

**Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2018**

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

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

**CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	Group		
		FY2018	FY2017	Change
		S\$'000	S\$'000	%
<b>Revenue</b>		<b>56,559</b>	<b>49,338</b>	<b>14.64%</b>
Cost of sales		(45,811)	(39,899)	14.82%
<b>Gross profit</b>		<b>10,748</b>	<b>9,439</b>	<b>13.87%</b>
Other operating income		2,059	6,785	(69.65%)
Distribution expenses		(1,557)	(1,689)	(7.82%)
Administrative expenses		(9,902)	(9,557)	3.61%
Other operating expenses		(472)	(1,281)	(63.15%)
Share of result of associate		1,990	673	195.69%
Finance costs		(1,157)	(1,033)	12.00%
<b>Profit before income tax</b>		<b>1,709</b>	<b>3,337</b>	<b>(48.79%)</b>
Income tax expense		(326)	(241)	35.27%
<b>Profit for the year</b>	(i)	<b>1,383</b>	<b>3,096</b>	<b>(55.33%)</b>
<b>Attributable to:</b>				
Owners of the Company		1,196	2,621	(54.37%)
Non-controlling interests		187	475	(60.63%)
		<b>1,383</b>	<b>3,096</b>	<b>(55.33%)</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018**

	Group		
	FY2018	FY2017	Change
	S\$'000	S\$'000	%
<b>Profit for the year</b>	<b>1,383</b>	<b>3,096</b>	<b>(55.33%)</b>
<b>Other comprehensive Profit, after tax:</b>			
Exchange differences on translation of foreign operations	(932)	(520)	79.23%
Other comprehensive income for the year, net of tax	(932)	(520)	79.23%
<b>Total comprehensive Profit for the year</b>	<b>451</b>	<b>2,576</b>	<b>(82.49%)</b>
<b>Total comprehensive Profit attributable to:</b>			
Owners of the Company	488	2,216	(77.98%)
Non-controlling interests	(37)	360	NM
	<b>451</b>	<b>2,576</b>	<b>NM</b>

NM: Not meaningful

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2018

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018 (cont'd)

#### Note

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

	Group		
	FY2018	FY2017	Change
	S\$'000	S\$'000	%
Impairment losses on financial assets - trade receivables	198	40	485%
Amortisation of prepaid land rental	7	7	-
Amortisation of intangible assets	1,305	1,077	21%
Amortisation of government grant	(70)	(72)	(3%)
Depreciation of property, plant and equipment	1,467	1,477	(1%)
Bad debts written off	5	263	(98%)
Finance costs	1,157	1,033	12%
Written off Intangible assets	36	89	(60%)
Interest income	(41)	(146)	(72%)
Gain on disposal of plant and equipment	(16)	(89)	(82%)
Written off property, plant and equipment	2	215	(99%)
Allowance for slow moving inventories	364	270	35%
(Reversal of write down)/write down of inventories to net realisable value	(46)	31	NM
Gain on dilution of interest in investment	-	(4,584)	NM
Foreign currency exchange adjustment loss - net	225	35	543%
Impairment on plant and equipment	-	145	NM
Fair value loss on derivative of financial assets (unrealised)	(50)	-	NM

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2018

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

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Group		Company	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	5,468	6,189	257	261
Trade receivables	11,680	10,749	-	-
Other receivables	5,159	3,036	120	52
Prepaid land rental	7	7	-	-
Prepayments	738	150	24	18
Amount due from contract customer	2	-	-	-
Amount due from subsidiaries and an associate	-	525	11,435	12,774
Inventories	19,537	20,273	-	-
Financial derivative assets	1	-	-	-
Assets classified as held for sale	112	255	-	-
<b>Total current assets</b>	<b>42,704</b>	<b>41,184</b>	<b>11,836</b>	<b>13,105</b>
<b>Non-current assets:</b>				
Property, plant and equipment	28,053	28,867	-	-
Prepaid land rental	269	286	-	-
Goodwill	1,339	1,427	-	-
Intangible assets	21,856	21,924	2,375	2,715
Investment in subsidiaries	-	-	29,616	20,646
Investment in an associate	13,946	12,441	-	-
Investment in joint ventures	-	-	-	-
Club membership	190	190	190	190
Refundable deposits	869	899	-	-
Amount due from subsidiaries and an associate	-	-	-	9,283
Deferred tax assets	5	-	-	-
<b>Total non-current assets</b>	<b>66,527</b>	<b>66,034</b>	<b>32,181</b>	<b>32,834</b>
<b>Total assets</b>	<b>109,231</b>	<b>107,218</b>	<b>44,017</b>	<b>45,939</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities:</b>				
Bank overdrafts	-	199	-	-
Bank loans	6,035	6,257	200	-
Government loan	991	616	-	-
Finance leases	43	58	-	-
Bills payables	8,696	7,681	-	-
Trade payables	2,962	2,545	-	-
Other payables and accruals	7,780	4,729	613	1,444
Amount due to contract customer	65	-	-	-
Provision for income tax	369	532	-	-
Amount due to subsidiaries and an associate	1,654	3,906	-	131
Financial derivative liabilities	-	1	-	-
<b>Total current liabilities</b>	<b>28,595</b>	<b>26,524</b>	<b>813</b>	<b>1,575</b>
<b>Non-current liabilities</b>				
Bank loans	16,080	15,862	-	-
Government loan	519	947	-	-
Finance leases	75	40	-	-
Other payables and accruals	451	-	-	-
Government grants	1,703	1,835	-	-
Deferred tax liabilities	424	425	-	-
Financial derivative liabilities	-	48	-	-
<b>Total non-current liabilities</b>	<b>19,252</b>	<b>19,157</b>	<b>-</b>	<b>-</b>
<b>Capital, reserves and non-controlling interests</b>				
Share capital	36,131	36,131	36,131	36,131
Treasury Shares	(470)	(216)	(470)	(216)
Reserves	19,611	19,695	7,543	8,449
Equity attributable to owners of the Company	55,272	55,610	43,204	44,364
Non-controlling interests	6,112	5,927	-	-
<b>Total equity</b>	<b>61,384</b>	<b>61,537</b>	<b>43,204</b>	<b>44,364</b>
<b>Total liabilities and equity</b>	<b>109,231</b>	<b>107,218</b>	<b>44,017</b>	<b>45,939</b>

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2018

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

	Group	
	As At	
	31-Dec-18	31-Dec-17
	S\$'000	S\$'000
<b>Amount repayable in one year or less, or on demand:-</b>		
Secured	14,574	14,195
Unsecured	200	-
<b>Sub-Total</b>	<b>14,774</b>	<b>14,195</b>
<b>Amount repayable after one year</b>		
Secured	16,155	15,902
Unsecured	-	-
<b>Sub-Total</b>	<b>16,155</b>	<b>15,902</b>
<b>Total borrowings and debt securities</b>	<b>30,929</b>	<b>30,097</b>

#### Details of any collateral

At 31 December 2018 and 31 December 2017, the Group's secured borrowings consist of bank overdrafts, bank loans, finance leases and bills payable.

At 31 December 2018, bank loans of S\$11.05 million (31 December 2017: S\$9.71 million) was secured by a charge over a property of a subsidiary. In addition, bank loans of S\$7.37 million (31 December 2017: S\$7.74 million) was secured by a charge over three pieces of vacant land, a property and machineries and equipments of a subsidiary.

At 31 December 2018 and 31 December 2017, 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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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2018

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

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Group	
		FY2018	FY2017
		S\$'000	S\$'000
<b>Cash flows from operating activities:</b>			
Profit before income tax:		1,709	3,337
<b>Adjustments for:</b>			
Impairment losses on financial assets - trade receivables		198	40
Amortisation of prepaid land rental		7	7
Amortisation of intangible assets		1,305	1,077
Amortisation of government grant		(70)	(72)
Depreciation of property, plant and equipment		1,467	1,477
Finance costs		1,157	1,033
Gain on disposal of property, plant and equipment		(16)	(89)
Bad debts written off		5	263
Interest income		(41)	(146)
Written off intangible assets		36	89
Impairment of plant and equipment		-	145
Fair value loss on derivative of financial assets (unrealised)		(50)	-
Unrealised foreign exchange loss		225	35
Written off property plant and equipment		2	215
Share of result of associate		(1,990)	(673)
Gain on dilution interest in investment		-	(4,584)
Allowance for slow moving inventories		364	270
(Reversal of write down)/write down of inventories to net realisable value		(46)	31
<b>Operating cash flow before working capital changes</b>		<b>4,262</b>	<b>2,455</b>
Trade receivables		(1,212)	(1,472)
Other receivables		(2,711)	2,593
Inventories		418	1,062
Amount due from contract customers		(2)	-
Trade payables		417	572
Other payables		3,567	69
Repayment of bills payables, net		1,015	32
<b>Cash flows generated from operations</b>		<b>5,754</b>	<b>5,311</b>
Interest paid		(1,157)	(1,033)
Interest income received		41	146
Income taxes paid		(495)	(85)
<b>Net cash flows generated from operating activities</b>		<b>4,143</b>	<b>4,339</b>
<b>Cash flows from investing activities:</b>			
Proceeds on disposal of property, plant and equipment		159	161
Proceeds from disposal of assets held for sales		143	-
Withdrawal/(placement) of fixed deposit, pledged		1,000	(1,000)
Receipt of fixed deposit, pledged		-	1,000
Government grant received		252	-
Additions to intangible assets		(2,099)	(2,725)
Purchase of property, plant and equipment		(631)	(548)
(Decrease)/increase in amount due to associate		(1,727)	184
Decrease in amount due from related parties		-	(352)
Net cash outflow of acquisition of a subsidiary		-	(2,643)
Contribution by non-controlling interest		(138)	-
Investment in associate		-	(123)
<b>Net cash flows used in investing activities</b>		<b>(3,041)</b>	<b>(6,046)</b>

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2018

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018 (cont'd)

	Note	Group	
		12 Months Ended	
		FY2018	FY2017
		S\$'000	S\$'000
<b>Cash flows from financing activities:</b>			
Purchase of treasury shares		(254)	(216)
Proceeds from loans and borrowings		6,516	8,684
Repayment of loans and borrowings		(6,577)	(8,053)
Contributions from non-controlling interests		360	18
Proceed / (Repayment) of obligations under finance leases		20	(100)
Dividends paid		(493)	(498)
Increase in amount due to associate and joint venture		-	749
<b>Net cash flows (used in) / generated from financing activities</b>		<b>(428)</b>	<b>584</b>
Net increase / (decrease) in cash and cash equivalents		674	(1,123)
Cash and cash equivalents at the beginning of the year		4,990	6,215
Effect of exchange rate changes on the balance of cash held in foreign currencies		(196)	(102)
<b>Cash and cash equivalents at the end of the year</b>	(1)	<b>5,468</b>	<b>4,990</b>

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

	FY2018	FY2017
	S\$'000	S\$'000
Cash and bank balances	5,468	6,189
Fixed deposit, pledged	-	(1,000)
Bank overdrafts	-	(199)
	<b>5,468</b>	<b>4,990</b>

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2018

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

### STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	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
<b>Group</b>									
<b>Balance as at 1 January 2017</b>	36,131	-	691	44	1,280	15,962	54,108	5,549	59,657
Dividend paid	-	-	-	-	-	(498)	(498)	-	(498)
Additional contribution by non-controlling interests	-	-	-	-	-	-	-	18	18
Expiry of share options	-	-	-	-	(495)	495	-	-	-
Purchase of treasury shares	-	(216)	-	-	-	-	(216)	-	(216)
Transfer of statutory reserve fund	-	-	-	271	-	(271)	-	-	-
Total comprehensive income for the year	-	-	(405)	-	-	2,621	2,216	360	2,576
<b>Balance as at 31 December 2017</b>	<b>36,131</b>	<b>(216)</b>	<b>286</b>	<b>315</b>	<b>785</b>	<b>18,309</b>	<b>55,610</b>	<b>5,927</b>	<b>61,537</b>
<b>Balance as at 1 January 2018 (FRS framework)</b>	36,131	(216)	286	315	785	18,309	55,610	5,927	61,537
Cumulative effects of adoptive SFRS(l)	-	-	-	-	-	(79)	(79)	-	(79)
<b>Balance as at 1 January 2018 (SFRS(l) framework)</b>	<b>36,131</b>	<b>(216)</b>	<b>286</b>	<b>315</b>	<b>785</b>	<b>18,230</b>	<b>55,531</b>	<b>5,927</b>	<b>61,458</b>
Dividend paid	-	-	-	-	-	(493)	(493)	-	(493)
Expiry of share options	-	-	-	-	(205)	205	-	-	-
Purchase of treasury shares	-	(254)	-	-	-	-	(254)	-	(254)
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	360	360
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	(138)	(138)
Transfer of statutory reserve fund	-	-	-	755	-	(755)	-	-	-
Total comprehensive income for the year	-	-	(708)	-	-	1,196	488	(37)	451
<b>Balance as at 31 December 2018</b>	<b>36,131</b>	<b>(470)</b>	<b>(422)</b>	<b>1,070</b>	<b>580</b>	<b>18,383</b>	<b>55,272</b>	<b>6,112</b>	<b>61,384</b>

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2018

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018 (cont'd)

	Share Capital	Treasury shares	Share Options Reserve	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</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	-
Purchase of treasury shares	-	(216)	-	-	(216)
Total comprehensive loss for the year	-	-	-	(1,499)	(1,499)
<b>Balance as at 31 December 2017</b>	<b>36,131</b>	<b>(216)</b>	<b>785</b>	<b>7,664</b>	<b>44,364</b>
<b>Balance as at 1 January 2018</b>	<b>36,131</b>	<b>(216)</b>	<b>785</b>	<b>7,664</b>	<b>44,364</b>
Dividend paid	-	-	-	(493)	(493)
Expiry of share options	-	-	(205)	205	-
Purchase of treasury shares	-	(254)	-	-	(254)
Total comprehensive loss for the year	-	-	-	(413)	(413)
<b>Balance as at 31 December 2018</b>	<b>36,131</b>	<b>(470)</b>	<b>580</b>	<b>6,963</b>	<b>43,204</b>



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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2018

- 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 year 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 year 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 year 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 2018 247,131,900 ordinary shares	247,132	35,915
Less: Treasury Share	(2,361)	(254)
Balance as at 31 December 2018 244,770,900 ordinary shares	<b>244,771</b>	<b>35,661</b>

Company has treasury shares of 4,202,100 shares at S\$470,376 as at 31 December 2018 (31 December 2017: 1,841,100 shares at S\$216,440). The number of shares that may be issued on conversion of all share options outstanding as at 31 December 2018 was 10,632,000 (as at 31 December 2017: 13,109,000).

Company has nil subsidiary holdings as at 31 December 2018 (31 December 2017: 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 year 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 year reported on.

Not applicable.

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

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

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

Not applicable.

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## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2018

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

Except as disclosed in paragraph 5 below, the accounting policies have been consistently applied by the Group and the Company and are consistent with the audited financial statements as at 31 December 2017.

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

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its financial information under SFRS(I)s for the fourth quarter and full year ended 31 December 2018. In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

The Group has not elected any optional exemption on the first-time adoption of SFRS(I)s. There is no significant impact to the Group's opening balance sheet as at 1 January 2017 on the date of transition to SFRS(I)s.

SFR (I) 9 requires the Group to record expected credit losses on all its financial assets measured at amortised cost of FVOCI and financial guarantees. The Group previously recorded impairment based on incurred loss model when there is objective evidence that a financial assets is impaired.

Upon adoption of SFRS(I) 9, the Group recognised additional impairment on Group's trade receivables of \$79,000 and resulted in a corresponding decrease in retained earnings of \$79,000 as at 1 January 2018.

Please refer to the Statement of Changes in Equity for the Group in Page 7 for adjustments made in relation to the adoption of SFRS (I) 9.

Except for above, the adoption of new SFRS(I)s, amendments and interpretations of SFRS(I)s will not result in any significant impact on the financial statement of the Group.

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

#### EARNING PER ORDINARY SHARE

	Group		
	FY2018	FY2017	Change %
Earnings per ordinary share (EPS) for the financial year based on net profit attributable to the equity holders of the Company			
(i) Based on weighted average number of ordinary shares (in cents) - Weighted average number of shares	0.48 246,405,627	1.05 248,778,070	(54.29%) (0.95%)
(ii) On a fully diluted basis (in cents) - Adjusted weighted average number of shares	0.48 246,405,627	1.05 248,778,070	(54.29%) (0.95%)

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

	Group			Company		
	As At		Change	As At		Change
	31-Dec-18	31-Dec-17		31-Dec-18	31-Dec-17	
	Cents	Cents	%	Cents	Cents	%
Net asset backing per ordinary share based on the existing issued share capital as at the end of the financial year	22.58	22.50	0.36%	17.65	17.95	(1.67%)

The net asset value per ordinary share is based on 244,770,900 (2017: 247,131,900) shares at the end of each year.

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

The Group's profit attributable to owners of the Company for the year ended 31 December 2018 was S\$1.20 million as compared to S\$2.62 million recorded in the prior year. The dip in results was mainly due to the one-off gain on dilution of interest in investment amounting to S\$4.58 million accounted for in prior year. Excluding this one-off gain on dilution in investment accounted for in 2017, the Group's profit attributable to owners of the Company had turned around from a S\$1.96 million operating loss in 31 December 2017 to a S\$1.20 million operating profit in 31 December 2018.

The improvement of operating results was mainly attributable to higher turnover and improved gross profit from the divisions engaging in steel products distribution and steel flanges manufacturing. Particularly, the successful restructuring of the steel flanges manufacturing division significantly lowered the operating cost incurred in the current year. The completion and securing of environmental projects under the EPC model by an associate company for rural wastewater treatment business, and improved utilisation rate and contribution from newly set up industrial wastewater treatment plants contributed positively to results of the environmental division and the overall performance of the Group in the current year.

The Group's revenue for the year ended 31 December 2018 increased 14.64% from S\$49.34 million to S\$56.56 million. The S\$7.22 million increase in group revenue was mainly due to higher sales generated by Metal Wang Pte Ltd, its newly set up subsidiary, Handel Co., Ltd, and Ann Aik Pte Ltd – under the steel products distribution division – in India, Korea and Malaysia markets. In addition, increased steel prices and intensive marketing efforts had led to better sales performance for the steel flanges manufacturing division. However, the increase was partially offset by fierce market competition in Singapore and China which resulted in a S\$1.83 million reduction in hazardous wastewater treatment project sales.

Gross profit increased by S\$1.31 million or 13.87% for the year ended 31 December 2018. The increase was predominantly attributable to higher turnover and stable gross profit margin from steel products distribution and steel flanges manufacturing divisions which saw higher selling price and better cost management. In addition, gross profit and gross profit margin from the industrial wastewater treatment business under the environmental division improved due to better utilisation rate and achievement of economy of scale by newly set up or acquired plants – ChangXing HengYi Wastewater Treatment Co., Ltd and LinXing Water Supply Co., Ltd. However, lower turnover and gross profit margin generated from the hazardous wastewater treatment business offset the increase.

The increase in administrative expenses were due to higher operating costs incurred for newly set up company, Handel Co., Ltd under the steel products distribution division and Changxing HengYi Wastewater Treatment Co., Ltd and LinXing Water Supply Co., Ltd under the environmental division; all of which made positive contribution to the Group. Slight reduction in distribution expenses was due to better planning and coordination of shipment while the decrease in other operating expenses were mainly due to absence of impairment and written off of property, plant and equipment and lower foreign exchange losses incurred during the year. The significant decrease in other income was mainly attributed to recognition of a one-off gain on dilution of interest in investment amounting to S\$4.58 million in the prior year. Finance costs increased due to higher cost of funding.

The share of profit of an associate was S\$1.99 million for the year ended 31 December 2018 as compared to S\$0.67 million in the prior year. The improvement was due mainly to completion and delivery of higher profitable rural wastewater treatment projects under the EPC model in 2018.

The total liabilities of the Group increased S\$2.17 million from S\$45.68 million in 2017 to S\$47.85 million in 2018. The increase was mainly due to an increase in trade and bill payables of S\$0.42 million and S\$1.02 million respectively for higher credit purchase made in the steel products distribution division – to support higher turnover. In addition, higher other payable and accruals of S\$ 3.05 million stemmed from advance payment collection for piping network construction projects in China. However the increase in total liabilities was partially offset by repayment made for amount due to an associate and bank loans, amounting to S\$2.25 million and S\$0.18 million respectively. The Group's net gearing ratio increased marginally from 0.43 times in 2017 to 0.46 times in 2018.

The current assets of the Group increased by S\$1.52 million from S\$41.18 million in 2017 to S\$42.70 million in 2018. The increase was mainly due to higher trade receivables of S\$0.93 million as compared to the prior year followed by increased credit sales from the steel products distribution division. Moreover, the S\$2.12 million increase in other receivables was due to advance payment made to supplier for the piping network construction project in China. However, adoption of better inventory management control measures for stock replenishment lead to a decrease of S\$0.74 million and repayment in amount due from an associate of S\$0.53 million partially offsetting the increase in current assets. Debtor turnover decreased slightly to 78 days in 2018 as compared to 84 days in 2017.

The Group maintained a healthy and positive working capital of S\$14.10 million or current ratio of 1.49 times with current assets of S\$42.70 million and current liabilities of S\$28.60 million as at 31 December 2018.

The non-current assets of the Group increased S\$0.50 million from S\$66.03 million in 2017 to S\$66.53 million in 2018. The increase was mainly attributed to additional profit generated by an associate under the environmental division which led to an increase in investment in associates as compared to the prior year. However, the increase was partially offset by depreciation and amortisation charged for property, plant and equipment, intangible assets, prepaid land rental and goodwill.

The cash and cash equivalents as at 31 December 2018 increased by S\$0.67 million to S\$5.47 million. The increase was mainly due to positive cash flows generated from operating activities amounting to S\$4.14 million in current year, comprising S\$4.26 million operating cash flow before working capital changes, offset by S\$1.16 million interest paid. However, the increase was partially offset by S\$2.10 million used for addition to intangible assets for industrial wastewater treatment plants expansion, S\$1.73 million repayment to associate and S\$0.63 million purchase of property plant and equipment under investing activities, and S\$0.49 million payment of dividend and S\$0.25 million purchase of treasury shares under share buy-back arrangement under financing activities.

Group's net asset per share as at 31 December 2018 was 22.58 cents and weighted average EPS was 0.48 cents.

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2018

**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.**

Despite an optimistic first half 2018, business sentiment changed in the second half. This was due mainly to the global trade tension between USA and China, and other geopolitical issues like Brexit, Nafta etc. Anticipated oil price increase did not materialize and interest rates continued to rise. Major economies of the world stepped into 2019 with much uncertainties and pessimism. In turn, this sentiment impacted multi-national companies' global investment commitments. Regionally, this is evidenced in the scale back of new major oil and gas, offshore and marine and downstream projects. On the other hand, China has become the driving force for capital investment in their 'One Belt One Road' international trade ambition. But this action has yet to generate broad base benefits on global trade as it is focused on infrastructure construction using mainly Chinese resources.

The change in the Group's direction for the past few years is gaining traction. Its investment in the environmental industry is growing. As global trade pattern changes, the Group will move away from solely depending on its traditional core business for source of growth and income. This will ensure that the Group's future strategic objectives and profitability can be achieved and maintained. Additional new investments will be needed to expand business as it seeks out more opportunities in China and in the region. In 2018, this segment has grown and will continually do so.

Unlike the environmental business, the business of distribution, trading and manufacturing is facing strong headwinds due to abandonment of 'Global Free Trade' philosophy by many countries. Nations are gradually adopting direct trade pact and establishing trade barriers to fend their markets such as imposing anti-dumping fines, quota, tariff and local content requirements. Changes in trading rules has made international trading difficult and uncertain. It is domestic capital spending that has assisted in maintaining and generating local growth and demand but this has limits. The Group is actively seeking new partners in existing markets to overcome local trade barriers. More effort will be given to engage new and existing customers. It may also move into new product and services to sustain and grow in this segment.

In summary, the Group will continue meet its corporate goals to adapt as global market evolves. It will have to prepare itself by raising funds accordingly to embrace the opportunities and challenges that lies ahead.

**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 or recommended for the financial year ended 31 December 2018 after taking consideration of the Group's capital commitment plan and its cash flow requirements.

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2018

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

### SEGMENT ANALYSIS

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

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

BUSINESS SEGMENT - 2018	Distribution Steel Products	Manufacturing Steel Flanges	Engineering Construction	Environmental Business	Elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>REVENUE</b>						
External revenue	44,688	2,448	-	9,423	-	56,559
Inter-segment revenue	3,284	3,533	-	174	(6,991)	-
Total revenue	47,972	5,981	-	9,597	(6,991)	56,559
<b>RESULTS</b>						
Segment result	(1,511)	295	(67)	1,965	153	835
Share of results of associate	-	-	-	1,990	-	1,990
Interest income	-	-	-	-	-	41
Finance costs	-	-	-	-	-	(1,157)
Profit before income tax						1,709
Income tax expenses						(326)
Profit for the year						1,383

BUSINESS SEGMENT - 2017	Distribution Steel Products	Manufacturing Steel Flanges	Engineering Construction	Environmental Business	Elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>REVENUE</b>						
External revenue	35,088	2,752	-	11,498	-	49,338
Inter-segment revenue	2,373	2,215	-	-	(4,588)	-
Total revenue	37,461	4,967	-	11,498	(4,588)	49,338
<b>RESULTS</b>						
Segment result	(3,394)	(279)	46	2,735	4,443	3,551
Share of results of associate & joint venture	-	-	-	673	-	673
Interest income	-	-	-	-	-	146
Finance costs	-	-	-	-	-	(1,033)
Profit before income tax						3,337
Income tax expenses						(241)
Profit for the year						3,096

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2018

### GEOGRAPHICAL SEGMENT

The geographical locations of the Group's customers comprise of below list.

#### Revenue by location of customers

	Revenue	
	FY 2018	FY 2017
	S\$'000	S\$'000
Singapore	14,136	14,232
Korea	10,616	3,942
India	9,856	2,756
China	9,373	10,375
Malaysia	5,260	4,453
Others	3,087	2,999
Indonesia	1,783	3,102
Philippines	1,278	1,746
Vietnam	770	995
Canada	400	1,215
Russia	-	3,523
	56,559	49,338

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

	Non-current Assets	
	FY 2018	FY 2017
	S\$'000	S\$'000
Singapore	19,390	20,502
PRC	35,389	33,792
Korea	23	19
Malaysia	11,725	11,721
	66,527	66,034

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

Please refer to No. 8 page 11.

- 15 A breakdown of sales

	Group		
	FY 2018	FY 2017	Change
	S\$'000	S\$'000	%
(a) Sales reported for first half of year	30,390	23,090	32%
(b) Profit / (Loss) after income tax reported for first half year	1,815	(518)	(450%)
(c) Sales reported for second half of year	26,169	26,248	(0%)
(d) Profit/(Loss) after income tax reported for second half year	(432)	3,614	NM

# ANNAIK LIMITED

## Full Year Financial Statement And Dividend Announcement For The Year Ended 31-12-2018

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

Total Annual Dividend Paid

	FY 2018	FY 2017
	S\$'000	S\$'000
Ordinary Preference Total	493	498
	-	-
	493	498

- 17 If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT Mandate has been obtained from shareholders.

- 18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10). In the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Low Kheng	65	Wife of Mr Ow Chin Seng (Executive Chairman cum CEO) and mother of Mr Ow Eei Meng, Benjamin (Deputy CEO cum Executive Director).	Mdm. Low is responsible for the marketing and sales of the Group's distribution products in Singapore. She has over 40 years of experience in the hardware and steel industry.	-
Michael Koh	52	Nephew of Mr Ow Chin Seng (Executive Chairman cum CEO) and cousin of Mr Ow Eei Meng, Benjamin (Deputy CEO cum Executive Director).	Sales Director of AnnAik Pte Ltd to assists management in managing the Group's distribution business.	-
Peh Choon Chieh	44	Nephew of Mr Ow Chin Seng (Executive Chairman cum CEO) and cousin of Mr Ow Eei Meng, Benjamin (Deputy CEO cum Executive Director).	Commercial Manager in AnnAik Limited's subsidiary (Ichinose Emico Valves (S) Pte Ltd) since 1 Jan 2017. Responsible for daily operations of the Company.	-
Ow Eei Phurn Benedict	39	Son of Mr Ow Chin Seng (Executive Chairman cum CEO) and brother of Mr Ow Eei Meng, Benjamin (Deputy CEO cum Executive Director).	Project Sales Manager since July 2013. Responsible for development of the project sales department in distribution products.	-

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

None.

- 20 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).

On behalf of the Board of Directors

Ow Chin Seng  
Executive Chairman

Ng Kim Keang  
Executive Director

26/02/2019