

**Half Year Financial Statement And Dividend Announcement For The Period Ended 30-06-2017**

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

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

**CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2017**

	Note	Group		
		6 Months Ended		
		30-Jun-17	30-Jun-16	Change
		S\$'000	S\$'000	%
<b>Revenue</b>		23,090	22,964	0.55%
Cost of sales		(18,751)	(19,011)	(1.37%)
<b>Gross profit</b>		4,339	3,953	9.76%
Other operating income		480	470	2.13%
Distribution expenses		(787)	(760)	3.55%
Administrative expenses		(4,142)	(4,022)	2.98%
Other operating expenses		(374)	(3,837)	(90.25%)
Share of result of an associate		146	125	16.80%
Share of result of joint ventures		472	567	(16.75%)
Finance costs		(464)	(513)	(9.55%)
<b>Loss before income tax</b>		(330)	(4,017)	(91.78%)
Income tax expense		(188)	(163)	15.34%
<b>Loss for the period</b>	(i)	(518)	(4,180)	(87.61%)
<b>Attributable to:</b>				
Owners of the Company		(673)	(4,287)	(84.30%)
Non-controlling interests		155	107	44.86%
		(518)	(4,180)	(87.61%)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD ENDED 30 JUNE 2017**

	Group		
	6 Months Ended		
	30-Jun-17	30-Jun-16	Change
	S\$'000	S\$'000	%
<b>Loss for the period</b>	(518)	(4,180)	(87.61%)
<b>Other comprehensive loss, after tax:</b>			
Exchange differences on translation of foreign operations	(351)	(1,107)	(68.29%)
Other comprehensive loss for the period, net of tax	(351)	(1,107)	(68.29%)
<b>Total comprehensive loss for the period</b>	(869)	(5,287)	(83.56%)
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company	(856)	(5,099)	(83.21%)
Non-controlling interests	(13)	(188)	(93.09%)
	(869)	(5,287)	(83.56%)

NM: Not meaningful

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### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD ENDED 30 JUNE 2017 (cont'd)

#### Note

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

	Group		
	30-Jun-17	30-Jun-16	Change
	S\$'000	S\$'000	%
Reversal of allowance for doubtful debts	(1)	(52)	(98%)
Amortisation of prepaid land rental	4	4	0%
Amortisation of intangible assets	444	394	13%
Amortisation of government grant	(36)	(37)	(3%)
Depreciation of property, plant and equipment	715	768	(7%)
Finance costs	464	513	(10%)
Foreign currency exchange adjustment loss/(gain) - net	179	(103)	NM
Government subsidy	(147)	(146)	1%
Impairment of available-for-sale financial assets	-	3,467	NM
Interest income	(20)	(56)	(64%)
Gain on disposal of property, plant and equipment	(91)	(7)	1,200%
Fair value loss on derivative of financial assets(unrealised)	-	2	NM

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## Half Year Financial Statement And Dividend Announcement For The Period Ended 30-06-2017

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

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Group		Company	
	30-Jun-17	31-Dec-16	30-Jun-17	31-Dec-16
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	7,264	7,369	329	1,556
Trade receivables	12,379	9,576	-	-
Other receivables	5,615	5,314	106	2,018
Prepaid land rental	7	7	-	-
Prepayments	229	112	48	22
Amount due from subsidiaries and an associate	695	709	14,374	13,117
Inventories	19,737	21,636	-	-
<b>Total current assets</b>	<b>45,926</b>	<b>44,723</b>	<b>14,857</b>	<b>16,713</b>
<b>Non-current assets:</b>				
Property, plant and equipment	28,684	29,702	-	-
Prepaid land rental	280	297	-	-
Goodwill	497	497	-	-
Intangible assets	20,843	20,593	2,884	3,054
Investment in subsidiaries	-	-	21,164	21,164
Investment in joint ventures	3,540	3,207	-	-
Investment in an associate	4,315	3,842	-	-
Club membership	190	190	190	190
Refundable deposits	872	892	-	-
Amount due from subsidiaries and an associate	-	-	9,177	8,261
<b>Total non-current assets</b>	<b>59,221</b>	<b>59,220</b>	<b>33,415</b>	<b>32,669</b>
<b>Total assets</b>	<b>105,147</b>	<b>103,943</b>	<b>48,272</b>	<b>49,382</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities:</b>				
Bank overdrafts	229	154	-	-
Bank loans	5,807	5,565	500	-
Government loan	610	624	-	-
Finance leases	66	93	-	-
Bills payables	7,951	7,649	-	-
Trade payables	2,969	1,973	-	-
Other payables and accruals	3,976	4,042	1,367	1,666
Provision for income tax	212	393	-	-
Amount due to subsidiaries, an associate and a joint venture	4,059	3,157	131	521
<b>Total current liabilities</b>	<b>25,879</b>	<b>23,650</b>	<b>1,998</b>	<b>2,187</b>
<b>Non-current liabilities</b>				
Bank loans	17,125	16,758	-	-
Government loan	813	832	-	-
Finance leases	13	39	-	-
Other payables and accruals	567	618	567	618
Government grants	1,852	1,933	-	-
Deferred tax liabilities	404	408	-	-
Financial derivative liabilities	48	48	-	-
<b>Total non-current liabilities</b>	<b>20,822</b>	<b>20,636</b>	<b>567</b>	<b>618</b>
<b>Capital, reserves and non-controlling interests</b>				
Share capital	36,119	36,131	36,119	36,131
Reserves	16,623	17,977	9,588	10,446
Equity attributable to owners of the Company	52,742	54,108	45,707	46,577
Non-controlling interests	5,704	5,549	-	-
<b>Total equity</b>	<b>58,446</b>	<b>59,657</b>	<b>45,707</b>	<b>46,577</b>
<b>Total liabilities and equity</b>	<b>105,147</b>	<b>103,943</b>	<b>48,272</b>	<b>49,382</b>

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## Half Year Financial Statement And Dividend Announcement For The Period Ended 30-06-2017

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

	Group	
	As At	
	30-Jun-17	31-Dec-16
	S\$'000	S\$'000
<b>Amount repayable in one year or less, or on demand:-</b>		
Secured	13,553	13,461
Unsecured	500	-
<b>Sub-Total</b>	<b>14,053</b>	<b>13,461</b>
<b>Amount repayable after one year</b>		
Secured	17,138	16,797
Unsecured	-	-
<b>Sub-Total</b>	<b>17,138</b>	<b>16,797</b>
<b>Total borrowings and debt securities</b>	<b>31,191</b>	<b>30,258</b>

#### Details of any collateral

At 30 June 2017 and 31 December 2016, the Group's secured borrowings consist of bank overdrafts, bank loans, finance leases and bills payable.

At 30 June 2017, bank loans of S\$9.92 million (31 December 2016: S\$10.18 million) was secured by a charge over a property of a subsidiary. In addition, bank loans of S\$8.4 million (31 December 2016: S\$8.83 million) was secured by a charge over three pieces of vacant land, a property and machineries and equipments of a subsidiary.

At 30 June 2017 and 31 December 2016, bank overdrafts, bills payable and remaining bank loans were secured by corporate guarantee of the Company. The finance leases were secured by the leased assets.

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## Half Year Financial Statement And Dividend Announcement For The Period Ended 30-06-2017

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

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2017

	Note	Group	
		6 Months Ended	
		30-Jun-17	30-Jun-16
		S\$'000	S\$'000
<b>Cash flows from operating activities:</b>			
Loss before income tax:		(330)	(4,017)
<b>Adjustments for:</b>			
Reversal of allowance for doubtful debts		(1)	(52)
Amortisation of prepaid land rental		4	4
Amortisation of intangible assets		444	394
Amortisation of government grant		(36)	(37)
Depreciation of property, plant and equipment		715	768
Finance costs		464	513
Gain on disposal of property, plant and equipment		(91)	(7)
Interest income		(20)	(56)
Impairment of available-for-sale financial assets		-	3,467
Fair value loss on derivative of financial assets(unrealised)		-	2
Unrealised foreign exchange gain/(loss)		179	(103)
Share of result of an associate		(146)	(125)
Share of result of joint ventures		(472)	(567)
<b>Operating cash flow before working capital changes</b>		<b>710</b>	<b>184</b>
Trade receivables		(2,803)	1,676
Other receivables		(341)	1,780
Inventories		1,899	5,189
Trade payables		996	182
Other payables		(120)	(1,723)
Repayment of bills payables, net		302	(2,187)
<b>Cash flows generated from operations</b>		<b>643</b>	<b>5,101</b>
Interest paid		(464)	(513)
Interest income received		20	56
Income taxes paid		(374)	(402)
<b>Net cash flows (used in) / generated from operating activities</b>		<b>(175)</b>	<b>4,242</b>
<b>Cash flows from investing activities:</b>			
Proceeds from disposal of property plant & equipment		125	7
Purchases of intangible assets		(1,178)	(1,416)
Purchases of property, plant and equipment		(429)	(400)
Increase in amount due from an associate		15	82
<b>Net cash flows used in investing activities</b>		<b>(1,467)</b>	<b>(1,727)</b>

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## Half Year Financial Statement And Dividend Announcement For The Period Ended 30-06-2017

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2017 (cont'd)

	Note	Group	
		6 Months Ended	
		30-Jun-17	30-Jun-16
		S\$'000	S\$'000
<b>Cash flows from financing activities:</b>			
Proceeds from issuing treasury shares, net		(12)	-
Proceeds from bank loans		4,893	1,202
Repayment of bank loans		(3,793)	(3,668)
Contributions from non-controlling interests		168	-
Repayment of obligations under finance leases		(51)	(117)
Dividends paid		(498)	-
Decrease in amount due to joint ventures		(14)	(59)
Increase in amount due to associate		916	-
<b>Net cash flows generated from / (used in) financing activities</b>		<b>1,609</b>	<b>(2,642)</b>
Net decrease in cash and cash equivalents		(33)	(127)
Cash and cash equivalents at the beginning of the period		7,214	5,770
Effect of exchange rate changes on the balance of cash held in foreign currencies		(146)	(97)
<b>Cash and cash equivalents at the end of the period</b>	(1)	<b>7,035</b>	<b>5,546</b>

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

	30-Jun-17	30-Jun-16
	S\$'000	S\$'000
Cash and bank balances	7,264	5,723
Bank overdrafts	(229)	(177)
	<b>7,035</b>	<b>5,546</b>

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## Half Year Financial Statement And Dividend Announcement For The Period Ended 30-06-2017

- 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 distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

	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 2016</b>	<b>36,131</b>	<b>1,142</b>	<b>44</b>	<b>1,485</b>	<b>20,325</b>	<b>59,127</b>	<b>5,429</b>	<b>64,556</b>
Total comprehensive loss for the period	-	(812)	-	-	(4,287)	(5,099)	(188)	(5,287)
<b>Balance as at 30 June 2016</b>	<b>36,131</b>	<b>330</b>	<b>44</b>	<b>1,485</b>	<b>16,038</b>	<b>54,028</b>	<b>5,241</b>	<b>59,269</b>
<b>Balance as at 1 January 2017</b>	<b>36,131</b>	<b>691</b>	<b>44</b>	<b>1,280</b>	<b>15,962</b>	<b>54,108</b>	<b>5,549</b>	<b>59,657</b>
Dividend paid	-	-	-	-	(498)	(498)	-	(498)
Additional contribution by non-controlling interests	-	-	-	-	-	-	168	168
Expiry of share options	-	-	-	(495)	495	-	-	-
Issue of treasury shares	(12)	-	-	-	-	(12)	-	(12)
Total comprehensive loss for the period	-	(183)	-	-	(673)	(856)	(13)	(869)
<b>Balance as at 30 June 2017</b>	<b>36,119</b>	<b>508</b>	<b>44</b>	<b>785</b>	<b>15,286</b>	<b>52,742</b>	<b>5,704</b>	<b>58,446</b>

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## Half Year Financial Statement And Dividend Announcement For The Period Ended 30-06-2017

### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017 (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 2016</b>	<b>36,131</b>	<b>1,485</b>	<b>17,266</b>	<b>54,882</b>
Total comprehensive loss for the period	-	-	(4,036)	(4,036)
<b>Balance as at 30 June 2016</b>	<b>36,131</b>	<b>1,485</b>	<b>13,230</b>	<b>50,846</b>
<b>Balance as at 1 January 2017</b>	<b>36,131</b>	<b>1,280</b>	<b>9,166</b>	<b>46,577</b>
Dividend paid	-	-	(498)	(498)
Expiry of share options	-	(495)	495	-
Disposal of non-controlling interest in a subsidiary without a change in control	-	-	(51)	(51)
Issue of treasury shares	(12)	-	-	(12)
Total comprehensive loss for the period	-	-	(309)	(309)
<b>Balance as at 30 June 2017</b>	<b>36,119</b>	<b>785</b>	<b>8,803</b>	<b>45,707</b>



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## Half Year Financial Statement And Dividend Announcement For The Period Ended 30-06-2017

- 1 (d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous 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

	Number of Shares	Share Capital
	'000	S\$'000
Balance as at 1 January 2017 248,973,000 ordinary shares	248,973	36,131
Less: Treasury Share	(178)	(12)
Balance as at 30 June 2017 248,794,900 ordinary shares	<b>248,795</b>	<b>36,119</b>

Company has treasury shares of 178,100 shares at S\$12,139.30 as at 30 June 2017 ( 30 June 2016: Nil)  
The number of shares that may be issued on conversion of all share options outstanding as at 30 June 2017 was 13,109,000 (as at 30 June 2016: 19,804,000).

Company has nil subsidiary holdings as at 30 June 2017 (30 June 2016: Nil).

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

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

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

Not applicable.

- 1 (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial 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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## Half Year Financial Statement And Dividend Announcement For The Period Ended 30-06-2017

**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 period as those applied in the financial year ended 31 December 2016 except for the adoption of new and revised accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2017.

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

Please refer to item 4 above.

**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.**

**(LOSS) / EARNING PER ORDINARY SHARE**

	Group		
	6 Months Ended		
	30-Jun-17	30-Jun-16	Change %
(Loss)/Earnings per ordinary share ((L)/EPS) for the financial period based on net (loss)/profit attributable to the equity holders of the Company			
(i) Based on weighted average number of ordinary shares (in cents)	(0.27)	(1.72)	NM
- Weighted average number of shares	248,876,817	248,973,000	NM
(ii) On a fully diluted basis (in cents)	(0.27)	(1.72)	NM
- Adjusted weighted average number of shares	248,876,817	248,973,000	NM

**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-17	31-Dec-16		30-Jun-17	31-Dec-16	
	Cents	Cents	%	Cents	Cents	%
Net asset backing per ordinary share based on the existing issued share capital as at the end of the financial period	21.20	21.73	(2.44%)	18.36	18.70	(1.84%)

The net asset value per ordinary share is based on 248,794,900 (2016: 248,973,000) shares at the end of each period.

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## Half Year Financial Statement And Dividend Announcement For The Period Ended 30-06-2017

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group's loss attributable to owners of the company for the period ended 30 June 2017 amounting to S\$0.67 million was substantially narrowed as compared to loss of S\$4.29 million recorded in the prior comparable period. The significant improvement of results was mainly due to absence of one-off impairment of available-for-sale financial assets in relation to China's Dalian Sicheng project in the current period as compared to S\$3.47 million provided in the prior comparable period. In addition, the restructuring of the manufacturing business and continued implementation of cost cutting scheme in both manufacturing and distribution businesses also led to improved operating results by reducing losses.

The Group's revenue for the half year ended 30 June 2017 increased 0.55% from S\$22.96 million to S\$23.09 million. The marginal increase in group revenue of S\$0.13 million was mainly due to higher sales contributed by the trading of flat steel products division, under the distribution business, especially for sales in Eurasia markets, and new sales from the newly set up industrial wastewater treatment plant, Changxing Annyi, which started its operations in January 2017. However, the increase was largely offset by decreased sales in the steel piping products & flanges division, under distribution and manufacturing businesses, due to the prolonged, weak and depressed steel market and lesser environmental projects secured and delivered by Pioneer Environmental in Singapore and the region, under the environmental business, for the half year ended 30 June 2017.

Gross profit increased by S\$0.39 million or 9.76% for the half year ended 30 June 2017. The increase was mainly attributable to better gross profit margin achieved under the environmental business with new added industrial wastewater treatment plant and improved tariff obtained during the current period. In addition, the restructuring of the manufacturing business also resulted in cost cutting of variable expenses, resulting in improved gross profit margin.

The Group's distribution and administrative expenses were controlled within 5% variance as compared to the prior comparable period with the cost cutting scheme still in place. The substantial lower other operating expenses in the current period are due to the absence of impairment of available-for-sale financial asset.

The share of profit of an associate and joint ventures was S\$0.62 million for the half year ended 30 June 2017 as compared to S\$0.69 million in the prior comparable period. The share of profit was contributed from the industrial and rural wastewater divisions under environmental business.

Finance costs decreased from S\$0.51 million to S\$0.46 million due to better pricing obtained for those interest bearing borrowings.

The total liabilities of the Group increased by \$2.41 million, from \$44.29 million as at 31 December 2016, to \$46.70 million as at 30 June 2017. This increase was mainly due to an increase in utilisation of bill payables of \$0.30 million and trade payables of S\$1.00 million, for supporting the daily operations of the distribution business in Singapore. In addition, an increase in bank borrowings of \$0.61 million and an increase in advance from joint ventures and an associate of \$0.90 million were mainly attributed to the financing of the expansion plan and daily operations of the industrial wastewater business in China. The Group's net gearing ratio increased slightly from 0.42 times as at 31 December 2016 to 0.45 times as at 30 June 2017.

The current assets of the Group increased by \$1.21 million, from \$44.72 million as at 31 December 2016, to \$45.93 million as at 30 June 2017. This increase was mainly due to the increase in trade receivables of \$2.80 million, caused by the extended credit term given to customers, with some major customers are under trade credit insurance protection scheme during the period. Additionally, the increase in other receivables and prepayments of \$0.42 million were due to the temporary funds transferred to the seller of Changxing Linxing, our newly acquired company. However the increase in current assets was partially offset by the decrease in inventories of \$1.90 million as a result of control measures taken in inventories replenishment and the marginal decrease in cash and bank balances of \$0.11 million. Debtor turnover increased to 102 days as at 30 June 2017 as compared to 82 days as at 31 December 2016.

The Group continued to maintain a healthy and positive working capital of S\$20.05 million or current ratio of 1.77 times with current assets of S\$45.93 million and current liabilities of S\$25.88 million as at 30 June 2017. The Group had a positive working capital of S\$21.07 million with current assets of S\$44.72 million and current liabilities of S\$23.65 million as at 31 December 2016.

The non-current assets of the Group maintained at S\$59.22 million as at 30 June 2017 as compared to 31 December 2016. There was a decrease in property, plant and equipment of \$1.02 million resulting from depreciation. This was offset by the increase in intangible assets of \$0.25 million under the environment business and an increase in investment in joint ventures and an associate due to our share of profit from an associate and joint ventures recognised during the period.

The cash and cash equivalents as at 30 June 2017 decreased slightly by S\$0.11 million to S\$7.26 million. This was mainly due to cash used for additions of intangible assets and property, plant and equipment for its environmental business under investing activities, and dividend payment of S\$0.50 million under financing activities. However, the decrease was largely offset by positive cash flows generated from amount due to an associate and bank borrowings under financing activities. Net cash flows used in operating activities for the period amount to S\$0.18 million, as a result of S\$0.64 million generated from operations less off S\$0.82 million net interest income paid and income taxes paid.

Group's net asset per share at 30 June 2017 was 21.20 cents and weighted average EPS for 6 months ended 30 June 2017 was negative 0.27 cents.

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## Half Year Financial Statement And Dividend Announcement For The Period Ended 30-06-2017

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

Not applicable.

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

The first six months of the year, as last commented in the announcement dated 27 February 2017 was indeed a period of uncertainty. This is reflected by the basket of mixed results of the Group ended June 2017. However for the next <sup>(1)</sup> 6 months of the year, other than the demand from general manufacturing industry, the business climate in general appears to be positive. Nevertheless, unless oil price is stabilized and geo-political tensions are eased, there will be limited upside in new investments and capital spending in the market and these in turn will limit the growth in our manufacturing and distribution businesses.

Our manufacturing division has been facing severe market correction and competition in the past years and had undergone much restructuring so as to be more cost efficient and productive. It will continue to weather through this turbulent times as we rely upon our brand reputation and product ranges. With proper marketing, brand management and customer servicing, we envisage that our efforts will pay off.

As for the distribution business, the current domestic market condition and international competition have continued to challenge/affect the core business strategy and position. However, due to quality control and delivery promptness, our distribution division is able to satisfy customers' demand in both local & overseas market.

The environmental engineering division has been active in expanding its business. Though it faces market and technological barriers, it has managed to secure new projects especially in the China market.

**11 Dividend.**

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

None.

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

Not applicable.

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

Not applicable.

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

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

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

Not applicable.

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

No dividend has been declared.

**Note**

<sup>(1)</sup> Information extracted from EDB Singapore Business Expectations of the Manufacturing Sector (Business Sentiments for Jul - Dec 2017) articles dated 31 July 2017.

# ANNAIK LIMITED

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## Half Year Financial Statement And Dividend Announcement For The Period Ended 30-06-2017

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

No IPT mandate has been obtained from shareholders.

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

None.

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

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

- 16 Negative Confirmation by the Board pursuant to Rule 705(5).**

We, Ow Chin Seng and Ng Kim Keang, being two directors of AnnAik Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for first half of 2017 financial results to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ow Chin Seng  
Executive Chairman

Ng Kim Keang  
Executive Director

14 August 2017