

ANNICA HOLDINGS LIMITED

Unaudited Financial Statements And Dividend Announcement For The Financial Year Ended 31 December 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.*

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For the purpose of this announcement, **FY2016** refers to the full financial year ended 31 December 2016 whereas **FY2015** refers to the corresponding full financial year ended 31 December 2015.

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

1(a)(i) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial period.

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

	Group FY2016 \$'000	FY2015 \$'000 (restated)*	Increase/ (Decrease) %
<b>Continuing Operations</b>			
Revenue	19,386	12,712	53
Cost of sales	(16,366)	(9,328)	75
Gross profit	3,020	3,384	(11)
Other income	124	342	(64)
Selling and distribution expenses	(589)	(484)	22
Administrative and general expenses	(4,502)	(3,905)	15
Other expenses	(1,624)	(176)	NM
Finance costs	(425)	(124)	NM
<b>Loss before income tax</b>	<b>(3,996)</b>	<b>(963)</b>	<b>NM</b>
Income tax expense	(35)	(64)	(45)
<b>Loss from continuing operations, net of tax</b>	<b>(4,031)</b>	<b>(1,027)</b>	<b>NM</b>
<b>Discontinued Operations</b>			
Loss from discontinued operations, net of tax	(4,187)	(7,413)	(44)
<b>Loss for the year</b>	<b>(8,218)</b>	<b>(8,440)</b>	<b>(3)</b>
<b>Other comprehensive loss</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Currency translation differences arising from consolidation	(30)	(190)	(84)
Reclassification of currency translation differences from equity on disposal of subsidiaries to profit and loss	(3)	-	NM
<b>Other comprehensive loss, net of tax</b>	<b>(33)</b>	<b>(190)</b>	<b>(83)</b>
<b>Total comprehensive loss for the year</b>	<b>(8,251)</b>	<b>(8,630)</b>	<b>(4)</b>

+ restated upon the disposal of subsidiaries during FY2016 and the results and cash flows of these former subsidiaries are classified as "Discontinued Operations".

1(a)(i) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial period. (Cont'd)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Group FY2016 \$'000	FY2015 \$'000 (restated)	Increase/ (Decrease) %
<b>Total loss attributable to:</b>			
- equity holders of the Company	(7,941)	(5,253)	51
- non-controlling interests	(277)	(3,187)	(91)
	(8,218)	(8,440)	(3)
<b>Total loss attributable to equity holders of the Company:</b>			
- from continuing operations	(4,065)	(998)	NM
- from discontinued operations	(3,876)	(4,255)	(9)
	(7,941)	(5,253)	51
<b>Total profit/(loss) attributable to non-controlling interest:</b>			
- from continuing operations	34	(29)	NM
- from discontinued operations	(311)	(3,158)	(90)
	(277)	(3,187)	(91)
<b>Total comprehensive loss attributable to:</b>			
- equity holders of the Company	(7,955)	(5,443)	46
- non-controlling interests	(296)	(3,187)	(91)
	(8,251)	(8,630)	(4)
<b>Total comprehensive loss attributable to equity holders of the Company:</b>			
- from continuing operations	(4,076)	(1,188)	NM
- from discontinued operations	(3,879)	(4,255)	(9)
	(7,955)	(5,443)	46
<b>Total comprehensive profit/(loss) attributable to non-controlling interest:</b>			
- from continuing operations	15	(29)	NM
- from discontinued operations	(311)	(3,158)	(90)
	(296)	(3,187)	(91)

NM: Not meaningful

1(a)(ii) Loss before taxation arrived at after charging/(crediting) the following:

**Loss from continuing operations**

	Group FY2016 \$'000	FY2015 \$'000 (restated)	Increase/ (Decrease) %
Interest income from bank and deposits	(4)	(2)	NM
Interest expense on borrowings	5	2	NM
Interest expense on loans	329	121	NM
Interest expense on redeemable convertible bonds	91	-	NM
Foreign currency exchange loss/(gain)	126	(106)	NM
Loss on disposal of available-for-sale financial assets	-	16	NM
Impairment loss on available-for-sale financial assets	7	16	(56)
Loss on disposal of financial assets, at fair value through profit or loss, net	-	1	NM
Fair value loss on financial assets, at fair value through profit or loss	110	79	39
Gain on discounting of long-term trade receivables	(4)	(8)	(50)
Write down of inventories	321	176	82
Depreciation of property, plant and equipment	238	204	17
Write back of overdue debts no longer required	-	(78)	NM
Allowance for impairment of doubtful trade receivables	765	238	NM
Write-back of allowance for impairment of doubtful other receivables	(58)	(35)	66
Impairment loss on amount due from a former subsidiary	332	-	NM
Fair value adjustment on redeemable convertible bonds	22	-	NM
(Overprovision)/underprovision of income tax	(64)	4	NM

NM: Not meaningful

1(a)(ii) Loss before taxation arrived at after charging/(crediting) the following (Cont'd):

**Loss from discontinued operations**

An analysis of the results of discontinued operations is as follows:

	FY2016 \$'000	Group FY2015 \$'000 (restated)	Increase/ (Decrease) %
Revenue	1,724	13,037	(87)
Net expenses	(2,503)	(20,450)	(88)
Loss on disposal of subsidiaries	(3,408)	-	NM
Loss before taxation	(4,187)	(7,413)	(44)
Income tax expenses	-	-	NM
<b>Loss from discontinued operations</b>	<b>(4,187)</b>	<b>(7,413)</b>	<b>(44)</b>

NM: Not meaningful

**Loss from discontinued operations is arrived at after charging/(crediting) the following:**

	FY2016 \$'000	Group FY2015 \$'000 (restated)	Increase/ (Decrease) %
Amortisation of intangible assets	2	8	(75)
Interest expense on borrowings	3	22	(86)
Interest expense on loans	-	41	NM
Finance charge from banks	-	32	NM
Foreign currency exchange loss	23	577	(96)
Loss on disposal of property, plant and equipment	-	3	NM
Impairment loss on property, plant and equipment	-	61	NM
Depreciation of property, plant and equipment	24	99	(76)
Equipment earmarked for construction contracts written off	-	660	NM
Impairment loss on investment in an associate	-	44	NM
Waiver of amount due to an associate	-	(44)	NM
Allowance for impairment of:			
- equipment earmarked for construction contracts	-	406	NM
- doubtful other receivables	-	574	NM
- doubtful trade advance to an associate	-	2,104	NM
- doubtful trade receivables	-	40	NM

NM: Not meaningful

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

**STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016**

	Group		Company	
	As at FY2016 \$'000	As at FY2015 \$'000	As at FY2016 \$'000	As at FY2015 \$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	2,144	2,976	358	86
Fixed deposits	280	242	-	-
Trade and other receivables	7,895	13,703	2,259	1,378
Inventories	401	1,147	-	-
Financial assets, at fair value through profit or loss	37	147	37	147
Other asset	150	-	150	-
	10,907	18,215	2,804	1,611
Non-current assets held for sale	2,274	-	2,274	-
	13,181	18,215	5,078	1,611
<b>Non-current assets:</b>				
Trade and other receivables	66	82	1,134	-
Investments in subsidiaries	-	-	4,470	3,403
Investments in associated companies	-	-	-	-
Available-for-sale financial assets	2	9	-	-
Property, plant and equipment	1,211	3,011	64	2,459
Intangible assets	1,020	16	-	-
Deferred tax assets	4	-	-	-
	2,303	3,118	5,668	5,862
<b>Total assets</b>	<b>15,484</b>	<b>21,333</b>	<b>10,746</b>	<b>7,473</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Trade and other payables	5,863	12,016	2,465	1,611
Borrowings	520	951	514	470
Current income tax liabilities	163	39	-	-
	6,546	13,006	2,979	2,081
<b>Non-current liabilities:</b>				
Borrowings	3,364	7,532	3,282	4,936
Deferred income tax liabilities	80	23	-	-
	3,444	7,555	3,282	4,936
<b>Total liabilities</b>	<b>9,990</b>	<b>20,561</b>	<b>6,261</b>	<b>7,017</b>
<b>Net assets</b>	<b>5,494</b>	<b>772</b>	<b>4,485</b>	<b>456</b>
<b>EQUITY</b>				
Share capital	62,924	54,524	62,924	54,524
Accumulated losses	(55,781)	(47,840)	(58,439)	(54,068)
Other reserves	(1,963)	(1,832)	-	-
Equity attributable to equity holders of the Company	5,180	4,852	4,485	456
Non-controlling interests	314	(4,080)	-	-
<b>Total equity</b>	<b>5,494</b>	<b>772</b>	<b>4,485</b>	<b>456</b>

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial period.

**Amount repayable in one year or less, or on demand**

As at FY2016		As at FY2015	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
6	514	481	470

**Amount repayable after one year**

As at FY2016		As at FY2015	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
83	3,281	167	7,365

As at FY2016, the Group's secured borrowings were bank loans secured on the Group's leasehold properties and a personal guarantee of a director of one of the subsidiaries. Included in the Group's unsecured borrowings as at FY2016 were loans from LionGold Corp Ltd (please refer to discussion under paragraph 8 on "Loan facility from LionGold Corp Ltd") and outstanding redeemable convertible bonds.

As at FY2015, the Group's secured borrowings were liabilities arising from finance lease agreements secured on the Group's motor vehicles and bank loans secured on the Group's leasehold properties and a personal guarantee of a director of one of the subsidiaries. The Group's unsecured borrowings as at FY2015 were loans from LionGold Corp Ltd and outstanding redeemable convertible bonds.

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

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

	Group	
	FY2016 \$'000	FY2015 \$'000 (restated)
<b>Cash flows from operating activities:</b>		
Loss from continuing operations	(3,996)	(963)
Loss from discontinued operations	(4,187)	(7,413)
	<u>(8,183)</u>	<u>(8,376)</u>
Loss before income tax		
Adjustments for:		
Depreciation of property, plant and equipment	262	303
Impairment loss on property, plant and equipment	-	61
Interest expenses	428	218
Interest income	(4)	(2)
Loss on disposal of financial assets at fair value through profit or loss	-	1
Fair value loss on financial assets at fair value through profit or loss	110	79
Impairment loss on available-for-sale financial assets	7	16
Loss on disposal of property, plant and equipment	-	3
Loss on disposal of available-for-sale financial assets	-	16
Amortisation of intangible assets	2	8
Impairment loss on investment in an associate	-	44
Gain on discounting of long term trade receivables	(4)	(8)
Fees related to issuance of redeemable convertible bonds settled by way of issuance of Shares of the Company	300	300
Fair value adjustment on redeemable convertible bonds	22	-
Loss on disposal of subsidiaries	3,408	-
Operating cash flow before working capital changes	<u>(3,652)</u>	<u>(7,337)</u>
Changes in working capital:		
Trade and other receivables and other current assets	(5,776)	(3,060)
Inventories	1,097	(318)
Trade and other payables	4,956	2,039
Cash used in operations	<u>(3,375)</u>	<u>(8,676)</u>
Income tax paid	(67)	(45)
Currency translation difference	73	-
<b>Net cash used in operating activities</b>	<u><b>(3,369)</b></u>	<u><b>(8,721)</b></u>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of available-for-sale financial assets	-	598
Purchases of property, plant and equipment	(897)	(12)
Proceeds from disposal of property, plant and equipment	-	1
Interest received	4	2
Net cash inflow from disposal of subsidiaries	340	-
Net cash outflow from acquisition of a subsidiary	(1,799)	-
Part settlement of promissory note on acquisition of non-controlling interest in a subsidiary	(60)	-
<b>Net cash (used in)/generated from investing activities</b>	<u><b>(2,412)</b></u>	<u><b>589</b></u>
<b>Cash flows from financing activities:</b>		
Net proceeds from issuance of redeemable convertible bonds	5,085	301
Loans from the holding company of a corporate shareholder of a former subsidiary	-	5,934
Loan from a third party	350	1,600
Advance from related parties	-	30
Repayment of borrowings	(13)	(188)
Placement/(release) of deposit in cash margin account	426	(659)
(Release)/placement of fixed deposit pledged as security for banking facilities, net	(38)	49
Interest paid	(8)	(61)
<b>Net cash generated from financing activities</b>	<u><b>5,802</b></u>	<u><b>7,006</b></u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	21	(1,126)
Cash and cash equivalents at beginning of the financial year	1,884	3,100
Effects of foreign currency translation on cash and cash equivalents	6	(90)
<b>Cash and cash equivalents at end of the financial year</b>	<u><b>1,911</b></u>	<u><b>1,884</b></u>
<b>Cash and cash equivalents at end of the financial year were made up of:</b>		
Cash and bank balances	2,144	2,976
Less: deposit placed in cash margin account	(233)	(659)
Less: bank overdraft	-	(433)
	<u><b>1,911</b></u>	<u><b>1,884</b></u>

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period. (Cont'd)**

Major non-cash items:

During FY2016:

- (i) the Group acquired the remaining non-controlling interest in a subsidiary from two vendors for a consideration of \$660,000, out of which \$500,000 was settled by way of issuance of 500,000,000 new Shares in the Company and \$160,000 through promissory notes entered into with the two vendors. The Company paid \$60,000 of the promissory notes during FY2016 and \$100,000 subsequent to the financial year end, respectively; and
- (ii) the Group acquired an equipment with a carrying value of \$150,000 from a former subsidiary and the consideration was offset against the amount owing by the former subsidiary to the Group.

During FY2015, the Group issued redeemable convertible bonds with an aggregate principal amount of \$2,000,000, out of which \$301,000 was received in cash and \$1,699,000 was set-off against a loan from a third party of \$1,600,000 plus interest of \$99,000.

Disposal of subsidiaries

The effects of the disposal of subsidiaries on the cash flows of the Group are as follows:

	Group	
	FY2016 \$'000	FY2015 \$'000
<u>Carrying amount of assets and liabilities disposed of:</u>		
Cash and cash equivalents	35	-
Trade and other receivables	13,059	-
Property, plant and equipment	206	-
Intangible assets	14	-
Total assets	13,314	-
Trade and other payables	10,448	-
Borrowings	4,406	-
Total liabilities	14,854	-
Net liabilities derecognised	(1,540)	-
Non-controlling interests	4,951	-
Net assets disposed of	3,411	-
The aggregate of cash outflows arising from the disposal of subsidiaries were:		
Net assets disposed of (as above)	3,411	-
Reclassification of currency translation differences from equity on disposal of subsidiaries to profit and loss	(3)	-
	3,408	-
Loss on disposal of subsidiaries	(3,408)	-
Total sale consideration	-	-
Less: cash and cash equivalents of subsidiaries disposed of	(35)	-
Add: bank overdraft of subsidiaries disposed of	375	-
Net cash inflow on disposal of subsidiaries	340	-

\* Nominal amount of \$2

Acquisition of a subsidiary

The fair value of assets acquired and liabilities assumed arising from the acquisition of a subsidiary during the financial period are as follows:

	Group	
	FY2016 \$'000	FY2015 \$'000
Net assets acquired	818	-
Goodwill	1,020	-
Purchase consideration	1,838	-
Less: cash and cash equivalents of a subsidiary acquired	(39)	-
Net cash outflow on acquisition	1,799	-

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 period.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	----- Attributable to equity holders of the Company -----					Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Capital reserve \$'000	Translation reserve \$'000	Accumulated losses \$'000	Total \$'000		
<b>Group</b>							
Balance as at 1 January 2016	54,524	(1,389)	(443)	(47,840)	4,852	(4,080)	772
Issuance of Shares	8,700	-	-	-	8,700	-	8,700
Share issue expenses	(300)	-	-	-	(300)	-	(300)
Total loss for the year	-	-	-	(7,941)	(7,941)	(277)	(8,218)
Other comprehensive loss:							
Currency translation differences arising from consolidation	-	-	(11)	-	(11)	(19)	(30)
Reclassification of currency translation differences from equity on disposal of subsidiaries to profit and loss	-	-	(3)	-	(3)	-	(3)
	-	-	(14)	-	(14)	(19)	(33)
Total comprehensive loss	-	-	(14)	(7,941)	(7,955)	(296)	(8,251)
Changes in ownership interests in subsidiaries:							
Disposal of subsidiaries	-	-	-	-	-	4,951	4,951
Acquisition of ownership interest in subsidiary	-	(117)	-	-	(117)	(543)	(660)
Acquisition of a subsidiary	-	-	-	-	-	282	282
	-	(117)	-	-	(117)	4,690	4,573
<b>Balance as at 31 December 2016</b>	<b>62,924</b>	<b>(1,506)</b>	<b>(457)</b>	<b>(55,781)</b>	<b>5,180</b>	<b>314</b>	<b>5,494</b>
Balance as at 1 January 2015	54,224	(1,389)	(253)	(42,587)	9,995	(893)	9,102
Issuance of Shares	300	-	-	-	300	-	300
Total loss for the year	-	-	-	(5,253)	(5,253)	(3,187)	(8,440)
Other comprehensive income:							
Currency translation differences arising from consolidation	-	-	(190)	-	(190)	-	(190)
Total comprehensive loss	-	-	(190)	(5,253)	(5,443)	(3,187)	(8,630)
<b>Balance as at 31 December 2015</b>	<b>54,524</b>	<b>(1,389)</b>	<b>(443)</b>	<b>(47,840)</b>	<b>4,852</b>	<b>(4,080)</b>	<b>772</b>



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 period. (Cont'd)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Share capital \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Company</b>			
Balance as at 1 January 2016	54,524	(54,068)	456
Issuance of Shares	8,700	-	8,700
Share issue expenses	(300)	-	(300)
Total comprehensive loss	-	(4,371)	(4,371)
<b>Balance as at 31 December 2016</b>	<b>62,924</b>	<b>(58,439)</b>	<b>4,485</b>
Balance as at 1 January 2015	54,224	(46,398)	7,826
Issuance of Shares	300	-	300
Total comprehensive loss	-	(7,670)	(7,670)
<b>Balance as at 31 December 2015</b>	<b>54,524</b>	<b>(54,068)</b>	<b>456</b>

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

	Number of Shares '000	Share Capital \$'000
As at 31 December 2015	1,488,750	54,524
Issuance of Shares		
- converted from redeemable convertible bonds (Note (a))	8,551,471	6,900
- fees relating to the issuance of redeemable convertible bonds (Note (b))	188,235	300
- part settlement of consideration on acquisition of non-controlling interests in a subsidiary (Note (c))	500,000	500
- conversion of debts (Note (d))	1,000,000	1,000
	<u>11,728,456</u>	<u>63,224</u>
Less: Share issue expenses	-	(300)
<b>As at 31 December 2016</b>	<b><u>11,728,456</u></b>	<b><u>62,924</u></b>

No Shares were issued by the Company subsequent to the financial year to the date of this announcement.

Notes:

(a) Details of Shares converted from redeemable convertible bonds (the "RCB Conversion Shares"):

Date	Details	Number of Shares '000	Share Capital \$'000
15 January 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	625,000	500
18 January 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	875,000	700
28 March 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	937,500	750
29 March 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
1 April 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	312,500	250
5 April 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
7 April 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	187,500	150
15 April 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
18 April 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
22 April 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	125,000	100
16 May 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	500,000	400
17 May 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	625,000	500
13 June 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	312,500	250
14 June 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	312,500	250
20 June 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	125,000	100
24 June 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
30 June 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	250,000	200
1 July 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	125,000	100
14 July 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	250,000	200
15 July 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
18 July 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	250,000	200
19 July 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	187,500	150
22 July 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
26 July 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	187,500	150
27 July 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	312,500	250
29 July 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
1 August 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
5 August 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	62,500	50
15 August 2016	RCB Conversion Shares issued at \$0.0008 per RCB Conversion Share	250,000	200
15 September 2016	RCB Conversion Shares issued at \$0.00085 per RCB Conversion Share	117,647	100
16 September 2016	RCB Conversion Shares issued at \$0.00085 per RCB Conversion Share	117,647	100
20 September 2016	RCB Conversion Shares issued at \$0.00085 per RCB Conversion Share	470,588	400
10 October 2016	RCB Conversion Shares issued at \$0.00085 per RCB Conversion Share	470,589	400
<b>Total RCB Conversion Shares issued during FY2016</b>		<b><u>8,551,471</u></b>	<b><u>6,900</u></b>

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

(b) Details of Shares issued in lieu of fees relating to the issuance of redeemable convertible bonds (the "RCB Consideration Shares"):

Date	Details	Number of Shares '000	Share Capital \$'000
5 January 2016	RCB Consideration Shares issued at \$0.0017 per RCB Consideration Share	88,235	150
28 March 2016	RCB Consideration Shares issued at \$0.0015 per RCB Consideration Share	100,000	150
<b>Total RCB Consideration Shares issued during FY2016</b>		<b>188,235</b>	<b>300</b>

(c) Details of Shares issued in part settlement of the consideration on acquisition of non-controlling interests in a subsidiary (the "Acquisition Shares"):

Date	Details	Number of Shares '000	Share Capital \$'000
27 April 2016	Acquisition Shares issued at \$0.001 per Acquisition Share	500,000	500
<b>Total Acquisition Shares issued during FY2016</b>		<b>500,000</b>	<b>500</b>

(d) Details of Shares converted from debt owing to an investor (the "Debt Conversion Shares"):

Date	Details	Number of Shares '000	Share Capital \$'000
8 December 2016	Debt Conversion Shares issued at \$0.001 per Debt Conversion Share	1,000,000	1,000
<b>Total Debt Conversion Shares issued during FY2016</b>		<b>1,000,000</b>	<b>1,000</b>

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

Convertible Securities

There are no shares that may be issued on conversion of any outstanding convertibles as at the end of the current financial year except as follows:

RCB Conversion Shares:

	Number of Shares '000	Estimated proceeds \$'000
New RCB Conversion Shares to be allotted and issued upon conversion of redeemable convertible bonds issued as at FY2016, assuming conversion at the minimum conversion price of \$0.00085 per RCB Conversion Share	705,882	600
New RCB Conversion Shares to be allotted and issued upon conversion of redeemable convertible bonds which have yet to be issued as at FY2016, assuming conversion at the minimum conversion price of \$0.00085 per RCB Conversion Share	14,742,647	12,531
<b>Total</b>	<b>15,448,529</b>	<b>13,131</b>

Debt Conversion Shares:

	Number of Shares '000	Estimated proceeds \$'000
New Debt Conversion Shares to be allotted and issued upon assignment and conversion of debts, which have yet to be issued as at FY2016, assuming conversion at the minimum conversion price of \$0.001 per Debt Conversion Share	2,504,879	2,505
<b>Total</b>	<b>2,504,879</b>	<b>2,505</b>

Option Shares

Under an option agreement, the Company will issue transferable share options to an investor with such option carrying the right to subscribe for up to 5,000,000,000 option shares ("**Option Shares**") in the Company at a minimum exercise price of \$0.001, of which the Company will raise an amount of up to \$5,000,000. As the Debt Conversion Shares were issued to the investor in December 2016, the investor has yet to accept the grant of options and therefore none of these Option Shares has been issued at FY2016.

Annica Performance Share Plan and the Annica Employee Share Option Scheme (collectively, the "**Schemes**")

The aggregate number of Shares that may be issued under the Schemes or any other share option or share scheme of the Company then in force shall not exceed 15% of the total number of issued Shares of the Company from time to time. The Company has not granted or issued any Shares under the Schemes as at FY2016.

**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.**

	As at FY2016	As at FY2015
Total number of issued shares excluding treasury shares ('000)	11,728,456	1,488,750

The Company has no treasury shares as at the end of the current financial year and as at the end of the immediately preceding financial year.

**1(d)(iv) A statement showing all sales, transfers, disposals, 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 standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).**

The figures have not been audited or reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to the most recently audited financial statements for the financial year ended 31 December 2015 except for the adoption of revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2016.

**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 adoption of the revised FRS and INT FRS as discussed in paragraph 4 are not expected to result in any significant changes to the Group's accounting policies and methods of computation.

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

	Group FY2016	FY2015 (restated)
Loss per Share based on the weighted average number of Shares on issue (in cents):		
- from continuing operations – basic and fully diluted (Note (a))	(0.06)	(0.08)
- from discontinued operations – basic and fully diluted (Note (b))	(0.05)	(0.32)
Total	<u>(0.11)</u>	<u>(0.40)</u>

The basic and diluted loss per Share are the same as the outstanding RCB Conversion Shares are anti-dilutive for the respective financial year.

**Notes:**

(a) Basic and fully diluted loss per Share from continuing operations for FY2016 were calculated by dividing the loss from continuing operations attributable to equity holders of the Company of \$4,065,000 (FY2015: \$998,000) by the weighted average number of Shares for FY2016 of 7,258,154,845 (FY2015: 1,313,246,286).

(b) Basic and fully diluted loss per Share from discontinued operations for FY2016 were calculated by dividing the loss from discontinued operations attributable to equity holders of the Company of \$3,876,000 (FY2015: \$4,255,000) by the weighted average number of Shares for FY2016 of 7,258,154,845 (FY2015: 1,313,246,286).

**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 period reported on; and  
(b) immediately preceding financial period.

	Group		Company	
	FY2016	FY2015	FY2016	FY2015
Net asset value per ordinary share based on the issued share capital at the end of the year (in cents)	0.04	0.33	0.04	0.03

Net asset value per ordinary share of the Group as at FY2016 was calculated by dividing the Group's net asset value attributable to equity holders as at FY2016 of \$5,180,000 (FY2015: \$4,852,000) divided by the number of ordinary shares of the Company as at FY2016 of 11,728,455,792 (FY2015: 1,488,749,912).

Net asset value per ordinary share of the Company as at FY2016 was calculated by dividing the Company's net asset value attributable to equity holders as at FY2016 of \$4,485,000 (FY2015: \$456,000) divided by the number of ordinary shares of the Company as at FY2016 of 11,728,455,792 (FY2015: 1,488,749,912).

**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 period 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 period reported on.

**STATEMENT OF COMPREHENSIVE INCOME**

**CONTINUING OPERATIONS**

Revenue and Gross Profit

The Group posted revenue of \$19,386,000 in FY2016 with the energy, oil and gas equipment and engineering services segments contributing 62%, 25% and 13%, respectively, to the Group's revenue. Geographically, the Group expanded its markets in the Asia Pacific region through its operations in Singapore, Malaysia, Indonesia, Thailand, Vietnam, Brunei and Myanmar. The Group saw an increase of 53% or \$6,674,000 in its revenue in FY2016 from \$12,712,000 reported in FY2015, mainly from the maiden contribution from the energy segment acquired during FY2016. The performance of the oil and gas equipment business, which is tied closely to operational requirements and capital expenditure budgets of major oil and gas companies, was dampened significantly during FY2016 by the sluggish oil prices and unfavourable market conditions and sentiments faced by the industry. Engineering services turned in marginal increase in revenue despite the keen competition it experienced in FY2016.

The Group's gross profit decreased by \$364,000 from \$3,384,000 in FY2015 to \$3,020,000 in FY2016 due to lower revenue from the oil and gas equipment and offset by contributions from the new energy segment. On an overall basis, gross margin for FY2016 was 16%, which was a decrease of 11% from that of 27% reported in FY2015. The decrease was mainly because the new energy segment fetched a lower margin than the existing businesses. The Group endeavours on being price-competitive in order to secure contracts and remain competitive.

Other income

Lower commission income from the oil and gas segment caused the decrease of \$218,000 in other income from \$342,000 in FY2015 to \$124,000 in FY2016.

Selling and distribution expenses

The Group incurred higher selling and distribution expenses in FY2016, reporting an increase of \$105,000 from \$484,000 incurred in FY2015 to \$589,000 in FY2016 with additional expenses from the new energy segment.

Administrative and general expenses

The Group incurred administrative and general expenses of \$4,502,000 in FY2016, which was an increase of \$597,000 from \$3,905,000 reported in FY2015. The increase was mainly due to the recording of the expenses of the new energy segment, higher headcount and higher professional fees incurred on corporate transactions undertaken during the financial 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 period 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 period reported on (Cont'd).**

#### Other expenses

Other expenses of the Group increased by \$1,448,000 from \$176,000 in FY2015 to \$1,624,000 in FY2016. These expenses are allowances and impairment loss adjustments for trade and other receivables and slow-moving inventories, fair value adjustment on RCBs, exchange loss and fair value adjustments on investments in financial assets. Allowance for doubtful debts was made after the management undertook a review of overdue debts and aged inventories, taking into consideration the prevailing market conditions and volatility in foreign currencies in the Asia Pacific region where the Group's trade customers are based. Impairment loss adjustment was also made on amount due from a former subsidiary which is in liquidation.

#### Finance costs

There was an increase in finance costs of \$301,000, from \$124,000 in FY2015 to \$425,000 in FY2016 due to interest on RCBs and full year interest on amount due to a third party recorded in FY2016 as the advances were taken up in second half of FY2015.

#### Income tax

The income tax expense arose from taxable profits of certain subsidiaries during FY2016.

#### Loss from continuing operations

The Group reported a loss from continuing operations of \$4,031,000 for FY2016, which was an increase of \$3,004,000 from \$1,027,000 in FY2015. The loss arose mainly from lower revenue and gross profit, lower commission income and increase in administrative and other expenses as explained above.

#### **DISCONTINUED OPERATIONS**

The Group's discontinued operations pertained to the biomass projects segment, under Industrial Power Technology Pte Ltd and The Think Environmental Co Sdn Bhd, which was disposed during FY2016. The loss from discontinued operations made up of the Group's share of losses of \$779,000 incurred by these entities in FY2016 up to the date of disposal and loss on disposal of \$3,408,000.

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 period 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 period reported on (Cont'd).

## FINANCIAL POSITION

For the purpose of the discussion below, the analysis is based on the financial position of the Group's continuing operations as at FY2016 and FY2015. The table below shows the extract of the financial position of the Group's continuing operations as at FY2016 and FY2015, respectively.

### Extract of Statement of Financial Position (only continuing operations)

	FY2016 \$'000	Group	FY2015 \$'000 (restated)
Current Assets	13,181		7,076
Non-Current Assets	2,303		2,870
Current Liabilities	6,546		3,183
Non-Current Liabilities	3,444		5,049

#### Current assets

Current assets of the Group totalled \$13,181,000 as at FY2016. The increase of \$6,105,000 from \$7,076,000 as at FY2015 was primarily due to the inclusion of the new energy segment's current assets, increase in trade and other receivables and a 2-storey leasehold property of the Group which is a non-core asset, being reclassified from non-current assets since the Group is in the process of completing the sale of the property.

#### Non-current assets

The decrease of \$567,000 in the Group's non-current assets from \$2,870,000 as at FY2015 to \$2,303,000 as at FY2016 was the result of depreciation charge and reclassification of one of the Group's leasehold properties as property held for sale (under current asset). The decrease was partially set-off by the goodwill arising from acquisition of the energy segment during FY2016. Included in the non-current assets of the Group were leasehold properties, comprising two leasehold shop units in Malaysia, which are pledged as security for the Group's banking facilities.

#### Current liabilities

The Group reported current liabilities of \$6,546,000 as at FY2016 which was an increase of \$3,363,000 from \$3,183,000 as at FY2015. Other than the inclusion of liabilities of the new energy segment, the higher current liabilities of the Group was primary increase in trade and other payables and liabilities taken up to redeem one of the Group's leasehold properties held as security by a bank.

#### Non-current liabilities

Non-current liabilities of the Group decreased by \$1,605,000 from \$5,049,000 as at FY2015 to \$3,444,000 as at FY2016 due to lower outstanding RCBs and partial debts being converted into the Company's Shares under a debt conversion agreement entered into with an investor.

#### Shareholders' equity

Capital and reserves attributable to equity holders of the Company was \$5,180,000 as at FY2016. This was an increase of \$328,000 from \$4,852,000 as at FY2015 as a result of Share issuance and net loss in FY2016.

## CASH FLOWS

The Group had cash and cash equivalents of \$1,911,000 as at FY2016 which was an increase of \$27,000 (after adjustment of foreign currency translation) from \$1,884,000 as at FY2015. Net cash used in operations of \$3,369,000 arose from FY2016's operating losses, increase in trade and other receivables and purchase of inventories, offset by increase in trade and other payables. During FY2016, the Group acquired the new energy segment and purchased equipment as part of the Group's expansion and diversification plan explained for the net cash used in investing activities of \$2,412,000. These cash outflows from operating and investing activities were financed by net cash inflow from financing activities of \$5,802,000, which were mainly proceeds from the subscription of RCBs.



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 period 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 period reported on (Cont'd).

#### MATTERS ARISING DURING 2016

##### Issuance of 2% redeemable convertible bonds due 2018 with an aggregate principal amount of up to \$60,000,000

On 29 December 2015, Shareholders approved the issuance of 2% redeemable convertible bonds due 2018 with an aggregate principal amount of up to \$60,000,000 (the "RCBs"), pursuant to the RCB subscription agreement dated 31 July 2015 (the "Subscription Agreement") entered into with Premier Equity Fund Sub Fund F ("PEFF") and its manager, Value Capital Asset Management Pte Ltd (the "Manager") (collectively, the "Subscriber").

The first tranche of the RCBs (the "Tranche 1 RCBs") comprises equal sub-tranches of \$500,000 each, while the remaining three (3) tranches of the RCBs comprises equal sub-tranches of \$1,000,000 each. The RCBs shall be issued in registered form in denominations of \$50,000 each. The RCBs are convertible into Shares (the "RCB Conversion Shares"), which when issued, shall rank *pari passu* in all respects with all other existing Shares.

The issue price of the RCBs is 100% of the principal amount. The issue price of the RCB Conversion Shares (the "RCB Conversion Price") is determined by taking 85.0% of the average of the traded volume weighted average price (the "VWAP") per Share for any three (3) consecutive trading days determined at the sole and absolute discretion of the Subscriber, during the thirty (30) trading days immediately preceding the relevant date on which the RCBs were to be converted (the "Average Price"). On 18 September 2016, the Company entered into a supplemental agreement with the Subscriber (the "Subscription Agreement Supplemental Agreement"), pursuant to which it was agreed that, from 15 September 2016, the Conversion Price of each RCB shall not be less than 85.0% of the Average Price. The subscription and conversion of the RCBs shall be in accordance with the terms and conditions of the Subscription Agreement (as amended, supplemented and modified by the Subscription Agreement Supplemental Agreement).

Please refer to the Company's circular to the Shareholders dated 11 December 2015 (the "RCB Circular") for further details on the RCBs.

As at FY2016, the Company had issued the first to fifteenth sub-tranche of the Tranche 1 RCBs, with an aggregate principal amount of \$7,500,000, to the Subscriber. During FY2016, an aggregate amount of \$6,900,000 had been converted into a total of 8,551,470,586 RCB Conversion Shares at RCB Conversion Price of between \$0.0008 and \$0.00085 per RCB Conversion Share. The amount of RCBs subscribed but yet to be converted into RCB Conversion Shares was \$600,000 as at FY2016.

As at the date of this announcement, the utilisation of proceeds from the issuance of the RCBs (the "RCB Proceeds") is as follows:

Purpose	Amount \$'000	Percentage of RCB Proceeds %
Set-off of loan against issuance of RCBs to the Subscriber	1,699	23
Group's general working capital (Note (a))	3,298	44
Arranger's fee on RCBs issued	375	5
Expenses incurred by the Subscriber (Note (b))	40	-
Consideration for the acquisition of GPE Power System (M) Sdn Bhd (Note (c))	1,838	25
Repayment of third party liabilities	250	3
<b>Total</b>	<b>7,500</b>	<b>100</b>

#### Notes:

- (a) Funds used for the Group's general working capital were for payments to suppliers, refundable deposit paid to a supplier for purchase of inventories, capital expenditure and operating expenses including staff salaries and professional fees.
- (b) This was paid in accordance with the Subscription Agreement. The percentage of RCB Proceeds is less than 1%.
- (c) Please refer to the discussion below on "Acquisition of shareholding interests in GPE Power System (M) Sdn Bhd."

The use of RCB Proceeds is consistent with the use of proceeds for the RCBs as disclosed in the RCB Circular.

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 period 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 period reported on. (Cont'd)

#### MATTERS ARISING DURING 2016 (Cont'd)

##### Acquisition of shareholding interests in GPE Power Systems (M) Sdn Bhd ("GPE")

On 1 March 2016, the Company completed the acquisition of 70% shareholding interests in GPE for a cash consideration of \$1,837,500. GPE, a company incorporated in Malaysia, provides complete power generation solutions and its business is classified as the energy segment. Please refer to the Company's announcements dated 11 January 2016, 1 March 2016 and 9 May 2016 for further details on the acquisition.

##### Acquisition of non-controlling interests in Industrial Engineering Systems Pte Ltd ("IES")

On 27 April 2016, the Company completed the acquisition of the remaining 22% shareholding interests in IES for an aggregate consideration of \$660,000, with \$500,000 satisfied by the Company's allotment of 500,000,000 Shares at \$0.001 per Share to one of the vendors and the balance of \$160,000 by way of promissory notes (which had been fully repaid as at the date of this announcement). Please refer to the Company's announcements dated 7 April 2016, 25 April 2016 and 27 April 2016 for further details on the acquisition.

##### Disposal of shareholding interest in Industrial Power Technology Pte Ltd ("IPT") and The Think Environmental Co Sdn Bhd ("TTEC") and Loan facility from LionGold Corp Ltd ("LionGold")

On 17 March 2016, the Company completed the disposal of its shareholding interests in IPT and TTEC for a consideration of \$2. This follows the Group's strategic turnaround plan on restructuring its non-performing assets. Please refer to the Company's announcements dated 14 March 2016 and 17 March 2016 on the disposal.

In FY2015, in order to discharge the Group's share of liabilities as one of the guarantors of performance securities in respect of a project undertaken by IPT, LionGold extended loans in the aggregate sum of \$3,504,879 to the Company (the "**LionGold Loan**") at an interest of 8% per annum. The LionGold Loan shall be due and payable in December 2018.

On 11 February 2016, LionGold announced that it had assigned the benefits under the LionGold Loan to Mr. Lim In Chong (the "**Investor**"). Pursuant to the deed of assignment between LionGold and the Investor (the "**Deed of Assignment**"), it provides that the LionGold Loan will be assigned in three (3) portions.

Separately, the Company entered into a debt conversion agreement (the "**Debt Conversion Agreement**") and the option agreement (as amended, modified and supplemented by the option agreement supplemental deed) (the "**Option Agreement**") with the Investor.

Please refer to the discussion below on "Debt conversion and grant of options to an Investor" for further information.

##### Debt conversion and grant of options to an Investor

On 27 July 2016, Shareholders approved the Debt Conversion Agreement and the Option Agreement.

Under the Debt Conversion Agreement, the Company had agreed, for nominal consideration, to grant an option (the "**Debt Conversion Option**") to the Investor to convert the Assigned Debt (as defined herein) into Shares of the Company (the "**Debt Conversion Shares**") at a conversion price of \$0.001 (the "**Debt Conversion Price**") per Debt Conversion Share, for an aggregate number of up to 3,504,878,770 Debt Conversion Shares upon the full exercise of the Debt Conversion Option. The exercisability of the Debt Conversion Option by the Investor is linked to the Deed of Assignment and the Investor will only be able to exercise the Debt Conversion Option in respect of such amount of the LionGold Loan which have been assigned by LionGold to the Investor at any point in time pursuant to the Deed of Assignment (the "**Assigned Debt**").

The Debt Conversion Option will be exercisable in whole or in part in tranches of \$50,000 (convertible into 50,000,000 Debt Conversion Shares for each tranche exercised) at any time and upon the assignment of the respective proportions of the Assigned Debt as provided for in the Deed of Assignment.

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 period 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 period reported on. (Cont'd)

#### MATTERS ARISING DURING 2016 (Cont'd)

##### Debt conversion and grant of options to an Investor (Cont'd)

The Debt Conversion Price and the number of Debt Conversion Shares will be adjusted proportionately in the event that the Company undertakes a stock split, reverse stock split, capitalisation issue, rights issue, capital reduction or distribution, such adjustment to be certified by auditors of the Company for the time being, acting as an independent expert.

Upon exercise of the Debt Conversion Option (whether in full or in part) by the Investor, that portion of the LionGold Loan shall be deemed to be fully repaid under the LionGold Loan and neither LionGold nor the Investor will have any claim whatsoever against the Company for the same.

The Debt Conversion Shares will, when allotted and issued pursuant to the Debt Conversion Option, be authorised, allotted, validly issued and credited as fully paid-up, be free from encumbrances, will be fully transferable and shall rank *pari passu* in all respects with and carry all rights similar to the existing Shares including the right to receive dividends declared, made or paid, the books closure date of entitlement of which is on or after the date of issue of the Debt Conversion Shares, and shall not be subject to any pre-emptive right, rights of first refusal or other rights in favour of any other party to purchase or receive the same.

Pursuant to the Deed of Assignment, the Company had, on 5 December 2016, received notice of the assignment by LionGold of a portion of the Assigned Debt of \$1,000,000 (the "**First Assigned Debt**") to the Investor. On 8 December 2016, following the receipt of notice from the Investor on his intention to exercise the Debt Conversion Option on the First Assigned Debt, the Company allotted and issued 1,000,000,000 Debt Conversion Shares at the Debt Conversion Price of \$0.001 per Debt Conversion Share to the Investor in accordance with the Debt Conversion Agreement. As at FY2016 and the date of this announcement, 2,504,878,770 Debt Conversion Shares are available for issue upon assignment of the remaining Assigned Debt by LionGold and exercising of the Debt Conversion Option by the Investor.

Under the Option Agreement, the Company will, for a cash consideration of \$50,000, issue to the Investor an aggregate of 5,000,000,000 transferable share options ("**Options**", and each an "**Option**"), with each Option carrying the right to subscribe for one (1) new ordinary Share ("**Option Share**") at a minimum exercise price of \$0.001 to raise an amount of up to \$5,000,000 in aggregate (the "**Grant of Options**"). The Option Shares, when allotted and issued upon exercise of the Options, shall be fully paid and shall rank *pari passu* in all respects with the existing Shares, save that they shall not rank for any dividends, rights, allotments, distributions or entitlements, the record date of which falls on or prior to the date of allotment of the Option Shares. As the Debt Conversion Shares were issued to the Investor in December 2016, the Investor has yet to accept the grant of Options and therefore no Option Shares have been issued as at FY2016 and the date of this announcement.

The Debt Conversion Option will extinguish the LionGold Loan owed by the Company and reduce the Company's debt burden. The Investor is also a strategic investor in the Company and the Company believes that the Investor has and will continue to make contributions to the Group. The Grant of Options and issuance of the Option Shares is also to align the interests of the Investor with those of the Company as well as motivate the Investor generally to contribute towards the Group's long-term prosperity.

Please refer to the Company's circular dated 12 July 2016 for further details on the Debt Conversion Option and Grant of Options.

##### Proposed adoption of the Annica Performance Share Plan and the Annica Employee Share Option Scheme (collectively, the "**Schemes**")

On 2 September 2016, Shareholders approved the Company's adoption of the Schemes. The aggregate number of Shares that may be issued under the Schemes shall not exceed 15% of the total number of issued Shares of the Company from time to time. Please refer to the Company's circular dated 18 August 2016 for information on the Schemes. As at FY2016 and the date of the announcement, no Shares have been granted under the Schemes.

##### Proposed diversification of the current core business of the Group to include the recycling business, renewable energy business, green technology business and complementary technology business (collectively, the "**New Businesses**")

On 2 September 2016, Shareholders approved the Company's proposal to diversify its current core business to include the New Businesses to reduce the Group's reliance on its current core business for its revenue streams and to offer new business opportunities thereby providing the Group with additional and recurrent revenue streams. Please refer to the Company's circular dated 18 August 2016 for information on the diversification and New Businesses. The proposed acquisition of shares in Horizon Greentech Resources Sdn. Bhd. as discussed below is one of such diversification undertaken by the Group.

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 period 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 period reported on. (Cont'd)

#### **MATTERS ARISING DURING 2016 (Cont'd)**

##### Proposed acquisition of shares in Horizon Greentech Resources Sdn. Bhd. ("HGR" or "the "Proposed HGR Acquisition")

On 23 December 2016, the Company announced that it has entered into a conditional sale and purchase agreement to acquire 2,450,000 ordinary shares from the vendors (the "HGR Vendors"), representing approximately 49% of the issued and paid-up share capital of HGR for a consideration of \$4,200,000 (the "HGR Consideration"). In addition, upon completion of the Proposed HGR Acquisition, the Company will benefit from the transfer of an amount of \$2,400,000 (equivalent to Malaysia Ringgit 7,497,000) from the HGR Vendors by way of novation to the Company, which is a proportionate part of a loan owing by HGR to the HGR Vendors.

HGR is principally engaged in the business of extrusion and recycling of end-of-life waste tyres for the production of tyre derived fuel, carbon black and scrap metal and it owns a waste tyre pyrolysis plant. The proposed acquisition of HGR is in line with the Company's diversification into the New Businesses.

The HGR Consideration shall be satisfied by:

- (i) \$2,600,000 through promissory notes repayable within six (6) months from the completion date (or such other later date as may be mutually agreed in writing between the Company the vendors), bearing an interest of 8% per annum; and
- (ii) \$1,600,000 by way of the allotment and issue to the vendors of newly paid up Shares of the Company ("the "HGR Consideration Shares") upon the completion date at \$0.001 per HGR Consideration Shares.

The Proposed HGR Acquisition is on-going.

#### **MATTERS ARISING SUBSEQUENT TO FY2016**

##### Proposed disposal of the Company's property located at 38 Kallang Place Singapore 339166 (the "Property")

On 26 January 2017, the Company announced that it has granted a third-party purchaser an option to purchase the Property for a consideration of \$3,000,000 (the "Property Consideration"). The Property Consideration was arrived at, on a willing-buyer, willing-seller basis, taking into account the open market value based on the valuation report on the Property issued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, the current market conditions and the prevailing transacted price in the vicinity of the Property. On 8 February 2017, the third-party purchaser exercised the option to purchase the Property and \$150,000, representing 5% of the Property Consideration, had been received by the Company and its solicitors (as stakeholders). The proposed disposal of the Property is expected to complete no later than July 2017, unless otherwise mutually extended by the Company and the third-party purchaser.

#### **OTHER MATTER**

##### Notices received from Commercial Affairs Department ("CAD")

Further to the Company's announcements on 4 April 2014 and 29 April 2014 relating to the CAD's investigations, the CAD confirmed to the Company's external auditors on 7 February 2017 that its investigations are still ongoing.

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

The Group's FY2016 operating results were in line with the expectations as disclosed in the Company's FY2015 annual report and the HY2016 results announcement dated 12 August 2016.

The diversification of the Group's core business to include New Businesses is in line with the Group's strategic turnaround plan as stated in the FY2015 annual report. Together with the Debt Conversion Option which will reduce the Group's debt burden as well as the estimated proceeds from the issuance of the RCBs and Grant of Options to the Investor earmarked to fund the Group's operations and corporate activities, the Directors are of the view that the Group is in a position to allocate its resources more efficiently thereby strengthening the financial position and earnings base of the Group.

**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 Company targets to complete the sale of one of its leasehold properties since it is a non-core asset and raise additional proceeds from the remaining of the first tranche of the RCBs in the next 12 months and from the Grant of Options. The Group recognises the challenges it faces given the prevailing tough economic conditions in the global markets, especially the South East Asian market which the Group operates in and of which is dependent on the performance of the major world economies, is volatile. The Directors remain cautious in the near term.

The Directors continue to evaluate various strategies, including fund raising, acquisitions of suitable businesses, and with the restructuring of non-strategic and non-performing assets and refocusing on key business segments, the management constantly undertakes reviews of the Group's operating models, strategies and planning process to enable it to enhance its competitiveness and market presence, as well as to improve the existing business and earnings base of the Group. While the Directors are reasonably positive that these strategies can be achieved given time, nonetheless, they are subject to market conditions.

**11. Dividend**

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

Any dividend declared/recommended for the current financial period reported on?

No ordinary dividend has been recommended or declared.

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

Any dividend declared/recommended for the corresponding period of the immediately preceding financial year?

No ordinary dividend was recommended or declared.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been recommended or declared for the current financial period.

**13. 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.**

The Company has not obtained a general mandate from shareholders for interested person transactions.

During FY2016, there were no interested person transactions entered into by the Group pursuant to Chapter 9 of the Listing Manual Section B Rules of Catalist of the SGX-ST (the "Catalist Rules").

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**14. Segmental revenue and results for operating 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.**

**Primary segment**

**Analysis by Geographical Segments** – The group's activities are primarily based in Singapore, Malaysia and Indonesia.

	Singapore	Malaysia	Indonesia	Elimination	Continuing operations	Discontinued operations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>For the financial year ended 31 December 2016</b>							
<b>Geographical segments by location of assets</b>							
Revenue:							
External sales	5,979	13,086	793	(472)	19,386	1,724	21,110
Inter-segment sales	145	(134)	(483)	472	-	-	-
Total revenue	6,124	12,952	310	-	19,386	1,724	21,110
Results:							
Segment results	(5,563)	306	56	1,626	(3,575)	(4,184)	(7,759)
Interest income	121	4	-	(121)	4	-	4
Interest expenses	(445)	(101)	-	121	(425)	(3)	(428)
(Loss)/profit before income tax	(5,887)	209	56	1,626	(3,996)	(4,187)	(8,183)
Income tax (expense)/credit	64	(90)	(11)	2	(35)	-	(35)
Total (loss)/profit	(5,823)	119	45	1,628	(4,031)	(4,187)	(8,218)
Other information:							
Capital expenditure	12	880	5	-	897	-	897
Depreciation	147	90	1	-	238	24	262
Allowance for impairment of doubtful trade receivables					765	-	765
Impairment loss on amount due from a former subsidiary					332	-	332
Amortisation of intangible assets					-	2	2
Fair value loss on disposal of financial assets, at fair value through profit or loss					110	-	110
Impairment loss on available-for-sale financial assets					7	-	7
					1,474	26	1,500
	Singapore	Malaysia	Indonesia	Elimination	Continuing operations	Discontinued operations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets:							
Non-current assets	5,746	1,135	-	(4,650)	2,231	-	2,231
Other segment assets	8,858	7,019	841	(3,465)	13,253	-	13,253
Consolidated total assets					15,484	-	15,484
Liabilities:							
Segment liabilities	4,740	4,685	184	(3,581)	6,028	-	6,028
Borrowings	3,631	1,223	-	(1,135)	3,719	-	3,719
Current income tax liabilities	14	119	30	-	163	-	163
Deferred tax liabilities	-	64	16	-	80	-	80
Consolidated total liabilities					9,990	-	9,990

Revenue by geographical location of customers

	Singapore	Malaysia	Indonesia	Thailand	Vietnam	Brunei and Myanmar	Others	Continuing operations	Discontinued operations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	61	13,384	944	1,853	2,430	640	74	19,386	1,724	21,110

14. Segmental revenue and results for operating 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.(Cont'd)

Primary segment (Cont'd)

Analysis by Geographical Segments (Cont'd)

	Singapore	Malaysia	Indonesia	Elimination	Continuing operations	Discontinued operations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>For the financial year ended 31 December 2015 (restated)</b>							
<b>Geographical segments by location of assets</b>							
Revenue:							
External sales	10,052	2,518	1,344	(1,202)	12,712	13,037	25,749
Inter-segment sales	(1,183)	(10)	(9)	1,202	-	-	-
<b>Total revenue</b>	<b>8,869</b>	<b>2,508</b>	<b>1,335</b>	<b>-</b>	<b>12,712</b>	<b>13,037</b>	<b>25,749</b>
Results:							
Segment results	(8,736)	39	93	7,762	(842)	(7,318)	(8,160)
Interest income	283	2	-	(283)	2	-	2
Interest expenses	(401)	(5)	-	283	(123)	(95)	(218)
(Loss)/profit before income tax	(8,854)	36	93	7,762	(963)	(7,413)	(8,376)
Income tax expense	(14)	(9)	(41)	-	(64)	-	(64)
<b>Total (loss)/profit</b>	<b>(8,868)</b>	<b>27</b>	<b>52</b>	<b>7,762</b>	<b>(1,027)</b>	<b>(7,413)</b>	<b>(8,440)</b>
Other information:							
Capital expenditure	9	3	-	-	12	-	12
Depreciation	186	18	-	-	204	99	303
Allowance for impairment of doubtful trade receivables					238	2,718	2,956
Equipment earmarked for construction contracts written off					-	660	660
Allowance for impairment of equipment earmarked for construction contracts					-	406	406
Amortisation of intangible assets					-	8	8
Fair value loss and loss on disposal of financial assets, at fair value through profit or loss					80	-	80
Impairment loss on property, plant and equipment					-	61	61
Impairment loss on and loss on disposal of available-for-sale financial assets					32	-	32
					554	3,952	4,506
	<b>Singapore</b>	<b>Malaysia</b>	<b>Indonesia</b>	<b>Elimination</b>	<b>Continuing operations</b>	<b>Discontinued operations</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Assets:</b>							
Non-current assets	2,484	298	-	-	2,780	247	3,027
Other segment assets	11,948	1,084	651	(6,515)	7,168	11,138	18,306
<b>Consolidated total assets</b>					<b>9,946</b>	<b>11,385</b>	<b>21,333</b>
<b>Liabilities:</b>							
Segment liabilities	5,779	182	98	(2,862)	3,197	9,289	12,486
Borrowings	4,937	96	-	-	5,033	2,980	8,013
Current income tax liabilities	78	(58)	19	-	39	-	39
Deferred tax liabilities	-	7	16	-	23	-	23
<b>Consolidated total liabilities</b>					<b>8,292</b>	<b>12,269</b>	<b>20,561</b>

Revenue by geographical location of customers

	Singapore	Malaysia	Indonesia	Thailand	Vietnam	Brunei and Myanmar	Others	Continuing operations	Discontinued operations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	1,463	2,830	190	4,987	423	2,345	474	12,712	13,037	25,749

**14. Segmental revenue and results for operating 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. (Cont'd)**

**Secondary segment**

**Analysis by Business Segments**

In FY2016, the Group operates in four product segments – engineering services, oil and gas equipment, investments and others and the newly acquired energy segment. The biomass projects segment was disposed in FY2016.

The following table shows the revenue, the carrying amounts of segment assets and additions to property, plant and equipment, analysed by business segments:

	Revenue		Segment assets		Capital additions	
	FY2016 \$'000	FY2015 \$'000 (restated)	FY2016 \$'000	FY2015 \$'000	FY2016 \$'000	FY2015 \$'000
<b>Continuing operations</b>						
Engineering services	2,560	2,896	1,613	3,416	-	4
Oil and gas equipment	4,881	9,816	3,349	3,454	13	7
Energy services	11,945	-	6,221	-	880	-
Investments and others	-	-	4,301	3,077	4	-
	19,386	12,712	15,484	9,947	897	11
<b>Discontinued operations</b>						
Biomass projects	1,724	13,037	-	11,386	-	1
	21,110	25,749	15,484	21,333	897	12

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to paragraph 8.

**16. A breakdown of sales as follows:**

	Group		Increase (Decrease) %
	FY2016 \$'000	FY2015 \$'000 (restated)	
<b>Continuing operations</b>			
Revenue reported for first half year	7,126	7,749	(8)
Operating loss after tax before deducting non-controlling interest reported for first half year	(1,166)	(435)	NM
Revenue reported for second half year	12,260	4,963	NM
Operating loss after tax before deducting non-controlling interest reported for second half year	(2,865)	(592)	NM
<b>Discontinued operations</b>			
Revenue reported for first half year	1,724	4,575	(62)
Operating loss after tax before deducting non-controlling interest reported for first half year	(4,187)	(4,900)	(15)
Revenue reported for second half year	-	8,462	NM
Operating loss after tax before deducting non-controlling interest reported for second half year	-	(2,513)	NM

NM: Not meaningful

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

- (a) Ordinary: Not Applicable
- (b) Preference: Not Applicable
- (c) Total: Not Applicable



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

The Company confirms that the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from its Directors and Executive Officer in the format set out in Appendix 7H of the Catalist Rules.

**19. 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). If there are no such persons, the issuer must make an appropriate negative statement.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Chong Chow Heng	60	Father of Chong Shin Mun, a substantial shareholder of the Company and a director of the Company's subsidiary, GPE.	General Manager, GPE.  Responsible for the operations and business developments of GPE.  The position was held since the Company acquired GPE in 2016.	NIL

Other than the above, the Company confirms that there is no person occupying managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704 (10) of the Catalist Rules.

**BY ORDER OF THE BOARD  
ANNICA HOLDINGS LIMITED**

Sandra Liz Hon Ai Ling  
Executive Director and Chief Executive Officer  
1 March 2017