

ANNICA HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 198304025N)

VARIANCES BETWEEN THE AUDITED FINANCIAL STATEMENTS AND THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Board of Directors (the “**Board**”) of Annica Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Unaudited Full Year Financial Statements and Dividend Announcement (the “**Unaudited Financial Statements**”) for the financial year ended 31 December 2017 (“**FY2017**”) released by the Company on 1 March 2018.

Pursuant to Rule 704(5) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”), the Board wishes to announce that upon completion of the audit of the financial statements of the Group and of the Company for FY2017 by the Company’s independent auditor, Baker Tilly TFW LLP (the “**Audited Financial Statements**”), adjustments and reclassifications are made to the Audited Financial Statements and the details of which are as follows:

Statement of Financial Position as at 31 December 2017	Audited Financial Statements \$'000	Unaudited Financial Statements \$'000	Variance \$'000	Explanation Note
GROUP				
ASSETS				
Current assets				
Cash and bank balances	2,905	2,905	-	
Fixed deposits	271	271	-	
Trade and other receivables	6,755	6,763	(45)	(a)
			109	(b)
			(123)	(c)
			51	(d)
Inventories	226	226	-	
Financial assets, at fair value through profit or loss	21	21	-	
	10,178	10,186	(8)	
Non-current asset classified as held-for-sale	-	-	-	
	10,178	10,186	(8)	
Non-current assets				
Trade and other receivables	60	15	45	(a)
Investments in subsidiaries	-	-	-	
Investment in associates	-*	-*	-	
Available-for-sale financial assets	1	1	-	
Property, plant and equipment	1,592	1,592	-	
Intangible assets	1,020	1,020	-	
Deferred income tax assets	2	2	-	
	2,675	2,630	45	
Total assets	12,853	12,816	37	
LIABILITIES				
Current liabilities				
Trade and other payables	3,489	3,416	(51)	(e)
			109	(b)
			(36)	(f)
			51	(d)
Borrowings	3,997	318	3,678	(g)
			1	(h)
Current income tax liabilities	236	262	(62)	(i) (1)
			36	(f)
	7,722	3,996	3,726	
Non-current liabilities				
Borrowings	428	4,106	(3,678)	(g)
Deferred income tax liabilities	115	115	-	
	543	4,221	(3,678)	
Total liabilities	8,265	8,217	48	
Net assets	4,588	4,599	(11)	
EQUITY				
Share capital	63,274	63,274	-	
Accumulated losses	(57,193)	(57,206)	51	(e)
			(123)	(c)
			62	(i) (1)
			(19)	(i) (2)
			59	(j) (1)
			(17)	(j) (2)
Other reserves	(1,906)	(1,863)	(59)	(j) (1)
			(1)	(h)
			17	(j) (3)
Equity attributable to equity holders of the Company	4,175	4,205	(30)	
Non-controlling interests	413	394	19	(i) (2)
			17	(j) (2)
			(17)	(j) (3)
Total equity	4,588	4,599	(11)	
*Amount is less than \$1,000				

Statement of Financial Position as at 31 December 2017	Audited Financial Statements \$'000	Unaudited Financial Statements \$'000	Variance \$'000	Explanation Note
COMPANY				
ASSETS				
Current assets				
Cash and bank balances	1,082	1,082	-	
Trade and other receivables	1,608	1,162	(45)	(a)
			614	(k)
			(123)	(c)
Financial assets, at fair value through profit or loss	21	21	-	
	2,711	2,265	446	
Non-current asset classified as held-for-sale	-	-	-	
	2,711	2,265	446	
Non-current assets				
Trade and other receivables	1,965	2,534	45	(a)
			(614)	(k)
Investments in subsidiaries	4,473	4,473	-	
Property, plant and equipment	79	79	-	
	6,517	7,086	(569)	
Total assets	9,228	9,351	(123)	
LIABILITIES				
Current liabilities				
Trade and other payables	1,532	1,583	(51)	(e)
Borrowings	3,910	232	3,678	(g)
	5,442	1,815	3,627	
Non-current liabilities				
Borrowings	-	3,678	(3,678)	(g)
	-	3,678	(3,678)	
Total liabilities	5,442	5,493	(51)	
Net assets	3,786	3,858	(72)	
EQUITY				
Share capital	63,274	63,274	-	
Accumulated losses	(59,538)	(59,466)	51	(e)
			(123)	(c)
Other reserves	50	50	-	
Equity attributable to equity holders of the Company	3,786	3,858	(72)	
Non-controlling interests	-	-	-	
Total equity	3,786	3,858	(72)	

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 31 December 2017	Audited Financial Statements \$'000	Unaudited Financial Statements \$'000	Variance \$'000	Explanation Note
GROUP				
Continuing Operations				
Revenue	15,384	15,384	-	
Cost of sales	(12,259)	(12,259)	-	
Gross profit	3,125	3,125	-	
Other income	744	752	1	(n)
			(9)	(l)
Selling and distribution expenses	(285)	(304)	19	(m)
Administrative and general expenses	(3,900)	(3,991)	(3)	(n)
			(19)	(m)
			62	(i) (1)
Other expenses	(458)	(404)	51	(e)
			(123)	(c)
			1	(n)
			59	(j) (1)
			9	(l)
Finance costs	(345)	(346)	1	(n)
Loss before income tax from continuing operations	(1,119)	(1,168)	49	
Income tax expense	(205)	(205)	-	
Loss from continuing operations, net of tax	(1,324)	(1,373)	49	
Discontinued Operations				
Loss from discontinued operations, net of tax	-	-	-	
Loss for the financial year	(1,324)	(1,373)	49	
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising from consolidation	17	77	(59)	(j) (1)
			(1)	(h)
Reclassification of currency translation differences from equity on disposal of subsidiaries to profit or loss	-	-	-	
Other comprehensive income for the financial year, net of tax	17	77	(60)	
Total comprehensive loss for the financial year	(1,307)	(1,296)	(11)	
Total loss / (profit) attributable to:				
Equity holders of the Company	(1,412)	(1,425)	13	(o)
Non-controlling interests	88	52	36	(o)
	(1,324)	(1,373)	49	
Loss attributable to:				
<i>Equity holders of the Company</i>				
Loss from continuing operations, net of tax	(1,412)	(1,425)	13	(o)
Loss from discontinued operations, net of tax	-	-	-	
Loss for the financial year attributable to equity holders of the Company	(1,412)	(1,425)	13	
<i>Non-controlling interests</i>				
Profit from continuing operations, net of tax	88	52	36	(o)
Loss from discontinued operations, net of tax	-	-	-	
Profit for the financial year attributable to non-controlling interests	88	52	36	
Total comprehensive loss / (income) attributable				
Equity holders of the Company	(1,405)	(1,373)	(32)	(o)
Non-controlling interests	98	77	21	(o)
	(1,307)	(1,296)	(11)	
Total comprehensive loss attributable to:				
<i>Equity holders of the Company</i>				
Total comprehensive loss from continuing operations, net of tax	(1,405)	(1,373)	(32)	(o)
Total comprehensive loss from discontinued operations, net of tax	-	-	-	
Total comprehensive loss for the financial year attributable to equity holders of the Company	(1,405)	(1,373)	(32)	
<i>Non-controlling interests</i>				
Total comprehensive income from continuing operations, net of tax	98	77	21	(o)
Total comprehensive loss from discontinued operations, net of tax	-	-	-	
Total comprehensive income for the financial year attributable to non-controlling interests	98	77	21	

Consolidated Statement of Cash Flows for the Financial Year Ended 31 December 2017	Audited Financial Statements \$'000	Unaudited Financial Statements \$'000	Variance \$'000	Explanation Note
GROUP				
Cash flows from operating activities				
Loss before income tax from continuing operations	(1,119)	(1,168)	49	
Adjustments for:				
Depreciation of property, plant and equipment	222	222	-	
Fair value (gain) / loss on redeemable convertible bonds	(67)	(67)	-	
Fair value loss on financial assets, at fair value through profit or loss	16	16	-	
Gain on discounting of long-term trade receivables	(15)	(15)	-	
Impairment loss on available-for-sale financial assets	1	1	-	
Interest expense	345	346	(1)	
Interest income	(5)	(6)	1	
Gain on disposal of non-current assets held for sale	(616)	(616)	-	
Payment of tax penalty	-	59	(59)	
Allowance for impairment of equipment held for sale	-	27	(27)	
Operating cash flow before working capital changes	(1,238)	(1,201)	(37)	
Changes in working capital:				
Inventories	169	175	(6)	
Trade and other payables	1,302	(1,886)	3,188	
Trade and other receivables	(1,948)	1,267	(3,215)	
Currency translation difference	(93)	70	(163)	
Cash used in operations	(1,808)	(1,575)	(233)	
Income tax paid	(77)	(80)	3	
Net cash used in operating activities	(1,885)	(1,655)	(230)	(p)
Cash flows from investing activities				
Interest received	5	5	-	
Part settlement of promissory note on acquisition of non-controlling interest in a subsidiary	(100)	(100)	-	
Net proceeds from sale of non-current assets held for sale	2,890	2,890	-	
Purchases of property, plant and equipment	(410)	(406)	(4)	
Repayment of bank overdraft of a former subsidiary	(262)	-	(262)	
Net cash generated from investing activities	2,123	2,389	(266)	(q)
Cash flows from financing activities				
Contribution from non-controlling interest of a subsidiary incorporated	1	1	-	
Drawdown of borrowings	321	330	(9)	
Interest paid	(39)	(240)	201	
Loan from a third party	100	100	-	
Net proceeds from issuance of redeemable convertible bonds	125	125	-	
Receipt of share option application monies	50	50	-	
Placement of deposit in cash margin account	(6)	(8)	2	
Repayment of borrowings	(66)	(64)	(2)	
Repayment of bank overdraft of a former subsidiary	-	(262)	262	
Net cash generated from financing activities	486	32	454	(r)
Net increase in cash and cash equivalents	724	766	(42)	(s)
Cash and cash equivalents at beginning of the financial year	1,911	1,911	-	
Effects of foreign currency translation on cash and cash equivalents	48	6	42	
Cash and cash equivalents at end of the financial year	2,683	2,683	-	
*Amount is less than \$1,000				

Explanatory Note:

- (a) Reclassification of "Advance to an associate" of \$45,000 from "Current assets - trade and other receivables" to "Non-current assets - trade and other receivables" in the Statement of Financial Position of the Group and the Company.
- (b) Reclassification of "Amount due from non-related parties" of \$109,000 from "Current liabilities - trade and other payables" to "Current assets - trade and other receivables" in the Statement of Financial Position of the Group.
- (c) Adjustments for additional impairment loss on other recoverable of \$123,000. As a result, allowance for impairment loss was recognised as "Other expenses" in the Consolidated Statement of Profit or Loss and "Current assets - trade and other receivables" in the Statement of Financial Position of the Group and of the Company.
- (d) Reclassification of "Amount due from a director of a subsidiary" of \$51,000 from "Current liabilities - trade and other payables" to "Current assets - trade and other receivables" in the Statement of Financial Position of the Group.
- (e) Adjustments for "Administrative and general expenses" of \$51,000 in the Consolidated Statement of Profit or Loss against "Current liabilities - trade and other payables" in the Statement of Financial Position of the Group and the Company being overprovision of legal and professional fees previously accrued for during the financial year ended 31 December 2016.
- (f) Adjustments for payments by a subsidiary on behalf of the subsidiary's directors of \$36,000. These payments relate to the subsidiary's corporate income tax which are to be borne by the subsidiary's directors (in accordance with the terms of the sale and purchase agreement between the subsidiary's directors (who are also the vendor of the sale shares) and the Company on the subsidiary's corporate tax incurred prior to the Group's acquisition of the subsidiary). As a result, the amount of \$36,000 has been reclassified from "Current liabilities - current income tax liabilities" to "Current liabilities - trade and other payables" in the Statement of Financial Position of the Group.
- (g) Reclassification of "Loans from holding company of a former corporate shareholder of a former subsidiary - Industrial Power Technology Pte Ltd" of \$3,034,000 and "Redeemable convertible bonds" of \$644,000 (totalling \$3,678,000) from "Non-current liabilities - borrowings" to "Current liabilities - borrowings" in the Statement of Financial Position of the Group.
- (h) Rounding adjustments in the Statement of Financial Position of the Group.
- (i) (1) Adjustments for a subsidiary's tax penalty of \$62,000. Similar to note (f) above, the tax penalty is to be borne by the subsidiary's directors on the subsidiary's corporate tax incurred prior to the Group's acquisition of the subsidiary. As a result, the amount of \$62,000 has been adjusted from "Current liabilities - income tax liabilities" in the Statement of Financial Position of the Group against "Administrative and general expenses" in the Consolidated Statement of Profit or Loss.

(2) As a result of the adjustments in (i)(1) above, an adjustment of \$19,000 is made to reduce the Group's share of profit and increase the subsidiary's non-controlling interests' share of profit in the subsidiary in the Consolidated Statement of Profit or Loss and Statement of Financial Position of the Group.
- (j) (1) Adjustments for "Foreign currency exchange gain" of \$59,000 from "Other reserves - foreign currency translation reserve" in the Statement of Financial Position of the Group against "Other charges" in the Consolidated Statement of Profit or Loss.

(2) As a result of the adjustments in (j)(1) above, an adjustment of \$17,000 is made to reduce the Group's share of profit and increase the subsidiary's non-controlling interests' share of profit in the subsidiary in the Consolidated Statement of Profit or Loss and Statement of Financial Position of the Group.

(3) As a result of the adjustments in (j)(1) and (j)(2) above, an adjustment of \$17,000 is made to increase the Group's share of foreign currency translation reserve and reduce the subsidiary's non-controlling interests' share of foreign currency translation reserve in the subsidiary in the Statement of Financial Position of the Group.

- (k) Reclassifications of “Advances to a subsidiary” of \$145,000 and “Loan to a subsidiary” of \$469,000 from “Non-Current assets - trade and other receivables” to “Current assets - trade and other receivables” in the Statement of Financial Position of the Company.
- (l) Reclassification of “Write-back of advances to former subsidiaries” of \$4,000 and “Foreign currency exchange gain” of \$5,000 (totalling \$9,000) from “Other income” to “Other expenses” in the Consolidated Statement of Profit or Loss.
- (m) Reclassification of net expenses of \$19,000 from “Selling and distribution expenses” to “Administrative and general expenses” in the Consolidated Statement of Profit or Loss.
- (n) Rounding adjustments between “Other income”, “Other expenses”, “Finance costs” and “Administrative and general expenses” in the Consolidated Statement of Profit or Loss.
- (o) Adjustments to the Consolidated Statement of Other Comprehensive Income as a result of the above adjustments relating to the Consolidated Statement of Profit or Loss.
- (p) Adjustments to net cash used in operating activities of \$230,000 in the Consolidated Statement of Cash Flows as a result of the above adjustments relating to the Statement of Financial Position of the Group and Consolidated Statement of Profit or Loss.
- (q) Adjustments to net cash generated from investing activities of \$266,000 in the Consolidated Statement of Cash Flows as a result of reclassification of “Repayment of bank overdraft of a former subsidiary” of \$262,000 from financing activities to investing activities and adjustment to “Purchases of property, plant and equipment” of \$4,000.
- (r) Adjustments to net cash generated from financing activities of \$454,000 in the Consolidated Statement of Cash Flows as a result of adjustments to “Interest paid” of \$201,000 and “Drawdown of borrowings” of \$9,000 and the reclassification of “Repayment of bank overdraft of a former subsidiary” of \$262,000 in (q) above.
- (s) Adjustments to net increase in cash and cash equivalents of \$42,000 in the Consolidated Statement of Cash Flows as a result of the adjustments in (p), (q) and (r) above.

By Order of the Board

ANNICA HOLDINGS LIMITED

Sandra Liz Hon Ai Ling

Executive Director and Chief Executive Officer

12 April 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Continuing Sponsor, Stamford Corporate Services Pte. Ltd. (“Sponsor”), for compliance with the relevant rules of the Catalist Rules.

The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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