

**Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2014**

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

- 1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	Group		
		FY 2014	FY 2013	Change
		S\$'000	S\$'000	%
<b>Revenue</b>		<b>49,042</b>	<b>52,410</b>	<b>(6.43%)</b>
Cost of sales		(37,480)	(40,649)	(7.80%)
<b>Gross Profit</b>		<b>11,562</b>	<b>11,761</b>	<b>(1.69%)</b>
Other operating income		1,896	1,475	28.54%
Distribution expenses		(1,889)	(1,708)	10.60%
Administrative expenses		(9,109)	(8,335)	9.29%
Other operating expenses		(423)	(1,636)	(74.14%)
Share of result of an associate		156	(66)	NM
Finance costs		(685)	(560)	22.32%
<b>Profit before income tax</b>		<b>1,508</b>	<b>931</b>	<b>61.98%</b>
Income tax expenses	(i)	(715)	(441)	62.13%
<b>Profit for the year</b>	(ii)	<b>793</b>	<b>490</b>	<b>61.84%</b>
<b>Attributable to:</b>				
Owners of the Company		724	(273)	NM
Non-controlling interests		69	763	(90.96%)
		<b>793</b>	<b>490</b>	<b>61.84%</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014**

	Group		
	FY 2014	FY 2013	Change
	S\$'000	S\$'000	%
<b>Profit for the year</b>	<b>793</b>	<b>490</b>	<b>61.84%</b>
<b>Other comprehensive income, after tax:</b>			
Exchange differences on translation of foreign operations	1,203	153	686.27%
Other comprehensive income for the year, net of tax	1,203	153	686.27%
<b>Total comprehensive income for the year</b>	<b>1,996</b>	<b>643</b>	<b>210.42%</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	1,623	137	1,084.67%
Non-controlling interests	373	506	(26.28%)
	<b>1,996</b>	<b>643</b>	<b>210.42%</b>

NM: Not meaningful

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2014

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd)

#### Notes

(i) The Group income tax figure includes an overprovision in prior years of S\$17,518 (2013: underprovision in prior years of S\$193,631) and group relief of S\$205,582 (2013: S\$90,396)

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

	Group		
	FY 2014	FY 2013	Change
	S\$'000	S\$'000	%
Allowance for/(Reversal of allowance) for slow moving inventories	130	(1,138)	NM
(Reversal of allowance)/Allowance for doubtful debts (net)	(13)	54	NM
(Reversal of allowance)/Allowance for claim on contract work	(339)	727	NM
Amortisation of government grant	(74)	(64)	15.63%
Amortisation of intangible assets	474	410	15.61%
Amortisation of prepaid land rental	7	16	(56.25%)
Bad debts written off	-	45	NM
Depreciation of property, plant and equipment	1,064	1,339	(20.54%)
Finance costs	685	560	22.32%
Foreign currency exchange adjustment (gain)/loss - net	(182)	274	NM
Gain on liquidation of an associate	-	(3)	NM
Gain on dilution of equity interest in subsidiaries & associates	-	(788)	NM
Loss/(Gain) on disposal of property, plant and equipment	6	(40)	NM
Government subsidy	(546)	(398)	37.19%
Impairment of available-for-sale financial assets	400	553	(27.67%)
Interest income	(105)	(33)	218.18%
Loss on deregistration of a subsidiary	-	31	NM
Loss on disposal of intangible assets	-	20	NM
Property, plant and equipment written off	-	5	NM
Share-based payments	360	49	634.69%

NM: Not meaningful

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2014

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

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Group		Company	
	FY 2014	FY 2013	FY 2014	FY 2013
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	7,288	10,913	1,526	4,817
Trade receivables	13,412	8,833	-	-
Other receivables	5,532	13,095	4,863	10,342
Amount due from contract customer	-	1,582	-	-
Amount due from subsidiaries and an associate	567	404	2,805	8,926
Inventories	32,519	20,849	-	-
	59,318	55,676	9,194	24,085
Assets classified as held for sale	4,486	-	4,486	-
Total current assets	63,804	55,676	13,680	24,085
<b>Non-current assets:</b>				
Property, plant and equipment	30,702	20,754	-	-
Prepaid land rental	323	307	-	-
Goodwill	497	497	-	-
Intangible assets	11,698	10,038	-	-
Investment in subsidiaries	-	-	25,319	17,956
Investment in an associate	2,771	2,427	-	-
Available-for-sale financial assets	5,667	10,553	5,667	10,553
Club membership	190	190	190	190
Long-term loan receivables	5,468	-	5,468	-
Refundable deposits	924	668	-	-
Amount due from subsidiaries and an associate	-	-	7,848	6,181
Deferred tax assets	23	80	-	-
Total non-current assets	58,263	45,514	44,492	34,880
<b>Total assets</b>	<b>122,067</b>	<b>101,190</b>	<b>58,172</b>	<b>58,965</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Bank overdrafts	318	276	-	-
Current portion of bank loans	6,271	4,667	-	-
Current portion of finance leases	305	272	-	-
Bills payables	19,237	8,884	-	-
Trade payables	2,392	1,158	-	-
Other payables	3,887	4,447	588	674
Income tax payable	433	149	-	-
Total current liabilities	32,843	19,853	588	674
<b>Non-current liabilities:</b>				
Bank loans	16,836	11,555	-	-
Finance leases	251	397	-	-
Government grants	2,155	2,072	-	-
Deferred tax liabilities	277	252	-	-
Total non-current liabilities	19,519	14,276	-	-
<b>Capital, reserves and non-controlling interests:</b>				
Share capital	36,131	36,131	36,131	36,131
Reserves	28,405	26,748	21,453	22,160
Equity attributable to owners of the Company	64,536	62,879	57,584	58,291
Non-controlling interests	5,169	4,182	-	-
Total equity	69,705	67,061	57,584	58,291
<b>Total liabilities and equity</b>	<b>122,067</b>	<b>101,190</b>	<b>58,172</b>	<b>58,965</b>

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2014

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

	Group	
	FY 2014	FY 2013
	S\$'000	S\$'000
<b>Amount repayable in one year or less, or on demand:-</b>		
Secured	26,131	14,099
Unsecured	-	-
<b>Sub-Total</b>	<b>26,131</b>	<b>14,099</b>
<b>Amount repayable after one year</b>		
Secured	17,087	11,952
Unsecured	-	-
<b>Sub-Total</b>	<b>17,087</b>	<b>11,952</b>
<b>Total borrowings and debt securities</b>	<b>43,218</b>	<b>26,051</b>

Details of any collateral

At 31 December 2014 and 31 December 2013, the Group's secured borrowings consist of bank overdrafts, bank loans, finance leases and bills payables.

At 31 December 2014, bank loans of S\$10.65 million (31 December 2013: S\$9.65 million) was secured by a charge over a property of a subsidiary. In addition, bank loans of S\$7.61 million (31 December 2013: S\$2.12 million) was secured by a charge over three pieces of vacant land, a property and machineries and equipment of a subsidiary.

At 31 December 2014 and 31 December 2013, bank overdrafts, bills payables and remaining bank loans were secured by corporate guarantees of the Company. The finance leases were secured by the leased assets.

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2014

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

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Group	
		FY 2014	FY 2013
		S\$'000	S\$'000
<b>Cash flows from operating activities:</b>			
Profit before income tax:		1,508	931
<b>Adjustments for:</b>			
(Reversal of allowance)/Allowance for doubtful debts (net)		(13)	54
Amortisation of prepaid land rental		7	16
Amortisation of intangible assets		474	410
Amortisation of government grant		(74)	(64)
Bad debts written off		-	45
Depreciation of property, plant and equipment		1,065	1,339
Finance costs		685	560
Loss/(Gain) on disposal of property, plant and equipment		6	(40)
Gain on dilution of equity interest in subsidiaries and associates		-	(788)
Gain on liquidation of an associate		-	(3)
Impairment of available-for-sale financial assets		400	553
Interest income		(105)	(33)
Loss on disposal of intangible assets		-	20
Loss on deregistration of a subsidiary		-	31
Property, plant and equipment written off		-	5
Unrealised foreign exchange loss/ (gain)		36	(658)
Allowance for/(Reversal of allowance for slow moving inventories)		130	(1,138)
(Reversal of allowance)/Allowance for claim on contract work		(339)	727
Share of result of an associate		(156)	66
Share-based payment expenses		360	49
<b>Operating cash flows before working capital changes</b>		<b>3,984</b>	<b>2,082</b>
Trade receivables		(4,566)	928
Other receivables		3,893	(9,885)
Inventories		(11,800)	2,176
Trade payables		1,234	(2,033)
Other payables		(547)	5,946
<b>Cash flows used in operations</b>		<b>(7,802)</b>	<b>(786)</b>
Interest paid		(685)	(512)
Interest income received		92	33
Income taxes paid		(338)	(516)
<b>Net cash flows used in operating activities</b>		<b>(8,733)</b>	<b>(1,781)</b>
<b>Cash flows from investing activities:</b>			
Proceeds on disposal of property, plant and equipment		1	49
Proceeds on disposal of intangible assets		-	2
Contribution from non-controlling interests		417	809
Additions to intangible assets		(1,315)	(1,075)
Purchases of property, plant and equipment	(1)	(10,219)	(13,669)
(Increase)/Decrease in amount due from an associate		(163)	19
Disposal of equity interest in subsidiaries and associates	(2)	-	6,646
Acquisition of additional interest in a subsidiary		-	(113)
<b>Net cash flows used in investing activities</b>		<b>(11,279)</b>	<b>(7,332)</b>

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2014

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd)

	Note	Group	
		FY 2014	FY 2013
		S\$'000	S\$'000
<b>Cash flows from financing activities:</b>			
Proceeds from bills payables, net		10,352	4,848
Proceeds from bank loans		11,628	11,152
Repayment of bank loans		(5,134)	(11,372)
Repayment of obligations under finance leases		(327)	(234)
Dividends paid		(249)	(747)
Dividends paid to non-controlling interests		-	(28)
Proceeds from government grants		-	200
<b>Net cash flows generated from financing activities</b>		<b>16,270</b>	<b>3,819</b>
Net decrease in cash and cash equivalents		(3,742)	(5,294)
Cash and cash equivalents at the beginning of the year		10,637	15,735
Effect of exchange rate changes on the balance of cash held in foreign currencies		75	196
<b>Cash and cash equivalents at the end of the year</b>	(3)	<b>6,970</b>	<b>10,637</b>

Note

(1) During the year, the Group acquired plant and equipment with an aggregate cost of S\$216,000 (2013: S\$646,000) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to S\$10,219,000 (2013: 13,669,000)

(2) The effect of disposal of equity interest in subsidiaries and associates on the cash flows are as follows:

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

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

	FY 2014	FY 2013
	S\$'000	S\$'000
Cash and bank balances	7,288	10,913
Bank overdrafts	(318)	(276)
	6,970	10,637

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2014

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

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Share Capital	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
<b>Group</b>								
<b>Balance as at 1 January 2013</b>	<b>36,131</b>	<b>(701)</b>	<b>32</b>	<b>915</b>	<b>27,063</b>	<b>63,440</b>	<b>10,951</b>	<b>74,391</b>
Total comprehensive income/(loss) for the year	-	410	-	-	(273)	137	506	643
Dividend paid	-	-	-	-	(747)	(747)	-	(747)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(28)	(28)
Disposal of a subsidiary	-	-	-	-	-	-	(7,899)	(7,899)
Expiry of share options	-	-	-	(64)	64	-	-	-
Grant of equity-settled share options to employees	-	-	-	49	-	49	-	49
Appropriation to reserve fund	-	-	12	-	(12)	-	-	-
Contributions from non-controlling interests	-	-	-	-	-	-	809	809
Acquisition of non-controlling interest in a subsidiary without a change in control	-	-	-	-	-	-	(157)	(157)
<b>Balance as at 31 December 2013</b>	<b>36,131</b>	<b>(291)</b>	<b>44</b>	<b>900</b>	<b>26,095</b>	<b>62,879</b>	<b>4,182</b>	<b>67,061</b>
<b>Balance as at 1 January 2014</b>	<b>36,131</b>	<b>(291)</b>	<b>44</b>	<b>900</b>	<b>26,095</b>	<b>62,879</b>	<b>4,182</b>	<b>67,061</b>
Total comprehensive income for the year	-	899	-	-	724	1,623	373	1,996
Dividend paid	-	-	-	-	(249)	(249)	-	(249)
Expiry of share options	-	-	-	(44)	44	-	-	-
Grant of equity-settled share options to employees	-	-	-	360	-	360	-	360
Acquisition of non-controlling interest in a subsidiary without a change in control	-	-	-	-	(77)	(77)	77	-
Contributions from non-controlling interests	-	-	-	-	-	-	537	537
<b>Balance as at 31 December 2014</b>	<b>36,131</b>	<b>608</b>	<b>44</b>	<b>1,216</b>	<b>26,537</b>	<b>64,536</b>	<b>5,169</b>	<b>69,705</b>

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2014

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd)

	Share Capital	Share Options Reserve	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>				
<b>Balance as at 1 January 2013</b>	<b>36,131</b>	<b>915</b>	<b>27,004</b>	<b>64,050</b>
Total comprehensive loss for the year	-	-	(5,061)	(5,061)
Expiry of share options	-	(64)	64	-
Grant of equity-settled share options to employees	-	49	-	49
Dividend paid	-	-	(747)	(747)
<b>Balance as at 31 December 2014</b>	<b>36,131</b>	<b>900</b>	<b>21,260</b>	<b>58,291</b>
<b>Balance as at 1 January 2014</b>	<b>36,131</b>	<b>900</b>	<b>21,260</b>	<b>58,291</b>
Total comprehensive loss for the year	-	-	(818)	(818)
Expiry of share options	-	(44)	44	-
Grant of equity-settled share options to employees	-	360	-	360
Dividend paid	-	-	(249)	(249)
<b>Balance as at 31 December 2014</b>	<b>36,131</b>	<b>1,216</b>	<b>20,237</b>	<b>57,584</b>



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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2014

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

### SHARE CAPITAL

	Number of Shares	Share Capital
	'000	S\$'000
Balance as at 1 January 2014 and 31 December 2014	248,973	36,131

The number of shares that may be issued on conversion of all share options outstanding as at 31 December 2014 was 20,562,000 (as at 31 December 2013: 21,057,000).

There were no treasury shares held at 31 December 2014 or 31 December 2013.

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

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

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

Not applicable.

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

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

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

Not applicable.

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2014

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

The Group and Company have adopted the same accounting policies and methods of computation for the current financial year since those applied in the financial year ended 31 December 2013 except for the adoption of new and revised accounting standards (including its consequential amendments) and interpretations applicable for the financial year beginning 1 January 2014.

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

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

Not applicable.

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

**EARNING PER ORDINARY SHARE**

	Group		
	FY 2014	FY 2013	Change %
Earnings/(Loss) per ordinary share for the financial year based on net profit/(loss) attributable to the equity holders of the Company			
(i) Based on weighted average number of ordinary shares (in cents) - Weighted average number of shares	0.29 248,973,000	(0.11) 248,973,000	NM -
(ii) On a fully diluted basis (in cents) - Adjusted weighted average number of shares	0.29 251,177,404	(0.11) 249,785,225	NM 0.56%

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

	Group			Company		
	FY 2014	FY 2013	Change	FY 2014	FY 2013	Change
	Cents	Cents	%	Cents	Cents	%
Net asset backing per ordinary share based on the existing issued share capital as at the end of the financial year	25.92	25.26	2.61%	23.13	23.41	-1.20%

The net asset value per ordinary share is based on 248,973,000 (2013: 248,973,000) shares at the end of each year.

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2014

- 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 attributed to owners of the company for year ended 31 December 2014 was S\$0.72 million as compared to loss of S\$0.27 million in the prior year. The improvements in results were mainly due to better results contributions from its distribution and engineering and environmental divisions and recognition of reversal of allowance for claim on contract works amounting to S\$0.34 million which was partially offset by higher production cost and pre-operating expenses incurred by the manufacturing division during the year.

The Group's turnover for financial year ended 31 December 2014 dropped marginally by 6.43% from S\$52.41 million to S\$49.04 million. The decrease in Group revenue of S\$3.37 million was principally due to the divestment of Shinsei Taizhou in June 2013 resulting in no revenues being earned from Shinsei Taizhou in year ended 31 December 2014 as compared to S\$9.60 million recorded in the prior year. As the newly incorporated company; Shinsei Industry Sdn Bhd just commenced its commercial production at the end of the 3rd quarter, a much smaller revenue of S\$0.89 million was recorded under the manufacturing division. The reduction was partially offset by higher revenues generated from its newly incorporated companies from the distribution division; Metal Wang Pte Ltd of S\$4.73 million and Ichinose Emico Valves (S) Pte Ltd of S\$0.38 million which both companies are in trading of coils and sheets and distribution of valves businesses respectively.

Despite marginal drop in Group turnover, gross profit was maintained at 2013 level with improved gross profit margin of 23.57% compared to 22.44% in the prior year. The stable gross profit and improved gross profit margin were attributed to better contribution from the engineering and environmental business followed by steady increase in wastewater treatment volume in China and delivery of turnkey project in Singapore. In addition, higher turnover recorded by distribution division with increased gross profit margin due to hike in nickel price at the beginning of year also contributed positively to Group gross profit. However, gross loss was recorded in its manufacturing division due to higher production cost and pre-operating expenses incurred by newly incorporated company; Shinsei Industry Sdn Bhd as a result of initial low production volume.

Group distribution and administrative expenses increased by S\$0.18 million and S\$0.77 million respectively as compared to the prior year, in tandem with the recent set up of new businesses in distribution and manufacturing divisions. Finance costs rose from S\$0.56 million to S\$0.69 million due to higher outstanding balances for interest bearing borrowings.

Other operating expenses decreased significantly due to impairment of available-for-sale financial assets of S\$0.40 million recorded in year ended 31 December 2014 as compared to allowance for claim on contract works of S\$0.73 million, impairment of available-for-sale financial assets of S\$0.55 million and foreign exchange loss of S\$0.27 million accounted for in prior year. As at 31 December 2014, other operating income principally consists of reversal of allowance for claim on contract works of S\$0.34 million and reimbursement of professional fees and payment of interest income of S\$0.54 million after finalisation of arbitration and government subsidy of S\$0.55 million as compared to gain on dilution of equity interest in subsidiaries & associates of S\$0.79 million and government subsidy of S\$0.40 million accounted for in year ended 31 December 2013.

Share of results of an associate of S\$0.16 million was derived from Shuanglin Huzhou Wastewater Treatment Co., Ltd in conjunction with higher revenue and gross profit recorded.

Effective income tax rate and income tax expenses increased significantly due to non recognition of deferred tax assets of Shinsei Industry Sdn Bhd for its loss making results in year ended 31 December 2014.

Total liabilities of the Group increased by S\$18.23 million from S\$34.13 million as at 31 December 2013 to S\$52.36 million as at 31 December 2014. The increase was mainly due to increase in bank borrowings followed by financing arrangement obtained to support the construction of new warehouse in Singapore and production factory in Penang, Malaysia. In addition, the increase in bills payables of S\$10.35 million and trade payables of S\$1.23 million was in tandem with higher inventory balances for replenishment of stocks in distribution division and activation of production activities in manufacturing division. The increase was partially offset by reduction in other payables due to repayment made to its contractor of new warehouse in Singapore during the year. The Group's net gearing ratio increased to 0.56 times as at 31 December 2014 as compared to 0.24 times as at 31 December 2013.

Current assets of the Group increased by S\$8.13 million from S\$55.68 million as at 31 December 2013 to S\$63.81 million as at 31 December 2014. The increase in current assets was mainly due to higher inventory balances and trade receivables in conjunction with the replenishment of stocks in the distribution division, purchase of raw material in the manufacturing division and longer debtors turnover. A reclassification of available-for-sale financial assets under non-current assets to assets classified as held for sale of S\$4.49 million under current assets was made in relation to the disposal of Shinsei Company (S) Pte Ltd and Both-Well Holdings Pte Ltd in November 2014. Debtors turnover increased to 102 days as at 31 December 2014 as compared to 63 days as at 31 December 2013. The overall increase in current assets was partially offset by decrease in cash and bank balances, other receivables and amount due from contract customer. The decrease in other receivables by S\$7.57 million from S\$13.10 million as at 31 December 2013 to S\$5.53 million as at 31 December 2014 was mainly due to change of repayment term from repayable on demand to lump sum payment and also certain repayment made by related parties during the year. The reduction of amount due from contract customer was attributed to collection of outstanding amount from customer after completion of arbitration.

Non-current assets of the Group increased by S\$12.75 million from S\$45.51 million as at 31 December 2013 to S\$58.26 million as at 31 December 2014. The increase was mainly due to constructions of warehouse and purchase of equipment in Singapore and constructions of new manufacturing plant in Penang together with the purchase of machinery after offsetting depreciation charges. In addition, the increase in intangible assets was mainly attributable to capital expenditure in the construction of wastewater treatment plants in PRC.

Group's net asset per share at 31 December 2014 was 25.92 cents and weighted average EPS for 12 months ended 31 December 2014 was 0.29 cents.

Cash and cash equivalents as at 31 December 2014 decreased by S\$3.63 million from S\$10.91 million as at 31 December 2013 to S\$7.29 million as at 31 December 2014. The reduction was due to increased in cash used in operating activities for the purchase of inventories and longer trade debtors turnover days, cash used in investing activities related to the additions of new office cum warehouse, freehold land and construction of wastewater treatment plants.

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2014

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

There is no significant variance from the previous statement.

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

The decline in oil price spells both bad and good news to the international as well as regional businesses at large. Net oil exporting nations will experience a dramatic cut in oil revenue while the rest of the world will benefit in the form of cheaper imported oil costs.

This is evident in the Singapore's marine, offshore and transportation engineering sectors relating to oil and gas. They are now experiencing demand cuts as many oil majors are withdrawing oil exploration and extraction investments.

However, the chemical cluster is more optimistic, in particular, the petroleum and petrochemical segments, as they expects lower operating cost environment on account of declining crude oil and feedstock prices.

Similarly we expect Singapore's personal consumption, power and water industries to perform better in the coming months as cheaper oil price translates to cheaper input costs and opportunities to divert funds from oil related expenses to infrastructure investment.

Nevertheless, the general business sentiment remains lackluster as oil price has contracted too quickly and uncertainty looms. This was recorded by a drop in the Group's distribution sales in the last quarter of 2014.

The above can be said relevant to the South East Asia region also. The outlook for energy has placed this region as net oil importers for many years to come. These developing Asian economies will seize the cheap oil price opportunities to carry on investing in infrastructure projects to weather the future volatile oil market but in a cautious manner.

Singapore in 2105 is celebrating its 50<sup>th</sup> year of independence and it is now a developed nation. Growth in particular for the heavy industries will continue to face headwind due to high input costs and low productivity. But infrastructure projects relating to power and water will continue as the nation renew and improve these vital services so as to be more efficient and self-sufficient in resource usage and utilisation.

The Group is a fluid and gas steel piping solution provider rendering its capabilities in nearly every sector of the industry that requires steel piping. It is expected that the Group will be impacted by the slow-down in the marine and offshore segments but hope to make it up for by the other industries locally and regionally adjusting to the new normal of low oil price.

In addition, the Group has been active in developing new area of growth business particularly in the water and waste recovery management sectors. Not only Singapore but as the world drives to be more environmentally responsible, these businesses will augment well with its core business and the Group expects this segment be the new engine of revenue in the coming years.

### 11 Dividend

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

The Directors are pleased to propose a first and final one-tier tax exempt dividend of 0.20 Singapore cent per share for the year ended 31 December 2014, subject to shareholders' approval at the forthcoming Annual General Meeting.

Name of dividend	First and Final
Dividend type	Cash
Dividend amount per share	0.20 Singapore cent
Tax rate	One-tier tax exempt

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

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

#### (c) Date Payable

To be announced later.

#### (d) Books Closure Date

To be announced later.

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

Not applicable.

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- 13 **Segmented revenue and results for the business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

### SEGMENT ANALYSIS

#### Primary reporting segment - business segments (The Group)

The segmental information for each business segment is based on the nature of the principal activities of the Company and its subsidiaries. They are segregated primarily into four reporting segments; distribution of stainless steel piping products; manufacturing of steel flanges; engineering construction of piping process system and environmental business.

BUSINESS SEGMENT - 2014	Distribution Steel Products	Manufacturing Steel Flanges	Engineering Construction	Environmental Business	Elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>REVENUE</b>						
External revenue	40,338	886	3,004	4,814	-	49,042
Inter-segment revenue	2,275	1,432	-	-	(3,707)	-
Total revenue	42,613	2,318	3,004	4,814	(3,707)	49,042
<b>RESULTS</b>						
Segment result	1,513	(1,134)	2,787	959	(2,193)	1,932
Share of results of associates	-	-	-	156	-	156
Interest income	-	-	-	-	-	105
Finance costs	-	-	-	-	-	(685)
Profit before income tax						1,508
Income tax expenses						(715)
Profit for the year						793

BUSINESS SEGMENT - 2013	Distribution Steel Products	Manufacturing Steel Flanges	Engineering Construction	Environmental Business	Elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>REVENUE</b>						
External revenue	34,925	9,600	186	7,699	-	52,410
Inter-segment revenue	1,013	1,556	-	-	(2,569)	-
Total revenue	35,938	11,156	186	7,699	(2,569)	52,410
<b>RESULTS</b>						
Segment result	1,047	(1)	(972)	1,983	(1,293)	764
Gain on dilution of equity interest in subsidiaries & associates	788	-	-	-	-	788
Gain on liquidation of an associate	3	-	-	-	-	3
Loss on deregistration of a subsidiary	-	-	-	(31)	-	(31)
Share of results of associates	-	(205)	-	139	-	(66)
Interest income	-	-	-	-	-	33
Finance costs						(560)
Profit before income tax						931
Income tax expenses						(441)
Profit for the year						490

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2014

### GEOGRAPHICAL SEGMENT

The geographical locations of the Group's customers comprise of Singapore, Malaysia, PRC, Russia, Indonesia, Vietnam and others.

#### Revenue by location of customers

	Revenue	
	FY 2014	FY 2013
	S\$'000	S\$'000
Singapore	26,921	29,345
Malaysia	8,101	6,841
PRC	4,592	7,204
Russia	2,653	-
Indonesia	2,255	1,989
Vietnam	1,149	105
Others	3,371	6,926
	49,042	52,410

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

	Non-current Assets	
	FY 2014	FY 2013
	S\$'000	S\$'000
Singapore	31,102	30,028
PRC	13,535	11,078
Malaysia	13,626	4,408
	58,263	45,514

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

Please refer to item 8.

**15 A breakdown of sales**

	Group		
	FY 2014	FY 2013	Change
	S\$'000	S\$'000	%
(a) Sales reported for first half of year	20,409	30,671	-33.46%
(b) Profit after income tax after deducting non-controlling interests reported for first half year	700	151	363.58%
(c) Sales reported for second half of year	28,633	21,739	31.71%
(d) Profit/(Loss) after income tax after deducting non-controlling interests reported for second half year	24	(424)	NM

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

Total Annual Dividend

	FY 2014	FY 2013
	S\$'000	S\$'000
Ordinary	498	249
Preference	-	-
Total	498	249

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2014

### 17 Interested person transactions (IPT)

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Lee Bon Leong & Co. - Provision of legal services	170,822	-

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Peh Choon Chieh	40	Nephew of Mr Ow Chin Seng (Executive Chairman cum CEO) and Madam Low Kheng (Executive Director) and cousin of Mr Koh Beng Leong (Executive Director).	Acting General Manager of operations since July 2013. Responsible for managing the daily business operations of the Company's distribution business.	-
Ow Eei Phurn Benedict	35	Son of Mr Ow Chin Seng (Executive Chairman cum CEO) and Madam Low Kheng (Executive Director) and cousin of Mr Koh Beng Leong (Executive Director).	Project Sales Manager since July 2013. Responsible for development of the project sales department.	-
Ow Eei Meng Benjamin	36	Son of Mr Ow Chin Seng (Executive Chairman cum CEO) and Madam Low Kheng (Executive Director) and cousin of Mr Koh Beng Leong (Executive Director).	Assistant to Executive Chairman and Supply Chain Manager since February 2013 and Alternate Director to Madam Low Kheng since July 2013. Responsible for assisting Executive Chairman cum CEO in business strategy and overall direction of the Company and procurement function of its distribution of steel products division.	-

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

Use of proceeds	Amount allocated as disclosed in Circular 13 December 2013 (S\$'000)	Total amount utilised as at 23 February 2015 (S\$'000)	Balance amount (S\$'000)
Purchase of raw materials and working capital for Shinsei Holdings Pte Ltd	5,000	5,000	-
Undertake new investment	1,646	330	1,316
<b>Total</b>	<b>6,646</b>	<b>5,330</b>	<b>1,316</b>

The breakdown on the use of proceeds are as follows:

(i) Purchase of raw materials and working capital - Acquisition of shares in Shinsei Holdings Pte Ltd : S\$5.00 million
(ii) Undertake new investment - Acquisition of shares in Metal Wang Pte Ltd : S\$0.12 million - Acquisition of shares in Wesco Steel Pte Ltd : S\$0.21 million

### BY ORDER OF THE BOARD

Wong Yoen Har  
Company Secretary

27th February 2015