in cash and bank balances, trade receivables, inventories, property, plant and equipment and prepaid land rental. With the completion of the deconsolidation of Shinsei Taizhou and Both-Well Taizhou in June 2013, both entities which were previously deemed as subsidiaries and associates of the Company were classified as available-for-sale investments in 31 December 2013. This restructuring exercise led to certain reclassification of accounts including the increase in available-for-sale investments and other receivables, as well as decrease in investment in associates and amount due from subsidiaries and associates. Amount due to contract customers decreased by S\$0.73 million due to further allowance for claim on contract work made after arbitration award granted in the beginning of 2014. However, the decrease in total assets was partially offset by increase in property, plant and equipment mainly attributed to the addition of new office cum warehouse at 52 Tuas Avenue 9 and acquisition of freehold land for the new manufacturing plant in Penang together with the purchase of warehousing equipment and machinery after offsetting the depreciation charged. In addition, the increase in intangible assets was mainly due to capital expenditure in phase two of the construction of wastewater treatment plants in PRC.

The decrease in non-controlling interests was also due to deconsolidation of Shinsei Taizhou, which previously deemed as subsidiary of the company, from the group account.

Group's net asset per share at 31 December 2013 was 25.24 cents and weighted average LPS for financial year ended 31 December 2013 was 0.11 cents.

Cash and cash equivalents as at 31 December 2013 decreased by S\$5.10 million to S\$10.64 million from S\$15.74 million in 31 December 2012 due to more cash used in investing activities for the additions in new office cum warehouse, freehold land and construction of wastewater treatment plants after offsetting with cash generated from financing activities.

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

There is no significant variance from the previous statement.

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

The year 2013 was challenging and the results of the Group reflected this tough reality. In this coming year, we expect that the industry the Group operates in, would continue to remain demanding. Attention will be focused on the USA's monetary policy of Quantity Easing (QE) tapering. This would affect the Group's management of US dollar purchases as majority of its procurement were transacted using this currency. With the recent USD rates strengthening against the SGD, this had made the Group's imports more costly in local terms. Furthermore, the withdrawing of liquidity may also cause major customers' projects to be withheld due to funding issue thereby impacting on sales.

China, the world's manufacturing power house, was also experiencing a demand slowdown and its excess industrial output would inevitably be released into the global market and distort the global market supply chain, hence undermining price. Major Chinese manufacturers with massive capacities would be engaging in direct sales to end users thereby increasing competition and eroding margin. This would be felt by the Group's distribution and manufacturing segments.

On the environmental front, unpredictable weather conditions and rising sea level had prompted many nations to rethink their economic growth strategies and policies. More attention were turned towards renewal and environmental protection planning and technologies for sustainable development. The Group's environmental division would position itself and exploit any opportunities presented.

Even though the USA and Europe had averted the economic crisis brought about by the banking fiasco, there would continue to be strong headwinds. Since 2011, the Group has been assessing its strategies and restructuring its business progressively, given the fluid state of the market. Keeping its core strength and potential growing businesses, the Group endeavors to reorganize by increasing regional market sales, keeping costs down and developing its environmental business to meet the challenges moving ahead.

**11 Dividend**

**(a) Current Financial Period Reported on**

The Directors are pleased to propose a first and final one-tier tax exempt dividend of 0.10 Singapore cent per share for the year ended 31 December 2013, subject to shareholders' approval at the forthcoming Annual General Meeting.

Name of dividend	First and Final
Dividend type	Cash
Dividend amount per share	0.10 Singapore cent
Tax rate	One-tier tax exempt

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Name of dividend	First and Final
Dividend type	Cash
Dividend amount per share	0.30 Singapore cent
Tax rate	One-tier tax exempt

**(c) Date Payable**

To be announced later.

**(d) Books Closure Date**

To be announced later.

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

Not applicable.

**Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2013**

- 13 **Segmented revenue and results for the 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 five reporting segments; distribution of stainless steel piping products; manufacturing of steel flanges; manufacturing of cleanroom face masks; engineering construction of piping process system and environmental business.

<b>BUSINESS SEGMENT - 2013</b>	<b>Distribution Steel Products</b>	<b>Manufacturing Steel Flanges</b>	<b>Manufacturing Facemasks</b>	<b>Engineering Construction</b>	<b>Environmental Business</b>	<b>Elimination</b>	<b>Group</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>REVENUE</b>							
External revenue	34,925	9,600	-	186	7,699	-	52,410
Inter-segment revenue	1,013	1,556	-	-	-	(2,569)	-
Total revenue	35,938	11,156	-	186	7,699	(2,569)	52,410
<b>RESULTS</b>							
Segment result	1,047	(1)	-	(972)	1,939	(1,293)	720
Effect of dilution in shareholdings of subsidiaries & associates	788	-	-	-	-	-	788
Gain on liquidation of an associate	3	-	-	-	-	-	3
Gain on acquisition of a subsidiary's shares	-	-	-	-	44	-	44
Loss on deregistration of a subsidiary	-	-	-	-	(31)	-	(31)
Share of results of associates	-	(205)	-	-	139	-	(66)
Interest income							33
Finance costs							(560)
Profit before income tax							931
Income tax expenses							(441)
Profit for the year							490

<b>BUSINESS SEGMENT - 2012</b>	<b>Distribution Steel Products</b>	<b>Manufacturing Steel Flanges</b>	<b>Manufacturing Facemasks</b>	<b>Engineering Construction</b>	<b>Environmental Business</b>	<b>Elimination</b>	<b>Group</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>REVENUE</b>							
External revenue	36,236	40,193	1,068	375	4,718	-	82,590
Inter-segment revenue	1,191	3,853	992	9	-	(6,045)	-
Total revenue	37,427	44,046	2,060	384	4,718	(6,045)	82,590
<b>RESULTS</b>							
Segment result	1,985	(1,326)	(342)	(991)	624	(405)	(455)
Gain on disposal of a factory building	1,880	-	-	-	-	-	1,880
Ex-gratia received	959	-	-	-	-	-	959
Loss on disposal of subsidiaries	(294)	-	-	-	-	-	(294)
Share of results of associates	-	509	-	-	180	-	689
Interest income							30
Finance costs							(579)
Profit before income tax							2,230
Income tax expenses							(419)
Profit for the year							1,811

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2013

### GEOGRAPHICAL SEGMENT

The geographical locations of the Group's customers comprise of Singapore, PRC, Malaysia, Taiwan, USA, Canada, Japan, Australia, Netherlands, Indonesia and others.

#### Revenue by location of customers

	Revenue	
	FY 2013	FY 2012
	S\$'000	S\$'000
Singapore	29,345	27,987
PRC	7,204	12,293
Malaysia	6,841	5,551
Taiwan	1,422	3,299
USA	683	13,207
Canada	389	4,519
Others	6,526	15,734
	52,410	82,590

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

	Non-current Assets	
	FY 2013	FY 2012
	S\$'000	S\$'000
Singapore	30,028	19,320
PRC	11,078	22,917
Malaysia	4,408	-
	45,514	42,237

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

Please refer to item 8.

#### 15 A breakdown of sales

	Group		
	FY 2013	FY 2012	Change
	S\$'000	S\$'000	%
(a) Sales reported for first half of year	30,671	41,201	-25.56%
(b) Profit after income tax after deducting non-controlling interests reported for first half year	151	740	-79.59%
(c) Sales reported for second half of year	21,739	41,389	-47.48%
(d) (Loss)/Profit after income tax after deducting non-controlling interests reported for second half year	(424)	1,752	NM

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

Total Annual Dividend

	FY 2013	FY 2012
	S\$'000	S\$'000
Ordinary	249	747
Preference	-	-
Total	249	747

**17 Interested person transactions (IPT)**

No IPT mandate has been obtained from shareholders.

**18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13).**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Peh Choon Chieh	39	Nephew of Mr Ow Chin Seng (Executive Chairman cum CEO) and Madam Low Kheng (Executive Director) and cousin of Mr Koh Beng Leong (Executive Director).	Acting General Manager of operations since July 2013. Responsible for managing the daily business operations of the Company's distribution business.	Senior Operation Manager since 2006 and promoted to Acting General Manager of operations in July 2013.
Ow Eei Phurn Benedict	34	Son of Mr Ow Chin Seng (Executive Chairman cum CEO) and Madam Low Kheng (Executive Director) and cousin of Mr Koh Beng Leong (Executive Director).	Project Sales Manager since July 2013. Responsible for development of the project sales department.	Operation Manager since August 2012 and redesignated to Project Sales Manager in July 2013.
Ow Eei Meng Benjamin	35	Son of Mr Ow Chin Seng (Executive Chairman cum CEO) and Madam Low Kheng (Executive Director) and cousin of Mr Koh Beng Leong (Executive Director).	Assistant to Executive Chairman and Supply Chain Manager since February 2013 and Alternate Director to Madam Low Kheng since July 2013. Responsible for assisting Executive Chairman cum CEO in business strategy and overall direction of the Company and procurement function of its distribution of steel products division.	Appointed as Alternate Director to Madam Low Kheng in July 2013.

**19 General - Disclosure of the status on the use of proceeds raised from disposal of 32% shares of Shinsei Company (S) Pte. Ltd. and 11% shares of Both-Well Holdings (S) Pte. Ltd. pursuant to Chapter 8 whether such a use is in accordance with the stated use**

Use of proceeds	Amount allocated as disclosed in Circular 13 December 2013 (S\$'000)	Total amount utilised as at 21 February 2014 (S\$'000)	Balance amount (S\$'000)
Purchase of raw materials and working capital	5,000	-	5,000
Undertake new investment	1,646	-	1,646
<b>Total</b>	<b>6,646</b>	<b>-</b>	<b>6,646</b>

**BY ORDER OF THE BOARD**

Wong Yoen Har  
Company Secretary

26th February 2014