

Half Year Financial Statement And Dividend Announcement For The Period Ended 30-06-2019

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 PERIOD ENDED 30 JUNE 2019

	Note	Group		
		6 Months Ended		
		30-Jun-19	30-Jun-18	Change
		S\$'000	S\$'000	%
Revenue		21,971	30,390	(27.70%)
Cost of sales		(16,495)	(24,130)	(31.64%)
Gross profit		5,476	6,260	(12.52%)
Other operating income		718	1,299	(44.73%)
Distribution expenses		(635)	(790)	(19.62%)
Administrative expenses		(4,362)	(4,770)	(8.55%)
Impairment losses on financial assets		(48)	(13)	269.23%
Other operating expenses		(288)	(416)	(30.77%)
Share of result of associate		315	1,059	(70.25%)
Finance costs		(653)	(590)	10.68%
Profit before income tax		523	2,039	(74.35%)
Income tax expense		(279)	(224)	24.55%
Profit for the year	(i)	244	1,815	(86.56%)
Attributable to:				
Owners of the Company		13	1,295	(99.00%)
Non-controlling interests		231	520	(55.58%)
		244	1,815	(86.56%)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2019

	Group		
	30-Jun-19	30-Jun-18	Change
	S\$'000	S\$'000	%
Profit for the period	244	1,815	(86.56%)
Other comprehensive Profit, after tax:			
Exchange differences on translation of foreign operations	(93)	31	NM
Other comprehensive (loss) / income for the period, net of tax	(93)	31	NM
Total comprehensive Profit for the period	151	1,846	(91.82%)
Total comprehensive Profit attributable to:			
Owners of the Company	(23)	1,298	NM
Non-controlling interests	174	548	(68.25%)
	151	1,846	(91.82%)

NM: Not meaningful

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2019 (cont'd)

Note

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

	Group		
	30-Jun-19	30-Jun-18	Change
	S\$'000	S\$'000	%
Impairment losses on financial assets - trade receivables	48	13	269%
Amortisation of land use rights	4	4	-
Amortisation of intangible assets	600	604	(1%)
Amortisation of government grant	(35)	(37)	(5%)
Depreciation of property, plant and equipment	734	727	1%
Reversal of Allowance for doubtful debts	-	(47)	NM
Finance costs	653	590	11%
Government subsidy	(54)	(394)	(86%)
Written off Intangible assets	-	78	NM
Interest income	(11)	(26)	(58%)
Gain on disposal of plant and equipment	-	(16)	NM
Written off property, plant and equipment	4	-	NM
Foreign currency exchange adjustment loss - net	74	194	(62%)
Fair value loss on derivative of financial assets (unrealised)	(5)	(38)	(87%)

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Group		Company	
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	7,770	5,468	291	257
Trade receivables	11,471	10,860	-	-
Other receivables	3,841	5,809	52	120
Land use rights	7	7	-	-
Prepayments	240	112	117	24
Amount due from subsidiaries	-	-	11,398	11,435
Inventories	18,628	19,537	-	-
Financial derivative assets	-	1	-	-
Assets classified as held for sale	631	636	-	-
Total current assets	42,588	42,430	11,858	11,836
Non-current assets:				
Property, plant and equipment	26,771	27,529	-	-
Right-of-use assets	2,460	-	-	-
Land use rights	264	269	-	-
Goodwill	1,339	1,339	-	-
Intangible assets	22,116	21,856	2,205	2,375
Investment in subsidiaries	-	-	29,278	29,289
Investment in associates	14,218	13,838	-	-
Club membership	190	190	190	190
Refundable deposits	873	869	-	-
Amount due from subsidiaries	-	-	7	-
Deferred tax assets	4	4	-	-
Total non-current assets	68,235	65,894	31,680	31,854
Total assets	110,823	108,324	43,538	43,690
LIABILITIES AND EQUITY				
Current Liabilities:				
Bank loans	7,199	6,037	250	200
Government loan	-	991	-	-
Leases liabilities	226	43	-	-
Bills payables	8,031	8,696	-	-
Trade payables	2,514	2,627	-	-
Other payables and accruals	8,767	6,788	510	611
Provision for income tax	450	369	-	-
Amount due to subsidiaries and an associate	2,081	2,646	-	-
Financial derivative liabilities	6	-	-	-
Total current liabilities	29,274	28,197	760	811
Non-current liabilities				
Bank loans	15,033	16,078	-	-
Government loan	511	519	-	-
Leases liabilities	2,357	75	-	-
Other payables and accruals	139	43	-	-
Government grants	1,657	1,703	-	-
Deferred tax liabilities	423	423	-	-
Financial derivative liabilities	-	12	-	-
Total non-current liabilities	20,120	18,853	-	-
Capital, reserves and non-controlling interests				
Share capital	36,131	36,131	36,131	36,131
Treasury Shares	(470)	(470)	(470)	(470)
Reserves	19,548	19,567	7,117	7,218
Equity attributable to owners of the Company	55,209	55,228	42,778	42,879
Non-controlling interests	6,220	6,046	-	-
Total equity	61,429	61,274	42,778	42,879
Total liabilities and equity	110,823	108,324	43,538	43,690

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

	Group	
	As At	
	30-Jun-19	31-Dec-18
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand:-		
Secured	15,206	14,576
Unsecured	250	200
Sub-Total	15,456	14,776
Amount repayable after one year		
Secured	17,390	16,153
Unsecured	-	-
Sub-Total	17,390	16,153
Total borrowings and debt securities	32,846	30,929

Details of any collateral

At 30 June 2019 and 31 December 2018, the Group's secured borrowings consist of bank overdrafts, bank loans, leases liabilities and bills payable.

At 30 June 2019, bank loans of S\$10.72 million (31 December 2018: S\$11.35 million) was secured by a charge over a property of a subsidiary. In addition, bank loans of S\$7.15 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.

At 30 June 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.

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2019

	Note	Group	
		6 Months Ended	
		30-Jun-19	30-Jun-18
		S\$'000	S\$'000
Cash flows from operating activities:			
Profit before income tax:		523	2,039
Adjustments for:			
Impairment losses on financial assets - trade receivables		48	13
Amortisation of land use rights		4	4
Amortisation of intangible assets		600	604
Amortisation of government grant		(35)	(37)
Depreciation of property, plant and equipment		734	727
Finance costs		653	590
Gain on disposal of property, plant and equipment		-	(16)
Reversal of Allowance for doubtful debts		-	(47)
Interest income		(11)	(26)
Written off intangible assets		-	78
Fair value loss on derivative of financial assets (unrealised)		(5)	(38)
Unrealised foreign exchange loss		74	194
Written off property plant and equipment		4	-
Share of result of associates		(315)	(1,059)
Operating cash flow before working capital changes		2,274	3,026
Trade receivables		(659)	(5,034)
Other receivables		1,838	(2,031)
Inventories		909	969
Amount due from contract customers		2	-
Trade payables		(113)	1,557
Other payables		2,075	2,233
Repayment of bills payables, net		(665)	376
Cash flows generated from operations		5,661	1,096
Interest paid		(584)	(590)
Interest income received		11	26
Income taxes paid		(200)	(369)
Net cash flows generated from operating activities		4,888	163
Cash flows from investing activities:			
Contribution return to non-controlling interests			
Proceeds on disposal of property, plant and equipment		1	100
Proceeds from disposal of assets held for sales		-	143
Withdrawal of fixed deposit, pledged		-	1,000
Additions to intangible assets		(985)	(745)
Purchase of property, plant and equipment		(23)	(376)
(Decrease) / increase in amount due to associate		(565)	525
Proceed from disposal of Subsidiary		4	-
Net cash flows (used in) / generated from investing activities		(1,568)	647

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2019 (cont'd)

	Note	Group	
		6 Months Ended	
		30-Jun-19	30-Jun-18
		S\$'000	S\$'000
Cash flows from financing activities:			
Purchase of treasury shares		-	(80)
Proceeds from loans and borrowings		1,268	4,719
Repayment of loans and borrowings		(2,069)	(3,557)
Proceed / (Repayment) of obligations under leases liabilities		(116)	47
Dividends paid		-	(493)
Increase in amount due to associates		-	(494)
Net cash flows (used in) / generated from financing activities		(917)	142
Net increase in cash and cash equivalents		2,403	952
Cash and cash equivalents at the beginning of the period		5,468	4,990
Effect of exchange rate changes on the balance of cash held in foreign currencies		(101)	(126)
Cash and cash equivalents at the end of the period	(1)	7,770	5,816

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

	30-Jun-19	30-Jun-18
	S\$'000	S\$'000
Cash and bank balances	7,770	5,816
	7,770	5,816

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

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 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
Group									
Balance as at 1 January 2018	36,131	(216)	286	315	785	18,309	55,610	5,927	61,537
Dividend paid	-	-	-	-	-	(493)	(493)	-	(493)
Expiry of share options	-	-	-	-	(159)	159	-	-	-
Purchase of treasury shares	-	(80)	-	-	-	-	(80)	-	(80)
Total comprehensive income for the year	-	-	3	-	-	1,295	1,298	548	1,846
Balance as at 30 June 2018	36,131	(296)	289	315	626	19,270	56,335	6,475	62,810
Balance as at 1 January 2019	36,131	(470)	(504)	1,070	580	18,421	55,228	6,046	61,274
Disposal of Subsidiary	-	-	-	-	-	4	4	-	4
Total comprehensive income for the year	-	-	(36)	-	-	13	(23)	174	151
Balance as at 30 June 2019	36,131	(470)	(540)	1,070	580	18,438	55,209	6,220	61,429

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STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019 (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 2018	36,131	(216)	785	7,664	44,364
Dividend paid	-	-	-	(493)	(493)
Expiry of share options	-	-	(159)	159	-
Purchase of treasury shares	-	(80)	-	-	(80)
Total comprehensive income for the year	-	-	-	(136)	(136)
Balance as at 30 June 2018	36,131	(296)	626	7,194	43,655
Balance as at 1 January 2019	36,131	(470)	580	6,638	42,879
Total comprehensive income for the year	-	-	-	(101)	(101)
Balance as at 30 June 2019	36,131	(470)	580	6,537	42,778

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- 1 (d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of 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 244,770,900 ordinary shares	244,771	35,661
Less: Treasury Share	-	-
Balance as at 30 June 2019 244,770,900 ordinary shares	244,771	35,661

Company has treasury shares of 4,202,100 shares at S\$470,376 as at 30 June 2019 (30 June 2018: 2,497,000 shares at S\$294,869.91). The number of shares that may be issued on conversion of all share options outstanding as at 30 June 2019 was 10,632,000 (as at 30 June 2018: 11,619,000).

Company has nil subsidiary holdings as at 30 June 2019 (30 June 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.

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

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.

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. The Group has applied simplified transaction approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 has resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right-of-use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases and leases of low value assets. The accounting for lessors has not changed significantly.

Right-of-use assets are measured using the fair value model and are carried at net present value less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

Lease liabilities are included as part of net debts and are taken into consideration when deriving the net gearing ratio.

As at 30 June 2019, the adoption of SFRS(I) 16 resulted in key adjustments to the balance sheet of the Group and Company as follows:-

Balance Sheet as at 30 June 2019 (\$000)	Group	Company
	Increase/(Decrease)	
Right-of-use assets	2,460	-
Lease Liabilities - non-current	2,304	-
Lease Liabilities - current	181	-

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		
	30-Jun-19	30-Jun-18	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)	0.01	0.52	(98.08%)
- Weighted average number of shares	244,770,900	246,663,802	(0.77%)
(ii) On a fully diluted basis (in cents)	0.01	0.52	(98.08%)
- Adjusted weighted average number of shares	244,770,900	246,663,802	(0.77%)

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			As At		
	30-Jun-19	31-Dec-18	Change	30-Jun-19	31-Dec-18	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	22.56	22.56	-	17.48	17.52	(0.25%)

The net asset value per ordinary share is based on 244,770,900 (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 period ended 30 June 2019 was S\$0.01 million as compared to a profit of S\$1.30 million recorded in the prior period. The dip in results was mainly due to lower sales and gross profit recorded in distribution of steel business division and lesser contribution from associate company under environmental business division.

The Group's revenue for the period ended 30 June 2019 decreased 27.7% from S\$30.39 million to S\$21.97 million. The decrease in group revenue of S\$8.42 million was mainly due to substantial lower sales generated amounting to S\$9.6 million from its trading of steel business under Metal Wang Pte Ltd and its subsidiary; Handel Co., Ltd as compared to 30 June 2018. This significant drop in sales was mainly affected by trade barrier and duties imposed in its principal markets especially in India, Korea and Philippines. However, the overall decrease in Group's revenue was partially offset by improvement in sales by S\$0.29 million under manufacturing of steel business division as a result of increased marketing efforts in Singapore and Malaysia. Additionally, higher revenue achieved by industrial wastewater treatment and hazardous wastewater treatment businesses both under environmental business division mainly due to improved treatment utilisation rate and more EPC projects delivered in China had also cushioned the decrease in Group's revenue.

Gross profit decreased by S\$0.78 million or 12.52% for the period ended 30 June 2019. The decrease was in tandem with lower revenue recorded in distribution of steel business division. Gross profit margin increased by approximately 4.5 percentage points as a result from the change in product mix in distribution of steel business division.

The decrease in other operating income by S\$0.58 million was mainly due to absence of one-off government grants and other projects income obtained under the environmental business in the current period.

The Group's distribution expenses decreased by S\$0.15 million or 19.62% as compared to the prior period which was in tandem with lower revenue generated. Administrative expenses decreased by S\$0.41 million or 8.55% mainly due to cost control measures in place.

Other operating expenses decreased by S\$0.13 million or 30.77% which was in tandem with lower revenue generated.

Share of associate results mainly from rural wastewater treatment business decreasing by S\$0.74 million or 70.25% due to lesser EPC projects secured and delivered in the first half of 2019 as compared to prior period.

Higher finance costs was attributed by increased interest bearing borrowings balances.

The total liabilities of the Group increased S\$2.34 million from S\$47.05 million as at 31 December 2018 to S\$49.39 million as at 30 June 2019. The increase was mainly due to adoption of SFRS(I) 16 as the Group recognised Right-of-use assets and recorded lease liabilities at S\$2.46 million and S\$2.49 million respectively. In addition, higher other payable and accruals of S\$1.98 million stemmed from advance payment collected for EPC projects from both Singapore and China under the hazardous wastewater business. However, the increase in total liabilities was partially offset by repayment made for amount due to an associate and government loans, amounting to S\$0.57 million and S\$1.00 million respectively. In addition, decrease in trade and bill payables of S\$0.11 million and S\$0.67 million respectively with scheduled payment made. The Group's net gearing ratio decreased marginally from 0.46 times as at 31 December 2018 to 0.45 times as at 30 June 2019.

The current assets of the Group increased by S\$0.16 million from S\$42.43 million as at 31 December 2018 to S\$42.59 million as at 30 June 2019. The increase was mainly attributed to increase in cash and bank balances of S\$2.30 millions and higher trade receivables and prepayment, amounting to S\$0.61 million and S\$0.13 million as compared to prior year mainly due to an increase in credit sales from steel products distribution division. However, the increase was partially offset by lower other receivables of \$1.97 million due to collection of government grants and VAT refund in China. Adoption of better inventory management control measures for stock replenishment also led to a decrease in inventory of S\$0.91 million. Debtor turnover increased from 72 days as at 31 December 2018 as compared to 98 days as at 30 June 2019 followed by 5.6% increase in trade receivable balances.

The Group maintained a healthy and positive working capital of S\$13.31 million or current ratio of 1.45 times with current assets of S\$42.59 million and current liabilities of S\$29.27 million as at 30 June 2019.

The non-current assets of the Group increased S\$2.35 million from S\$65.89 million as at 31 December 2018 to S\$68.24 million as at 30 June 2019. The increase was mainly attributed to adoption of SFRS(I) 16 mentioned as above. The Group recognised Right-of-use asset at S\$2.46 million. In addition, profit generated by an associate under the environmental division led to an increase in investment in associates as compared to the prior year. The increase in intangible assets of S\$0.26 million under the environment business was in line with 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 and land use rights.

The cash and cash equivalents increased noticeably by S\$2.30 million from S\$5.47 million as at 31 December 2018 to S\$ 7.77 million as at 30 June 2019. The improvement in cash and cash equivalents was mainly due to positive cash flows amounting to S\$ 4.89 million generated from operating activities in first half of 2019. The positive cash flows generated from operating activities was partially offset by cash flow used in investing activities for repayment of amount due from associate of S\$0.57 million and additions to intangible assets and purchase of property, plant and equipment amounting to approximately S\$1.01 million. In addition, net cash outflows in financing activities was S\$0.92 million mainly attributed to repayment of bank borrowings and finance leases to support working capital.

Group's net asset per share as at 30 June 2019 was 22.56 cents and weighted average EPS for 6 months ended 30 June 2019 was 0.01 cents.

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

Not applicable.

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

Ever since the new United States of American ("USA") administration took office, it has implemented policies to address the issue of its massive trade imbalance with the world. It is not only directed at China but to any entities that have 'taken advantage' of the USA. The consequence of these actions has created both negative and positive impacts on the global economic front. In addition, United Kingdom pulling out of the European Union has not helped the situation. It brought about greater uncertainty in international trade but yet created new opportunities.

Many companies have started to relocate their operation base that may offer better business stability. Since the beginning of the year, South East Asia has experienced an exodus of business migration within the region and with other trading nations. This has created both business termination and creation globally, creating jobs and at the same time ceasing jobs. Companies with operations predominantly in USA has been impacted most.

Annaik group has no substantial dealings with the USA or the European market. But it is indirectly impacted by the investment from two big market players. Less capital spending from them into this region means less demand for our products and services. Individual Asian economies are feeling the impact and has started to fend off this event by creating and encouraging local demand and spending.

Fortunately, the Group has already started to take on the proactive approach not to depend on a single market or industry. It has already diversified into environmental and brand management by building and operating in local markets and working closely with product brand owners/manufacturers. In this light, the Group's collaboration with the locals will work with its trading partners and to avoid the pitfall of trade protection and sustain its income stream.

11 Dividend.

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

None

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

Not applicable.

(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).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(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.

Not applicable.

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

No dividend has been declared or recommended for the financial year ended 31 December 2018 after taking into consideration the Group's capital commitment plan and its cash flow requirements.

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- 13 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.

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

None.

- 15 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).

- 16 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 the AnnAik Limited which may render the financial statements for first half of 2019 financial results to be false or misleading in any material aspect.

On behalf of the Board of Directors

Benjamin Ow Eei Meng
Executive Director

Ng Kim Keang
Executive Director

14 August 2019

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.

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