



ANNAIK LIMITED

Condensed Interim Financial Statements for the half year ended 30 June 2023

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Condensed Interim Financial Statements For The Period Ended 30-06-2023

A CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	Note	Group		
		6 Months Ended		
		30-Jun-23	30-Jun-22	Change
		S\$'000	S\$'000	%
Revenue	4	26,799	55,678	(51.87%)
Cost of sales		(18,342)	(45,840)	(59.99%)
Gross profit		8,457	9,838	(14.04%)
Other operating income		763	1,159	(34.17%)
Distribution expenses		(591)	(628)	(5.89%)
Administrative expenses		(4,641)	(5,177)	(10.35%)
Written-back/(allowance) for impairment losses on financial assets		33	(169)	NM
Other operating expenses		(324)	(563)	(42.45%)
Share of result of associate		(74)	(25)	196.00%
Finance costs		(698)	(457)	52.74%
Profit before income tax	5	2,925	3,978	(26.47%)
Income tax expense	6	(616)	(491)	25.46%
Profit for the period		2,309	3,487	(33.78%)
Attributable to:				
Owners of the Company		1,696	2,856	(40.62%)
Non-controlling interests		613	631	(2.85%)
		2,309	3,487	(33.78%)
Earnings per share (cents per share):				
Basic and diluted		0.59	0.99	(40.40%)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	30-Jun-23	30-Jun-22	Change
	S\$'000	S\$'000	%
Profit for the period	2,309	3,487	(33.78%)
Other comprehensive income			
Exchange differences on translation of foreign operations	(2,255)	(663)	240.12%
Other comprehensive income for the period, net of tax	(2,255)	(663)	240.12%
Total comprehensive income for the period	54	2,824	(98.09%)
Total comprehensive income attributable to:			
Owners of the Company	18	2,508	(99.28%)
Non-controlling interests	36	316	(88.61%)
	54	2,824	(98.09%)

NM denotes not meaningful

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Condensed Interim Financial Statements For The Period Ended 30-06-2023

B CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets:					
Cash and cash equivalents		12,872	15,002	1,142	305
Trade receivables		18,580	18,705	-	-
Other receivables		2,936	1,926	-	-
Prepayments		348	154	23	25
Amount due from subsidiaries		-	-	9,477	11,086
Inventories		22,251	25,102	-	-
Total current assets		56,987	60,889	10,642	11,416
Non-current assets:					
Property, plant and equipment	7	11,535	11,954	10	11
Right-of-use assets		3,889	4,173	-	-
Goodwill	8	497	497	-	-
Intangible assets	9	36,675	37,197	848	1,018
Investment in subsidiaries		-	-	26,516	26,516
Investment in associates		9,707	10,338	-	-
Investment securities		67	67	-	-
Club membership		190	190	190	190
Refundable deposits		434	451	-	-
Deferred tax assets		268	62	-	-
Total non-current assets		63,262	64,929	27,564	27,735
Total assets		120,249	125,818	38,206	39,151
LIABILITIES AND EQUITY					
Current liabilities:					
Bank loans	10	7,805	6,200	619	616
Government loans	10	157	357	-	-
Leases liabilities		246	324	-	-
Bills payables	10	6,194	7,139	-	-
Trade payables		3,736	3,443	-	-
Other payables and accruals		6,767	8,286	556	1,281
Provision for income tax		1,292	1,316	-	-
Amount due to subsidiaries and associates		331	326	465	465
Total current liabilities		26,528	27,391	1,640	2,362
Non-current liabilities					
Bank loans	10	11,713	14,210	387	512
Leases liabilities		2,670	2,763	-	-
Other payables and accruals		33	34	-	-
Deferred government grants		1,309	1,396	-	-
Deferred tax liabilities		947	998	-	-
Total non-current liabilities		16,672	19,401	387	512
Capital, reserves and non-controlling interests					
Share capital	11	38,864	38,864	38,864	38,864
Treasury shares	11	(568)	(568)	(568)	(568)
Reserves		25,078	26,214	(2,117)	(2,019)
Equity attributable to owners of the Company		63,374	64,510	36,179	36,277
Non-controlling interests		13,675	14,516	-	-
Total equity		77,049	79,026	36,179	36,277
Total equity and liabilities		120,249	125,818	38,206	39,151

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C CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		6 Months Ended	
		30-Jun-23	30-Jun-22
		S\$'000	S\$'000
Cash flows from operating activities:			
Profit before tax		2,925	3,978
Adjustments for:			
Amortisation of government grant		(34)	(36)
Gain on disposal of property, plant and equipment		-	(728)
(Written-back)/allowance for impairment losses on financial assets		(33)	169
Depreciation of property, plant and equipment		446	609
Depreciation of right-of-use assets		238	156
Amortisation of intangible assets		1,050	960
Allowance for slow moving inventories		292	402
Written-off of property, plant and equipment		-	12
Written-off of intangible assets		-	42
Share of losses of associates		74	25
Interest income		(23)	(49)
Finance costs		698	457
Unrealised foreign exchange (gain)/loss, net		(347)	604
Operating profit before working capital changes		5,286	6,601
<u>(Increase)/decrease in:</u>			
Trade receivables		133	(4,651)
Other receivables and prepayments		(1,180)	1,307
Inventories		2,558	(531)
<u>Increase/(decrease) in:</u>			
Trade payables		293	129
Other payables		(1,521)	(4,862)
Bills payables		(945)	234
Cash generated from/(used in) operations		4,624	(1,773)
Interest on lease paid		(73)	(70)
Interest expense paid		(625)	(387)
Interest income received		23	48
Income taxes paid		(775)	(341)
Net cash flows generated from/(used in) operating activities		3,174	(2,523)
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment		-	10,291
Purchase of property, plant and equipment		(26)	(67)
Additions to intangible assets		(1,985)	(1,548)
Acquisition of non-controlling interests without a change in control		-	(274)
Net cash flows (used in)/generated from investing activities		(2,011)	8,402
Cash flows from financing activities:			
Proceeds from issuance of shares under ESOS Scheme 2013		-	88
Proceeds from loans and borrowings		2,255	3,012
Repayment to loans and borrowings		(3,080)	(8,400)
Increase in amount due to associates		5	314
Dividends paid		(1,154)	(2,010)
Dividends paid to non-controlling interests		(877)	-
Repayment of principal portion of leases liabilities		(173)	(98)
Net cash flows used in financing activities		(3,024)	(7,094)
Net decrease in cash and cash equivalents		(1,861)	(1,215)
Cash and cash equivalents at the beginning of the period		15,002	14,382
Effect of exchange rate changes on the balance of cash held in foreign currencies		(269)	(78)
Cash and cash equivalents at the end of the period		12,872	13,089

	30-Jun-23	30-Jun-22
	S\$'000	S\$'000
Cash and bank balances	12,872	13,089
	12,872	13,089

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Condensed Interim Financial Statements For The Period Ended 30-06-2023

D CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share Capital	Treasury Shares	Currency Translation Reserve	Reserve Fund	Share Options Reserve	Retained Earnings	Attributable To Owners Of The Company	Non-Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group									
Balance as at 1 January 2022	38,776	(568)	2,427	2,583	517	20,564	64,299	14,527	78,826
Dividend paid	-	-	-	-	-	(2,010)	(2,010)	-	(2,010)
Issuance of shares under ESOS Scheme 2013	88	-	-	-	(58)	-	30	-	30
Expiry of share option	-	-	-	-	(5)	5	-	-	-
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	(275)	(275)
Transfer of statutory reserve fund	-	-	-	109	-	(109)	-	-	-
Total comprehensive income/(loss) for the period	-	-	(348)	-	-	2,856	2,508	316	2,824
Balance as at 30 June 2022	38,864	(568)	2,079	2,692	454	21,306	64,827	14,568	79,395
Balance as at 1 January 2023	38,864	(568)	(966)	3,277	454	23,449	64,510	14,516	79,026
Dividend paid	-	-	-	-	-	(1,154)	(1,154)	(877)	(2,031)
Transfer of statutory reserve fund	-	-	-	(2)	-	2	-	-	-
Total comprehensive income/(loss) for the period	-	-	(1,678)	-	-	1,696	18	36	54
Balance as at 30 June 2023	38,864	(568)	(2,644)	3,275	454	23,993	63,374	13,675	77,049

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D CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (cont'd)

	Share Capital	Treasury Shares	Share Options Reserve	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
Balance as at 1 January 2022	38,776	(568)	517	(4,839)	33,886
Dividend paid	-	-	-	(2,010)	(2,010)
Issuance of shares under ESOS Scheme 2013	88	-	(58)	-	30
Expiry of share option	-	-	(5)	5	-
Total comprehensive loss for the period	-	-	-	(1,412)	(1,412)
Balance as at 30 June 2022	38,864	(568)	454	(8,256)	30,494
Balance as at 1 January 2023	38,864	(568)	454	(2,473)	36,277
Dividend paid	-	-	-	(1,154)	(1,154)
Total comprehensive income for the period	-	-	-	1,056	1,056
Balance as at 30 June 2023	38,864	(568)	454	(2,571)	36,179

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Condensed Interim Financial Statements For The Period Ended 30-06-2023

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

AnnAik Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalyst Board of the Singapore Exchange.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Group are:

- (a) Investment holding
- (b) Marketing and sale of steel and non-steel products
- (c) Owning and management of wastewater treatment plants

2 BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore Dollars ("SGD or \$") which is the Company's functional currency and all values in the tables are rounded to the nearest thousand ("'\$000") except when otherwise indicated.

2.1 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

In the current financial year, the Group has adopted all the new and revised SFRS (I) that are relevant to its operations and effective for the current financial year.

The adoption of these new/revised SFRS(I)s did not result in material changes to the Group's accounting policies and has no material effect on the financial results or position of the Group and the Company.

2.2 USE OF JUDGEMENTS AND ESTIMATES

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are as follows:

Included in Note 8 - Goodwill

Provision of expected credit losses of trade receivables

The Group uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables. The provision rates are based on days past due from customer.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Allowance for inventories

Inventories are stated at the lower of cost and net realisable value. In assessing the allowance for inventories, the Group takes into account the historical obsolescence and slow-moving experiences and future demand of their product.

Based on management's estimate, inventories are fully provided for obsolescence if there are no sale movements within 4 years.

3 SEASONAL OPERATIONS

The Group's businesses are not affected by seasonal or cyclical factors during the financial period.

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Condensed Interim Financial Statements For The Period Ended 30-06-2023

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

4 SEGMENT AND REVENUE INFORMATION

The following segment information is prepared based on the nature of the principal activities of the Company and its subsidiaries. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. They are segregated primarily into three reporting segments; i.e. distribution of steel and non-steel products; manufacturing of steel flanges and environmental business. Except as indicated above, no operating segments have been aggregated to form the above reportable segments.

4.1 BUSINESS SEGMENTS

6 Months Ended - 30 June 2023	Distribution	Manufacturing of steel flanges	Environmental business	Elimination	Consolidation
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue					
External revenue (steel products)	15,319	-	-	-	15,319
External revenue (non-steel products)	-	-	-	-	-
External revenue	-	1,569	9,911	-	11,480
Inter-segment revenue	261	1,712	1,184	(3,157)	-
Total revenue	15,580	3,281	11,095	(3,157)	26,799
Result					
Segment results	601	210	3,095	(265)	3,641
Written-back for impairment losses on financial assets	29	(1)	5	-	33
Share of losses of associates	-	-	(74)	-	(74)
Interest income	-	-	-	-	23
Finance costs	-	-	-	-	(698)
Profit before tax	-	-	-	-	2,925
Income tax	-	-	-	-	(616)
Profit for the year	-	-	-	-	2,309
Assets					
Segment assets	45,290	5,343	59,909	-	110,542
Investment in associates	-	-	9,707	-	9,707
Consolidated total assets	-	-	-	-	120,249
Liabilities					
Segment liabilities	11,691	685	11,149	-	23,525
Bank loans and government loans	13,267	-	6,408	-	19,675
Consolidated total liabilities	-	-	-	-	43,200
Other information					
Depreciation and amortisation	636	147	951	-	1,734
Capital expenditure	18	6	1,987	-	2,011
Other non-cash expenses	125	341	(8)	-	458

6 Months Ended - 30 June 2022	Distribution	Manufacturing of steel flanges	Environmental business	Elimination	Consolidation
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue					
External revenue (steel products)	32,320	-	-	-	32,320
External revenue (non-steel products)	13,697	-	-	-	13,697
External revenue	-	1,575	8,086	-	9,661
Inter-segment revenue	79	2,166	-	(2,245)	-
Total revenue	46,096	3,741	8,086	(2,245)	55,678
Result					
Segment results	1,624	341	2,471	(144)	4,292
Gain on disposal of property, plant and equipment, net of all related costs	-	289	-	-	289
Allowance for impairment losses on financial assets	(162)	-	(7)	-	(169)
Share of losses of associates	-	-	(25)	-	(25)
Interest income	-	-	-	-	48
Finance costs	-	-	-	-	(457)
Profit before tax	-	-	-	-	3,978
Income tax	-	-	-	-	(491)
Profit for the year	-	-	-	-	3,487
Assets					
Segment assets	53,681	5,791	63,536	-	123,008
Investment in associates	-	-	10,506	-	10,506
Consolidated total assets	-	-	-	-	133,514
Liabilities					
Segment liabilities	17,568	2,295	10,822	-	30,685
Bank loans and government loans	16,210	-	7,224	-	23,434
Consolidated total liabilities	-	-	-	-	54,119
Other information					
Depreciation and amortisation	657	185	883	-	1,725
Capital expenditure	58	-	1,557	-	1,615
Other non-cash expenses	508	(370)	421	-	559

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E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

4.2 DISAGGREGATION OF REVENUE

6 Months Ended - 30 June 2023	Sale of goods	Service income from environmental business	Construction revenue	Total revenue
	S\$'000	S\$'000	S\$'000	S\$'000
Primary geographical markets				
Singapore	11,725	895	-	12,620
People's Republic of China	-	6,074	2,761	8,835
South Korea	-	-	-	-
Malaysia	3,197	-	-	3,197
Indonesia	1,311	-	-	1,311
India	-	-	-	-
Australia	456	-	-	456
New Zealand	94	-	-	94
Others	286	-	-	286
	17,069	6,969	2,761	26,799
Timing of transfer of goods or services				
At a point in time	17,069	6,969	-	24,038
Over time	-	-	2,761	2,761
	17,069	6,969	2,761	26,799

6 Months Ended - 30 June 2022	Sale of goods	Service income from environmental business	Construction revenue	Total revenue
	S\$'000	S\$'000	S\$'000	S\$'000
Primary geographical markets				
Singapore	11,518	184	-	11,702
People's Republic of China	13,702	6,178	1,724	21,604
South Korea	469	-	-	469
Malaysia	2,702	-	-	2,702
Indonesia	1,267	-	-	1,267
India	16,946	-	-	16,946
Australia	503	-	-	503
New Zealand	232	-	-	232
Others	253	-	-	253
	47,592	6,362	1,724	55,678
Timing of transfer of goods or services				
At a point in time	47,592	6,362	-	53,954
Over time	-	-	1,724	1,724
	47,592	6,362	1,724	55,678

ANNAIK LIMITED

Condensed Interim Financial Statements For The Period Ended 30-06-2023

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

5 PROFIT BEFORE TAXATION

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

	Group	
	6 Months Ended	
	30-Jun-23	30-Jun-22
	S\$'000	S\$'000
Amortisation of government grant	(34)	(36)
Gain on disposal of property, plant and equipment	-	(728)
(Written-back)/allowance for impairment losses on financial assets	(33)	169
Depreciation of property, plant and equipment	446	609
Depreciation of right-of-use assets	238	156
Amortisation of intangible assets	1,050	960
Allowance for slow moving inventories	292	402
Written-off of property, plant and equipment	-	12
Written-off of intangible assets	-	42
Share of losses of associates	74	25
Interest income	(23)	(49)
Finance costs	698	457
Unrealised foreign exchange (gain)/loss, net	(347)	604

6 INCOME TAX EXPENSE

The major components of income tax expense for the period ended 30 June are:

	Group	
	6 Months Ended	
	30-Jun-23	30-Jun-22
	S\$'000	S\$'000
Consolidated income statement		
Current taxation:		
-Current income taxation	707	546
-Overprovision in respect of prior years	-	-
	707	546
Deferred taxation:		
-Origination and reversal of temporary differences	-	(55)
-Overprovision in respect of prior years	(182)	-
	(182)	(55)
Withholding tax expense	91	-
Income tax expense recognised in the profit or loss	616	491

7 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets amounting to S\$25,866 (30 June 2022: S\$67,082) and disposed of assets amounting to nil (30 June 2022: S\$54,714).

The Group carried out a review and determined that there is no indicator of impairment loss to these assets for the current financial period.

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E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

8 GOODWILL

Goodwill acquired in a business combination is allocated to the CGU that is expected to benefit from that business combination for impairment testing purpose, as follows:

	Group	
	As At	
	30-Jun-23	31-Dec-22
	S\$'000	S\$'000
AngWei Environmental Ecological & Engineering (Shanghai) Co., Ltd ("AngWei Enviro") and its subsidiaries	497	497
	497	497

Comprising the wastewater treatment business of its subsidiaries, arising from the service concession rights granted by the People's Republic of China government.

The recoverable amount of AngWei Enviro Group was determined based on value in use calculated using cash flow projection from the financial budgets approved by management covering the remaining concession periods, useful lives of the wastewater treatment plants as well as the rights to draw water operated by the CGU, ranging from 17 - 35 years (2022: 18 - 36 years). The pre-tax discount rate applied to these cash flows is 7% (2022: 7%).

Key assumptions used in the value in use calculation:

The calculation of value in use is most sensitive to the following assumptions:

Growth rate - Projected revenue for wastewater treatment plants is based on government guarantee stated in the service concession agreement with the local government.

Pre-tax discount rates - The discount rate calculation is based on the specific circumstances of the CGU and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both the cost of debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the CGU is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Budgeted gross margins - Gross margins are based on results achieved in the year preceding the start of the budget period.

Sensitivity to changes in assumptions:

With regards to the assessment of value in use for AngWei Enviro, management believes that no reasonable possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

9 INTANGIBLE ASSETS

	Group			
	Patent rights	Concession rights	Technical know-how	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Cost:				
At 1 January 2022	3,732	48,353	405	52,490
Additions	-	3,830	-	3,830
Written off	-	(349)	-	(349)
Exchange differences	-	(4,082)	(17)	(4,099)
At 31 December 2022 and 1 January 2023	3,732	47,752	388	51,872
Additions	-	1,985	-	1,985
Exchange differences	-	(1,941)	(15)	(1,956)
At 30 June 2023	3,732	47,796	373	51,901
Accumulated amortisation:				
At 1 January 2022	2,375	11,178	405	13,958
Amortisation charge for the year	339	1,452	-	1,791
Written off	-	(102)	-	(102)
Exchange differences	-	(955)	(17)	(972)
At 31 December 2022 and 1 January 2023	2,714	11,573	388	14,675
Amortisation charge for the period	170	880	-	1,050
Exchange differences	-	(484)	(15)	(499)
At 30 June 2023	2,884	11,969	373	15,226
Carrying amount:				
At 31 December 2022	1,018	36,179	-	37,197
At 30 June 2023	848	35,827	-	36,675

ANNAIK LIMITED

Condensed Interim Financial Statements For The Period Ended 30-06-2023

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

9 INTANGIBLE ASSETS (cont'd)

	Company Patent rights S\$'000
Cost:	
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	3,732
Accumulated amortisation:	
At 1 January 2022	2,375
Amortisation charge for the year	339
At 31 December 2022 and 1 January 2023	2,714
Amortisation charge for the period	170
At 30 June 2023	2,884
Carrying amount:	
At 31 December 2022	1,018
At 30 June 2023	848

10 LOANS AND BORROWINGS

	Group		Company	
	As At		As At	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand:-				
Secured	13,341	12,876	-	-
Unsecured	815	820	619	616
Sub-Total	14,156	13,696	619	616
Amount repayable after one year				
Secured	11,326	13,698	-	-
Unsecured	387	512	387	512
Sub-Total	11,713	14,210	387	512
Total borrowings	25,869	27,906	1,006	1,128

Details of any collateral

As at 30 June 2023 and 31 December 2022, the Group's secured borrowings consist of bank loans, government loans and bills payables.

As at 30 June 2023, bank loans of S\$7.58million (31 December 2022: S\$7.99million) was secured by a charge over a property of a subsidiary.

As at 30 June 2023, bills payables and remaining bank loans of S\$17.09million (31 December 2022: S\$18.58million) was secured by corporate guarantee of the Company.

11 SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	30-Jun-23		31-Dec-22	
	Number of Shares	Share Capital	Number of Shares	Share Capital
	'000	S\$'000	'000	S\$'000
<u>Share capital</u>				
Beginning of interim period	294,054	38,864	292,733	38,776
Issuance of shares under ESOS Scheme 2013	-	-	1,321	88
End of interim period	294,054	38,864	294,054	38,864
<u>Treasury shares</u>				
Beginning of interim period	(5,534)	(568)	(5,534)	(568)
Purchase of treasury shares	-	-	-	-
End of interim period	(5,534)	(568)	(5,534)	(568)

Company has 5,533,700 treasury shares as at 30 June 2023 (31 December 2022: 5,533,700 treasury shares). There were no sales, transfers, cancellation and/or use of treasury shares during 1H2023.

Company issued nil ordinary shares as at 30 June 2023 (31 December 2022: 1,321,000 ordinary shares at S\$87,714 under ESOS Scheme 2013). The number of shares that may be issued on conversion of all share options outstanding as at 30 June 2023 was 10,416,500 (31 December 2022: 10,416,500).

There were no shares held as subsidiary holdings as at 30 June 2023 and 31 December 2022.

ANNAIK LIMITED

Condensed Interim Financial Statements For The Period Ended 30-06-2023

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

12 RELATED PARTIES TRANSACTIONS

	Group	
	6 Months Ended	
	30-Jun-23	30-Jun-22
	S\$'000	S\$'000
Sales and purchases of goods and services		
In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period:		
Purchase of goods from a related party	195	120
Compensation of directors and key management personnel		
The remuneration of directors and other members of key management during the period was as follows:		
Salaries, bonuses and benefits	1,218	1,313
Central Provident Fund contributions	42	60
Directors' fees	55	55
	1,315	1,428
Comprise amounts paid to:		
- Directors of the Company	845	848
- Other key management personnel	470	580
	1,315	1,428
The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.		
<u>Directors' interests in employee share option</u>		
At the end of the reporting period, the total number of outstanding share options granted by the Company to the above-mentioned directors under the share option plan amounted to 3,476,000 (2022: 3,476,000).		

13 DIVIDENDS

	Group	
	6 Months Ended	
	30-Jun-23	30-Jun-22
	S\$'000	S\$'000
Declared and paid during the period:		
Dividends on ordinary shares:		
-Final exempt (one-tier) dividend paid in 2023: 0.4 (2022: 0.7) cent per share	1,154	2,010

14 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Group		Company	
	As At		As At	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	S\$'000	S\$'000	S\$'000	S\$'000
Financial Assets (Amortised cost)				
Refundable deposits	434	451	-	-
Trade and other receivables (1)	20,436	19,137	-	-
Amount due from subsidiaries	-	-	9,477	11,086
Cash and cash equivalents	12,872	15,002	1,142	305
	33,742	34,590	10,619	11,391
Financial Liabilities (Amortised cost)				
Trade payables	3,736	3,443	-	-
Other payables and accruals (2)	4,949	6,015	530	1,272
Amount due to associates	331	326	-	-
Amount due to subsidiaries	-	-	465	465
Loans and borrowings	25,869	27,906	1,006	1,128
Lease Liabilities	2,916	3,087	-	-
	37,801	40,777	2,001	2,865

(1) Exclude GST receivables and advances to suppliers.

(2) Exclude GST payables, deposits and advances from customers and deferred consideration payable.

ANNAIK LIMITED

Condensed Interim Financial Statements For The Period Ended 30-06-2023

F OTHER INFORMATION

- 1 (a)(i) Details of any changes in the company's share capital arising from right issue, bonus issue, subdivision consolidation, 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

SHARE CAPITAL

for the half year ended 30 June 2023	Number of Shares	Share Capital
	'000	S\$'000
Balance as at 1 January 2023 294,053,974 ordinary shares	294,054	38,864
Less: Treasury Share	(5,534)	(568)
Balance as at 30 June 2023 288,520,274 ordinary shares	288,520	38,296
Percentage (%) of treasury shares held against the total number of shares outstanding as at 30 June 2023	1.9%	

Company has 5,533,700 treasury shares as at 30 June 2023 (30 June 2022: 5,533,700 treasury shares).

Company issued nil ordinary shares as at 30 June 2023 (30 June 2022: 1,321,000 ordinary shares under ESOS Scheme 2013). The number of shares that may be issued on conversion of all share options outstanding as at 30 June 2023 was 10,416,500 (30 June 2022: 10,416,500).

Company has nil subsidiary holdings as at 30 June 2023 (30 June 2022: Nil).

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

Please refer to item 1(a)(i) above.

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

There are no sales or transfers, cancellation and/or use of treasury shares between 1 January 2023 and 30 June 2023.

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

Not applicable.

ANNAIK LIMITED

Condensed Interim Financial Statements For The Period Ended 30-06-2023

F OTHER INFORMATION (cont'd)

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.

3 (a) Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion, the financial statements have been adequately disclosed.

(a) update on the efforts taken to resolve each outstanding audit issue,

(a) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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.

There has been no changes in the accounting policies and methods of computation, including any required by an accounting standard. The Group and Company have adopted the same accounting policies and methods of computation for the current financial period as those applied in the financial year ended 31 December 2022.

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.

NA

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

EARNING PER ORDINARY SHARE

	Group		
	30-Jun-23	30-Jun-22	Change %
Earnings/(Loss) per ordinary share for the period based on net profit/(loss) attributable to the equity holders of the Company			
(i) Based on weighted average number of ordinary shares (in cents)	0.59	0.99	(40.40%)
- Weighted average number of shares	288,520,274	287,221,169	0.45%
(ii) On a fully diluted basis (in cents)	0.59	0.99	(40.40%)
- Adjusted weighted average number of shares	288,520,274	287,221,169	0.45%

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 year

	Group			Company		
	As At		Change %	As At		Change %
	30-Jun-23	31-Dec-22		30-Jun-23	31-Dec-22	
	Cents	Cents		Cents	Cents	
Net asset backing per ordinary share based on the existing issued share capital as at the end of the period	21.97	22.36	(1.74%)	12.54	12.57	(0.24%)

The net asset value per ordinary share is based on 288,520,274 (2022: 288,520,274) shares at the end of each period.

ANNAIK LIMITED

Condensed Interim Financial Statements For The Period Ended 30-06-2023

F OTHER INFORMATION (cont'd)

- 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 year reported on.**

The Group's revenue for the current period decreased by approximately S\$28.88 million or 51.87% from S\$55.68 million in 1H2022 to S\$26.80 million in 1H2023. The decrease was mainly due to substantial lower sales generated from its trading of steel and non-steel business under the Distribution division amounting to S\$30.70 million, mainly in the PRC and India. However, the decrease was partially offset with the increase of revenue amounting to S\$1.82 million in the Environmental business division due to more Engineering, Procurement and Construction ("EPC") projects completed in 1H2023.

Gross profit decreased by S\$1.38 million or 14.04% for the current period from S\$9.84 million in 1H2022 to S\$8.46 million in 1H2023. The decrease was mainly due to lower gross profit generated from the Distribution and Manufacturing of steel divisions. However, in the Distribution division, gross profit margin increased from 12% to 26% due to a change in product mix.

Other operating income decreased by S\$0.40 million or 34.17% from S\$1.16 million in 1H2022 to S\$0.76 million in 1H2023, mainly due to the absence of recognition of gain on disposal of property amounting to S\$0.72 million in the prior period. However, the decrease was partially offset by higher government grants received amounting to S\$0.30 million.

Distribution expenses decreased by S\$0.04 million or 5.89% from S\$0.63 million in 1H2022 to S\$0.59 million in 1H2023. The decrease was due to the lower revenue generated from the Distribution and Manufacturing of steel divisions. However, the decrease was partially offset by higher cost incurred in the Environmental business division due to more EPC projects completed in 1H2023.

Administrative expenses decreased by S\$0.54 million or 10.35% from S\$5.18 million in 1H2022 to S\$4.64 million in 1H2023 mainly due to expenses related to the disposal of property recorded in prior period.

Written-back for impairment losses on financial assets amounted to S\$0.03 million during the period.

Other operating expenses decreased by S\$0.24 million or 42.45% from S\$0.56 million in 1H2022 to S\$0.32 million in 1H2023 mainly due to recognition of lower foreign currency exchange losses.

As a result of lesser EPC projects secured and delivered during the period from the rural wastewater treatment business under the Environmental business division, share of results of associate amounted to a loss of S\$0.07 million in 1H2023 as compared to a loss of S\$0.03 million in 1H2022.

Finance costs increased by S\$0.24 million or 52.74% from S\$0.46 million in 1H2022 to S\$0.70 million in 1H2023 due to higher cost of funding.

As a result of the above, the Group's profit attributable to owners of the Company for the period ended 30 June 2023 was approximately S\$1.70 million as compared to S\$2.86 million recorded in the prior period.

The current assets of the Group decreased by S\$3.90 million from S\$60.89 million as at 31 December 2022 to S\$56.99 million as at 30 June 2023. The decrease was mainly attributed to a decrease in inventory of S\$2.85 million as a result of better inventory management for stock replenishment. Cash and bank balances decreased by S\$2.13 million due to repayment of bank loans, other payables and bills payables. However, the decrease in current assets was partially offset by the increase in other receivables and prepayments amounting to S\$1.20 million whereby debtor turnover increased from 85 days as at 31 December 2022 to 136 days as at 30 June 2023. Cash and cash equivalents as at 30 June 2023 decreased by S\$0.22 million from S\$13.09 million as at 30 June 2022 to S\$12.87 million as at 30 June 2023.

The Group maintained a healthy and positive working capital of S\$30.46 million or current ratio of 2.15 times with current assets of S\$56.99 million and current liabilities of S\$26.53 million as at 30 June 2023.

The non-current assets of the Group decreased by S\$1.67 million from S\$64.93 million as at 31 December 2022 to S\$63.26 million as at 30 June 2023. The decrease was mainly attributed to the reduction in property, plant and equipment amounting to S\$0.45 million and right-of-use assets amounting to S\$0.24 million due to depreciation and amortisation charges. The investment in associates decreased by S\$0.63 million mainly due to recognition of foreign currency translation loss of S\$0.56 million and additional share of loss of associates of S\$0.07 million during the period. The decrease in intangible assets of S\$0.52 million was due to the amortisation charge of S\$1.05 million and recognition of foreign currency translation loss of S\$1.46 million, which was partially offset by acquisition of intangible assets amounting to S\$1.99 million related to the upgrading of wastewater treatment plants in the industrial cum municipal wastewater treatment business under the Environmental business division.

The total liabilities of the Group decreased by S\$3.59 million from S\$46.79 million as at 31 December 2022 to S\$43.20 million as at 30 June 2023. The decrease was mainly due to repayment of bank loans, bills payables and other payables amounting to S\$1.09 million, S\$0.95 million and S\$1.52 million respectively. However, the decrease was partially offset by the increase in trade payables of S\$0.29 million. The Group's net gearing ratio increased slightly from 0.24 times as at 31 December 2022 to 0.25 times as at 30 June 2023.

Net cash flow generated from operating activities amounted to S\$3.17 million in the current period. The increase was mainly due to a decrease in trade receivables, inventories and an increase in trade payables amounting to S\$0.13 million, S\$2.56 million and S\$0.29 million respectively. Moreover, payments were made for interest expense amounting to S\$0.63 million and income tax amounting to S\$0.78 million. However, the increase was partially offset by an increase in other receivables and prepayments amounting to S\$1.18 million, and decrease in other payables and bills payables amounting to S\$1.52 million and S\$0.95 million.

Net cash flow used in investing activities amounted to S\$2.01 million mainly due to addition in intangible assets amounting to S\$1.99 million for the upgrading of plants in industrial cum municipal wastewater treatment business under the Environmental business division.

Net cash flow used in financing activities amounted to S\$3.02 million mainly due to dividend payment of S\$2.03 million, repayments of loan borrowings of S\$0.82 million and leases liabilities of S\$0.17 million.

The Group's net asset per share as at 30 June 2023 was 21.97 cents and weighted average profit per share was 0.59 cents.

ANNAIK LIMITED

Condensed Interim Financial Statements For The Period Ended 30-06-2023

F OTHER INFORMATION (cont'd)

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

Not applicable.

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

The Ministry of Trade and Industry has forecasted and announced that the 2023 GDP growth forecast for Singapore will be maintained at between 0.5% to 1.5% ^[1].

Going forward, the Group expects the operating environment to be challenging as the Group continues to face stiff market competition due to ongoing geopolitical tension and inflationary cost pressure.

Notwithstanding that the Group expects lower gross profit margin in both the Distribution of steel and Manufacturing of steel flanges divisions in the next twelve months for the reasons mentioned above, the Group remains cautiously optimistic on the general outlook of our Environment business division in Singapore and the PRC. We will keep our focus in securing more EPC projects in order to boost our order book and contribution of profit to the Group. We shall continue to exercise prudence in managing cost and working capital and focusing on operational efficiency and mitigate business risks.

^[1] https://www.mti.gov.sg/Newsroom/Press-Releases/2023/08/MTI-Narrows-Singapore-GDP-Growth-Forecast-for-2023-to-0_5-to-1_5-Per-Cent

11 If a decision regarding dividend has been made.

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

None

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

Not applicable.

(b)(ii) Previous corresponding period in cents.

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended after taking into consideration the Group's capital commitment plan and its cash flow requirements.

ANNAIK LIMITED

Condensed Interim Financial Statements For The Period Ended 30-06-2023

F OTHER INFORMATION (cont'd)

13 If the Group has obtained a general mandate from shareholders for interested persons transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained from shareholders.

14 Negative Confirmation by the Board pursuant to Rule 705(5).

On behalf of the Board of Directors, we hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of AnnAik Limited which may render the financial statements announcement for the first half of 2023 to be false or misleading in any material aspect.

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

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

16 Disclosure pursuant to Rule 706A of the Listing Manual

As announced on 4 May 2023, Pioneer Environmental Technology Pte Ltd ("PET") has incorporated PIONILIONTEK LINERGY (INDIA) PRIVATE LIMITED ("PION") in India on 27 April 2023. The principal activity of PION is the provision of environmental engineering services and new energy related businesses. The incorporation of PION was funded through internal resources, and is not expected to have any material impact on the consolidated net tangible assets or earnings per share of the Company and the Group for the financial year ending 31 December 2023.

The Company has on 6 July 2023 increased the shareholding in Metal Wang Pte Ltd ("Subsidiary") from 75% to 100% by acquiring 125,000 ordinary shares from an individual party at a consideration of S\$56,850.64 (book value S\$227,402). The acquisition was funded through internal resources, and is not expected to have any material impact on the consolidated net tangible assets or net earnings per share of the Company and the Group for the financial year ending 31 December 2023.

Referring to the Company's announcement dated 21 June 2023, the Company and the joint venture partner has incorporated MS Pioneer Technology Sdn Bhd in Malaysia on 3 July 2023 ("JV Company"). The principal activity of the JV Company is to carry out the business of production, business development, marketing, and recovery of lithium batteries in Malaysia. The incorporation of JV Company was funded through internal resources, and is not expected to have any material impact on the consolidated net tangible assets or earnings per share of the Company and the Group for the financial year ending 31 December 2023. Please refer to the Company's announcement dated 21 June 2023 for more information on the joint venture.

Ow Chin Seng
Executive Director

Ng Kim Keang
Executive Director

14 August 2023

This announcement has been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr Kaeson Chui, Vice President, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone (+65) 6415 9886.