

Half Year Financial Statement And Dividend Announcement For The Period Ended 30-06-2015

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 2015

	Note	Group		
		6 Months Ended		
		30-Jun-15	30-Jun-14	Change
		S\$'000	S\$'000	%
Revenue		25,399	20,409	24.45%
Cost of sales		(20,104)	(14,359)	40.01%
Gross Profit		5,295	6,050	(12.48%)
Other operating income		547	754	(27.45%)
Distribution expenses		(961)	(851)	12.93%
Administrative expenses		(5,095)	(4,671)	9.08%
Other operating expenses		(57)	(75)	(24.00%)
Share of result of an associate		63	25	152.00%
Finance costs		(602)	(294)	104.76%
(Loss) / Profit before income tax		(810)	938	NM
Income tax expenses		(130)	(315)	(58.73%)
(Loss) / Profit for the period	(i)	(940)	623	NM
Attributable to:				
Owners of the Company		(937)	700	NM
Non-controlling interests		(3)	(77)	(96.10%)
		(940)	623	NM

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2015

	Group		
	6 Months Ended		
	30-Jun-15	30-Jun-14	Change
	S\$'000	S\$'000	%
(Loss) / Profit for the period	(940)	623	NM
Other comprehensive income, after tax:			
Exchange differences on translation of foreign operations	532	179	197.21%
Other comprehensive income for the period, net of tax	532	179	197.21%
Total comprehensive income for the period	(408)	802	NM
Total comprehensive income attributable to:			
Owners of the Company	(539)	827	NM
Non-controlling interests	131	(25)	NM
	(408)	802	NM

NM: Not meaningful

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2015 (cont'd)

Note

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

	Group		
	30-Jun-15	30-Jun-14	Change
	S\$'000	S\$'000	%
Allowance for doubtful debts	21	-	100%
Amortisation of prepaid land rental	4	7	(43%)
Amortisation of intangible assets	263	229	15%
Amortisation of government grant	(40)	(37)	8%
Depreciation of property, plant and equipment	729	451	62%
Finance costs	602	294	105%
Foreign currency exchange adjustment (gain) / loss - net	(28)	17	(265%)
Gain on disposal of available-for-sale financial assets	(29)	-	100%
Government subsidy	(199)	-	100%
Impairment of available-for-sale financial assets	-	400	(100%)
Interest income	(154)	(1)	15,300%
Loss on disposal of property, plant and equipment	42	-	100%
Loss on acquisition of subsidiary shares	-	14	100%
Reversal of allowance for inventories	-	(62)	100%
Reversal of allowance for claim on contract work and recovered expenses	-	(339)	100%
Share-based payment expenses	180	180	0%
Unrealised loss on forward contract	36	-	100%

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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 2015

	Group		Company	
	30-Jun-15	31-Dec-14	30-Jun-15	31-Dec-14
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	6,107	7,288	1,469	1,526
Trade receivables	12,396	13,412	-	-
Other receivables	8,103	5,524	8,729	1,553
Amount due from subsidiaries and an associate	528	567	7,240	6,115
Inventories	32,368	32,519	-	-
	59,502	59,310	17,438	9,194
Assets classified as held for sale	-	4,486	-	4,486
Total current assets	59,502	63,796	17,438	13,680
Non-current assets:				
Property, plant and equipment	30,886	30,702	-	-
Prepaid land rental	329	331	-	-
Goodwill	497	497	-	-
Intangible assets	12,374	11,698	-	-
Investment in subsidiaries	-	-	25,867	25,319
Investment in an associate	2,875	2,771	-	-
Available-for-sale financial assets	5,667	5,667	5,667	5,667
Club membership	190	190	190	190
Amount due from related parties	6,973	5,468	6,973	5,468
Refundable deposits	951	924	-	-
Amount due from subsidiaries	-	-	7,759	7,848
Financial derivative assets	13	-	-	-
Deferred tax assets	23	23	-	-
Total non-current assets	60,778	58,271	46,456	44,492
Total assets	120,280	122,067	63,894	58,172
LIABILITIES AND EQUITY				
Current Liabilities:				
Bank overdrafts	175	318	-	-
Bank loans	10,684	6,271	4,500	-
Finance leases	295	305	-	-
Bills payables	13,165	19,237	-	-
Trade payables	2,481	2,392	-	-
Other payables and accruals	2,971	3,887	756	588
Provision for income tax	318	433	-	-
Financial derivative liability	33	-	-	-
Total current liabilities	30,122	32,843	5,256	588
Non-current liabilities				
Bank loans	18,074	16,836	1,500	-
Finance leases	234	251	-	-
Financial derivative liability	17	-	-	-
Government grants	2,178	2,155	-	-
Deferred tax liabilities	284	277	-	-
Total non-current liabilities	20,787	19,519	1,500	-
Capital, reserves and non-controlling interests				
Share capital	36,131	36,131	36,131	36,131
Reserves	27,548	28,405	21,007	21,453
Equity attributable to owners of the Company	63,679	64,536	57,138	57,584
Non-controlling interests	5,692	5,169	-	-
Total equity	69,371	69,705	57,138	57,584
Total liabilities and equity	120,280	122,067	63,894	58,172

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

	Group	
	As At	
	30-Jun-15	31-Dec-14
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand:-		
Secured	24,319	26,131
Unsecured	-	-
Sub-Total	24,319	26,131
Amount repayable after one year		
Secured	18,308	17,087
Unsecured	-	-
Sub-Total	18,308	17,087
Total borrowings and debt securities	42,627	43,218

Details of any collateral

At 30 June 2015 and 31 December 2014, the Group's secured borrowings consist of bank overdrafts, bank loans, finance leases and bills payable.

At 30 June 2015, bank loans of S\$10.58 million (31 December 2014: S\$10.65 million) was secured by a charge over a property of a subsidiary. In addition, bank loans of S\$7.35 million (31 December 2014: S\$7.61 million) was secured by a charge over three pieces of vacant land, a property and machineries and equipments of a subsidiary.

At 30 June 2015 and 31 December 2014, 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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- 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 2015

	Note	Group	
		6 Months Ended	
		30-Jun-15	30-Jun-14
		S\$'000	S\$'000
Cash flows from operating activities:			
(Loss) / Profit before income tax:		(810)	938
Adjustments for:			
Allowance for doubtful debts		21	-
Amortisation of prepaid land rental		4	7
Amortisation of intangible assets		263	229
Amortisation of government grant		(40)	(37)
Depreciation of property, plant and equipment		729	451
Finance costs		602	294
Loss on disposal of property, plant and equipment		42	-
Gain on disposal of available-for-sale financial assets		(29)	-
Impairment of available-for-sale financial assets		-	400
Interest income		(154)	(1)
Loss on acquisition of subsidiary shares		-	14
Unrealised loss on forward contract		36	-
Unrealised foreign exchange loss		52	17
Reversal of allowance for slow moving inventories		-	(62)
Reversal of allowance for claim on contract work and recovered expenses		-	(339)
Share of result of an associate		(63)	(25)
Share-based payment expenses		180	180
Operating cash flow before working capital changes		833	2,066
Trade receivables		995	(1,520)
Other receivables		(1,093)	(689)
Inventories		152	(1,998)
Trade payables		89	621
Other payables		(916)	(1,589)
Cash flows generated from / (used in) operations		60	(3,109)
Interest paid		(602)	(222)
Interest income received		154	1
Income taxes paid		(237)	(188)
Net cash flows used in operating activities		(625)	(3,518)
Cash flows from investing activities:			
Proceeds from disposal of available-for-sale financial assets		1,505	-
Purchases of intangible assets		(596)	(485)
Purchases of property, plant and equipment		(522)	(5,968)
Contributions from non-controlling interests		427	-
Decrease / (Increase) in amount due from an associate		39	(362)
Net cash flows generated from / (used in) investing activities		853	(6,815)

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2015 (cont'd)

	Note	Group	
		6 Months Ended	
		30-Jun-15	30-Jun-14
		S\$'000	S\$'000
Cash flows from financing activities:			
(Repayment)/proceeds from bills payables, net		(6,071)	1,366
Proceeds from bank loans		8,285	8,932
Repayment of bank loans		(2,816)	(2,804)
Repayment of obligations under finance leases		(180)	(178)
Dividends paid		(498)	(249)
Dividends paid to non-controlling interests		(35)	-
Proceeds from government grants		-	91
Net cash flows (used in) / generated from financing activities		(1,315)	7,158
Net decrease in cash and cash equivalents		(1,087)	(3,175)
Cash and cash equivalents at the beginning of the period		6,970	10,637
Effect of exchange rate changes on the balance of cash held in foreign currencies		49	(52)
Cash and cash equivalents at the end of the period	(1)	5,932	7,410

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

	30-Jun-15	30-Jun-14
	S\$'000	S\$'000
Cash and bank balances	6,107	7,455
Bank overdrafts	(175)	(45)
	5,932	7,410

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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 PERIOD ENDED 30 JUNE 2015

	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
Group								
Balance as at 1 January 2014	36,131	(291)	44	900	26,095	62,879	4,182	67,061
Dividend paid	-	-	-	-	(249)	(249)	-	(249)
Expiry of share options	-	-	-	(44)	44	-	-	-
Grant of equity-settled share options to employees	-	-	-	180	-	180	-	180
Acquisition of non-controlling interest in a subsidiary without a change in control	-	-	-	-	-	-	14	14
Total comprehensive income for the period	-	127	-	-	700	827	(25)	802
Balance as at 30 June 2014	36,131	(164)	44	1,036	26,590	63,637	4,171	67,808
Balance as at 1 January 2015	36,131	608	44	1,216	26,537	64,536	5,169	69,705
Dividend paid	-	-	-	-	(498)	(498)	-	(498)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(35)	(35)
Expiry of share options	-	-	-	(22)	22	-	-	-
Grant of equity-settled share options to employees	-	-	-	180	-	180	-	180
Capital contributions from non-controlling interests	-	-	-	-	-	-	427	427
Total comprehensive income for the period	-	398	-	-	(937)	(539)	131	(408)
Balance as at 30 June 2015	36,131	1,006	44	1,374	25,124	63,679	5,692	69,371

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STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2015 (cont'd)

	Share Capital	Share Options Reserve	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
Company				
Balance as at 1 January 2014	36,131	900	21,260	58,291
Dividend paid	-	-	(249)	(249)
Expiry of share options	-	(44)	44	-
Grant of equity-settled share options to employees	-	180	-	180
Total comprehensive income for the period	-	-	(1,112)	(1,112)
Balance as at 30 June 2014	36,131	1,036	19,943	57,110
Balance as at 1 January 2015	36,131	1,216	20,237	57,584
Dividend paid	-	-	(498)	(498)
Expiry of share options	-	(22)	22	-
Grant of equity-settled share options to employees	-	180	-	180
Total comprehensive income for the period	-	-	(128)	(128)
Balance as at 30 June 2015	36,131	1,374	19,633	57,138

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- 1 (d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of share for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial 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 2015 248,973,000 ordinary shares	248,973	36,131
Balance as at 30 June 2015	248,973	36,131

The number of shares that may be issued on conversion of all share options outstanding as at 30 June 2015 was 20,452,000 (as at 30 June 2014: 20,562,000).

- 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, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

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

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

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

Not applicable.

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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 since those applied in the financial year ended 31 December 2014 except for the adoption of new and revised accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2015.

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-15	30-Jun-14	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) - Weighted average number of shares	(0.38) 248,973,000	0.28 248,973,000	NM 0.00%
(ii) On a fully diluted basis (in cents) - Adjusted weighted average number of shares	(0.38) 251,301,680	0.28 248,973,000	NM 0.94%

**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-15	31-Dec-14		30-Jun-15	31-Dec-14	
	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	25.58	25.92	(1.31%)	22.95	23.13	(0.78%)

The net asset value per ordinary share is based on 248,973,000 (2014: 248,973,000) shares at the end of each period.

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- 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 loss attributed to owners of the company for period ended 30 June 2015 was S\$0.94 million as compared to a profit of S\$0.70 million recorded in prior period. The loss making result was mainly attributable to a sharp downward correction of oil price at end of 2014 which negatively affected the demand and selling price of steel piping products in both distribution and manufacturing divisions, a drop in equipment project sales and also the absence of one-off reversal of allowance for claim on contract works in current period under environmental division.

The Group revenue for the half year ended 30 June 2015 increased 24.45% from S\$20.41 million to S\$25.40 million. The increase in group revenue of S\$4.99 million was mainly due to higher sales achieved by a newly incorporated subsidiary since July 2014; Metal Wang Pte Ltd which focuses in the trading of primary and secondary flat products and Ichinose Emico Valves (S) Pte Ltd which is in the valves business under distribution division. In addition, higher revenue generated by its newly set up manufacturing plant; Shinsei Industry Sdn Bhd also contributed to the increased Group revenue. However, the increase was partially offset by lower demand and suppressed selling price of its steel piping products business followed by the recent sharp correction of oil price under the distribution business and lower project sales secured for supply of equipment under the environmental division.

Despite increase in Group turnover, gross profit dipped by S\$0.76 million or 12.48% for the half year ended 30 June 2015. The drop was mainly attributable to lower revenue coupled with decreased gross profit margin generated in both the distribution and environmental divisions. Moreover, the manufacturing business was at breakeven gross profit margin in its first half year operations.

The Group distribution expenses increased by S\$0.11 million or 12.93% as compared to the prior period was in tandem with higher revenue generated. Administrative expenses increased by 9.08% due mainly to additional operating expenses incurred for the newly set up companies, Metal Wang Pte Ltd, Ichinose Emico Valves (S) Pte Ltd under the distribution division and Shinsei Industry Sdn Bhd under the manufacturing division. Finance costs increased from S\$0.29 million to S\$0.60 million due to higher outstanding balances for interest bearing borrowings. Other operating income decreased mainly due to the absence of reversal of allowance for claim on contract works amounting to S\$0.34 million after offsetting with higher interest income generated from third parties in the current period. Lower operating expenses were incurred in the period ended 30 June 2015 as compared to the corresponding period due mainly to favourable exchange rate movements recorded as exchange gain.

Share of profit of an associate amounting to S\$0.06 million was derived from Shuanglin Huzhou Wastewater Treatment Co., Ltd in conjunction with higher revenue and gross profit recorded.

Total liabilities of the Group decreased by \$1.45 million from \$52.36 million as at 31 December 2014 to \$50.91 million as at 30 June 2015. The decrease was mainly due to repayment made for bill payables and other payables of \$6.07 million and \$0.92 million respectively. However, the decrease was partially offset by increase in bank borrowings (including current and non-current bank loans) of \$5.65 million due to short term loan was drawdown for working capital purposes. The Group's net gearing ratio increased marginally from 0.56 times as at 31 December 2014 to 0.57 times as at 30 June 2015.

Current assets of the Group decreased by \$4.29 million from \$63.80 million as at 31 December 2014 to \$59.50 million as at 30 June 2015. The decrease in assets classified as held for sale was mainly due to the first instalment of \$1.50 million received in January 2015 and the remaining sales proceeds was re-classified to other receivables and long term loan receivables after completion of disposal in Shinsei Company (S) Pte Ltd and Both-Well Holdings (S) Pte Ltd. Besides, the decrease in cash and bank balances of \$1.18 million was due to repayment made for bills payables and the lower inventories balances of \$0.15 million was due to control measurement taken in inventories replenishment in current period. Collection efforts enforced for trade receivables also led to a lower balance of S\$1.02 million as compared to prior period. Debtors turnover decreased from 102 days as at 31 December 2014 to 90 days as at 30 June 2015. However, the overall decrease in current assets was partially offset by an increase of \$2.58 million in other receivables due to reclassification of assets classified as held for sale and short term loan granted to related party.

Non-current assets of the Group increased by \$2.51 million from \$58.27 million in 31 December 2014 to \$60.78 million in 30 June 2015. The increase was mainly due to the reclassification of non-current portion of the sales proceed from assets classified as held for sale to long-term receivables which showed an increase of \$1.50 million, from \$5.47 million as at 31 December 2014 to \$6.97 million as at 30 June 2015. In addition, the increase in property, plant and equipment of \$0.18 million and intangible assets of \$0.68 million were mainly attributable to the capital expenditure for Singapore and Penang operations and the construction of wastewater treatment plants in PRC.

Group's net asset per share at 30 June 2015 was 25.58 cents and the weighted average LPS for 6 months ended 30 June 2015 was 0.38 cents.

Cash and cash equivalents as at 30 June 2015 decreased by S\$1.09 million to S\$5.93 million from S\$6.97 million as at 31 December 2014 due to more cash used in operating and financing activities for repayment of liabilities. However, the decrease of cash and cash equivalents was partially offset by investing activities after the first instalment was received from the disposal of available-for-sale financial assets in the current period.

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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.

Ever since the 2014 unprecedented drastic oil price drop, economic uncertainties have now affected all the major economies of the world. As this is a phenomenon not expected in an expanding global economy, the world is trying to cope and manage this new normal.

Rather than a short term correction, it is now apparent that oil price will remain weak for a while. This event has derailed and halted many countries and corporations' plans for growth and expansion. Investments, reliant on oil money, had grind to a halt and has affected global consumption. This is reflected in the big slowdown in raw materials and goods/services demand, as evident in the recent China's economic manufacturing performance and procurement of resources.

All demand of major raw materials is now severely impacted and has caused both related upstream and downstream industries to be disrupted. Stemming from this contraction, a major part of the Group's business result is thus affected. It anticipates that the global oil and gas, off-shore and marine cum downstream industries to perform dimly in the coming months given the uncertainties of oil prices and economics at large.

As global steel demand shrinks and inventories build up, local and regional competition pressure also grew and the Group has to reduce price and margin in order to maintain market share and cover operation costs.

Moving ahead, since the Group operates in different industrial markets, it will actively seek out areas where there are business potentials, such as environmental, water and power sectors, to cross market and sell its products and services regionally and globally, and opening new markets. In addition, the Group will monitor and manage its operational costs and cash flow during this tough business period and environment.

11 Dividend

(a) Current Financial Period Reported on

None

(b) Corresponding Period of the Immediately Preceding Financial Year

None

(c) Date Payable

Not applicable

(d) Books Closure Date

Not applicable

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

No dividend has been declared.

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13 Interested person transactions (IPT)

No IPT mandate has been obtained from shareholders.

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

Use of proceeds	Amount allocated as disclosed in Circular 13 December 2013 (S\$'000)	Total amount utilised as at 28 July 2015 (S\$'000)	Balance amount (S\$'000)
Purchase of raw material and working capital for Shinsei Holding Pte Ltd	5,000	5,000	0
Undertake new investment	1,646	670	976
Total	6,646	5,670	976

The breakdown of the use of proceeds are as follows:

(i) Purchase of raw materials and working capital - Acquisition of shares in Shinsei Holdings Pte Ltd : S\$5.00 million
(ii) Undertake new investment - Acquisition of shares in Metal Wang Pte Ltd : S\$0.12 million - Acquisition of shares in Wesco Steel Pte Ltd : S\$0.21 million - Acquisition of shares in Ichinose Emico Valves (S) Pte Ltd : S\$0.34 million

15 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 2015 financial results to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ow Chin Seng Ng Kim Keang
Executive Chairman Executive Director

BY ORDER OF THE BOARD

Siau Kuei Lian
Company Secretary

12 August 2015