



Sakae Holdings Ltd.

Half Year Financial Statement And Dividend Announcement

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

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

Profit and Loss Statement for the six months ended 30 June 2015

	Group		
	Half-year ended 30 June 2015	2014	Increase / (Decrease) %
	S\$'000	S\$'000	
Revenue	48,839	50,258	(2.8)
Cost of sales	(15,626)	(15,020)	4.0
Gross profit	33,213	35,238	(5.7)
Other operating income	2,892	1,974	46.5
Administrative expenses	(20,488)	(21,575)	(5.0)
Other operating expenses	(12,945)	(12,071)	7.2
Non-operating expenses	(237)	-	N.M.
Finance cost	(244)	(216)	13.0
Profit before income tax	2,191	3,350	(34.6)
Income tax	(522)	(803)	(35.0)
Profit after income tax	1,669	2,547	(34.5)
Attributable to:			
Equity holders of the company	1,669	2,547	(34.5)
Non-controlling interest	-	-	N.M.
	1,669	2,547	(34.5)

N.M. - Not Meaningful

A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF COMPREHENSIVE INCOME FOR SIX MONTHS ENDED 30 JUNE 2015

Profit before income tax is determined after charging (crediting) the following:

	Group	
	Half-year ended 30 June	
	2015	2014
	S\$'000	S\$'000
Depreciation	2,831	2,790
Gain on disposal of plant and equipment (net)	(2)	(4)
Write off of plant and equipment	-	4
Foreign currency exchange differences (net)	672	(396)
Interest expense	244	216
Interest income	(31)	(65)
Subsidy from government	(980)	(449)
Income tax expense		
- Current tax expense	460	803
- Adjustments recognised in relation to prior years	62	-

N.M. – Not Meaningful

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

	Group		Company	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	10,636	11,313	1,412	2,191
Trade receivables	2,825	2,040	1,101	1,767
Other receivables and prepayments	9,150	8,208	4,788	4,957
Held for trading investments	3,359	775	2,527	-
Inventories	2,282	2,491	1,339	1,493
Total current assets	28,252	24,827	11,167	10,408
Non-current assets:				
Due from subsidiaries	-	-	26,211	21,503
Property, plant and equipment	76,071	76,595	65,370	65,878
Investment property	3,181	3,369	-	-
Investment in subsidiaries	-	-	10	10
Investment in associates	-	-	-	-
Goodwill	792	835	-	-
Total non-current assets	80,044	80,799	91,591	87,391
Total assets	108,296	105,626	102,758	97,799
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Trade payables	4,613	6,514	2,636	4,121
Accruals	4,017	6,466	2,328	3,424
Due to subsidiaries	-	-	5,427	4,401
Income tax payable	667	999	432	915
Bank loans	31,369	22,345	31,369	22,345
Total current liabilities	40,666	36,324	42,192	35,206
Non-current liabilities:				
Deferred taxation	8,662	8,677	8,383	8,383
Bank loans	7,995	8,836	7,995	8,836
Total non-current liabilities	16,657	17,513	16,378	17,219
Capital and reserves:				
Share capital	10,736	10,736	10,736	10,736
Treasury shares	(892)	(892)	(892)	(892)
Reserves	41,173	41,989	34,344	35,530
Equity attributable to equity holders of the company	51,017	51,833	44,188	45,374
Non-controlling interests	(44)	(44)	-	-
Total equity	50,973	51,789	44,188	45,374
Total liabilities and equity	108,296	105,626	102,758	97,799

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

Amount repayable in one year or less, or on demand

As at 30/06/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,669	29,700	1,645	20,700

Amount repayable after one year

As at 30/06/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
7,995	-	8,836	-

Details of any collateral

The Group obtained loan facilities to finance the construction of the new operational headquarters which was mortgaged to the lending bank as a form of collateral.

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

Please see next page.

	Group	
	Half-year ended 30 June	
	2015	2014
	S\$'000	S\$'000
Operating activities:		
Profit before income tax	2,191	3,350
<i>Adjustments for:</i>		
Depreciation expense	2,831	2,790
(Gain) Loss on disposal of plant and equipment (net)	(2)	(4)
Write-off of plant and equipment	-	4
Amortisation of prepaid lease for solar panels	25	25
Unrealised foreign exchange differences	53	(396)
Dividends received on investment in quoted shares	(65)	-
Interest expense	244	216
Interest income	(31)	(65)
Operating cash flows before movements in working capital	5,246	5,920
Trade receivables	(785)	(468)
Other receivables and prepayments	1,066	(172)
Inventories	209	440
Trade payables	(1,901)	(1,059)
Accruals	(2,449)	464
Cash generated from operations	1,386	5,125
Interest paid	(244)	(216)
Interest received	31	65
Income taxes and withholding taxes paid	(854)	(936)
Net cash from operating activities	319	4,038
Investing activities:		
Purchase of property, plant and equipment	(3,201)	(2,519)
Proceeds from disposal of property, plant and equipment	360	4
Investment in quoted shares	(2,584)	-
Dividends received on investment in quoted shares	65	-
Deposits for acquisition of investments	(2,033)	-
Net cash used in investing activities	(7,393)	(2,515)
Financing activities:		
Proceeds from borrowings	9,000	1,250
Repayments of borrowings	(817)	(810)
Dividends paid	(1,395)	(2,092)
Net cash from financing activities	6,788	(1,652)
Net increase in cash and cash equivalents	(286)	(129)
Cash and cash equivalents at beginning of period	11,313	11,078
Effects of exchange rate changes on the balance of cash held in foreign currencies	(391)	37
Cash and cash equivalents at end of period	10,636	10,986

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.

	Issued capital	Treasury shares	Capital reserve	Currency translation reserve	Revaluation reserve	Accumulated profits	Attributable to equity holders of the company	Non-controlling interests	Total
	S\$'000	S\$'000		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group									
Balance at January 1, 2014	10,736	(892)	-	(343)	38,708	3,368	51,577	122	51,699
Total comprehensive income for the period	-	-	-	(163)	-	2,547	2,384	-	2,384
Dividend paid	-	-	-	-	-	(2,092)	(2,092)	-	(2,092)
Balance at June 30, 2014	10,736	(892)	-	(506)	38,708	3,823	51,869	122	51,991
Balance at January 1, 2015	10,736	(892)	166	(471)	39,624	2,670	51,833	(44)	51,789
Total comprehensive income for the period	-	-	-	(1,090)	-	1,669	579	-	579
Dividend paid	-	-	-	-	-	(1,395)	(1,395)	-	(1,395)
Balance at June 30, 2015	10,736	(892)	166	(1,561)	39,624	2,944	51,017	(44)	50,973
Company									
Balance at January 1, 2014	10,736	(892)	-	-	38,026	(1,904)	45,966	-	45,966
Total comprehensive income for the period	-	-	-	-	-	1,201	1,201	-	1,201
Dividend paid	-	-	-	-	-	(2,092)	(2,092)	-	(2,092)
Balance at June 30, 2014	10,736	(892)	-	-	38,026	(2,795)	45,075	-	45,075
Balance at January 1, 2015	10,736	(892)	-	-	38,890	(3,360)	45,374	-	45,374
Total comprehensive income for the period	-	-	-	-	-	209	209	-	209
Dividend paid	-	-	-	-	-	(1,395)	(1,395)	-	(1,395)
Balance at June 30, 2015	10,736	(892)	-	-	38,890	(4,546)	44,188	-	44,188

- 1(d)(ii) Details of any changes in the company's share capital arising from rights 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 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.**

Treasury shares

The changes in the Company's Treasury shares are set out below.

	HY 2015		HY 2014	
	No. of shares ('000)	(\$'000)	No. of shares ('000)	(\$'000)
At 1 January and 30 June	2,528	892	2,528	892

- 1(d)(iii) To show the number of shares held as treasury shares, if any, against 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.**

	30/06/2015	31/12/2014
Number of shares held as treasury shares	2,528,000	2,528,000
Total no. of issued shares (excluding treasury shares)	139,472,000	139,472,000

- 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.

- 1(d)(v) If the company has granted options or shares under its share scheme during the year, please confirm that an SGXNET announcement has been made on the date of the offer as well as details of the grant in accordance with Rule 704(29).**

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 or reviewed by the Company's auditors.

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

Not applicable.

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

The Company has followed the same accounting policies and methods of computation in the financial statements for the current period with those adopted in the most recent audited financial statements for the financial year ended December 31, 2014.

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.**

Not applicable.

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.**

	30/06/2015	30/06/2014
Earnings per ordinary share for the period		
(a) Based on weighted average number of ordinary shares in issue (cents)	1.20	1.83
(b) On a fully diluted basis (cents)	1.20	1.83

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

	Group		Company	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	36.58	37.16	31.68	32.53

8. Review of the performance of the Group

Group revenue for the half-year ended 30 June 2015 (“HY2015”) totalled \$48.8 million, a decrease of 2.8% as compared to \$50.3 million in the corresponding period of the previous year (“HY2014”). Group revenue decreased due to the fierce competition in the F&B sector in the Singapore market and the increase number of restaurants due to low entry barrier. Coupled with the weakening of Malaysian Ringgit, GST implementation and also the political instability in Malaysia have caused the contribution of sales from the Malaysian market to be lower. Excluding the effects of the foreign exchange, revenue in Malaysia has actually increased by 2.2% in HY2015 compared to HY2014.

The Group will continue its efforts in the area of new products creation and innovations, store design improvement and connectivity with customers through social media and various marketing promotions to increase revenue.

Group profit before tax was \$2.2 million and net profit after tax was \$1.5 million in HY2015, representing decreases of \$1.2 million (or 34.6%) and \$0.9 million (or 34.5%) respectively compared to HY2014.

In addition, the Group has also extended our business in the area of food trading in HY2015 to derive other sources of revenue and profits for the Group. Excluding the effect of the food trading business, the Group’s gross profit margin dropped slightly by 0.8% from 70.8% to 70.0%. Despite the rising prices of the high quality raw materials used, the Group has effectively managed the use of the raw materials for its restaurant business.

The Group has received wage credit scheme and special employment credits from the government in HY2015, resulting in an increase in other operating income of \$0.9 mil (or 46.5%).

Through effective costs management, the Group, has achieved a decrease in the administrative expenses by \$1.1 million (or 5.0%).

Other operating expenses increased by \$0.9 million (or 7.2%) mainly as a result of the rising rental rates incurred by the Group on the leasing of its outlets.

Group non-operating expenses were \$0.2 million in HY2015, consisting primarily of legal fees incurred in relation to its associate, Griffin Real Estate Investment Holdings Pte Ltd (“GREIH”). The legal fees for the full year in 2014 was \$1.0 million.

Balance sheet and cash flow statement for the Group

Group cash and bank balances as at 30 June 2015 stood at \$10.7 million as compared to \$11.3 million as at 31 December 2014. The Group continued to make critical investments in new property, plant and equipment with the opening of new outlets as well as well as in held for trading investments comprising of quoted shares held as part of the new business strategy.

Short-term revolving loans increased by \$9.0 million from \$20.7 million as at 31 December 2014 to \$29.7 million as at 30 June 2015 to fund working capital. The Group continued to derive positive cash flows from its operating activities in HY2015.

Although the Group was in a negative working capital position of \$13.0 million as at end June 2015, it continues to operate as a going concern generating positive operating cash flows. The negative net working capital position was mainly due to outstanding short-term revolving loans (at \$29.7 million) that would be renewable at maturity.

Shareholders' equity for the Group and Company stood at \$50.0 million and \$44.2 million respectively as at 30 June 2015, as compared with \$51.8 million and \$45.4 million respectively as at 31 December 2014.

Matters concerning GREIH & GCM

The Group refers to the Company's announcements made in relation to the matters concerning the Company's associate companies - GREIH and GCM on 21 January 2013, 1 February 2013, 8 February 2013, 16 February 2013, 20 February 2013, 22 February 2013, 7 March 2013, 18 March 2013, 3 May 2013, 3 December 2013, 6 February 2014, 28 August 2014 and 24 September 2014 and the Company's Full year financial statement and dividend announcement for FY2012 on 25 February 2013, and for FY2013 on 27 February 2014.

The Company invested in GREIH pursuant to a Subscription and Joint Venture Agreement (the "JVA") dated 3 September 2010, which the Company and other companies, including a company controlled by Mr. Ong Siew Kwee, a.k.a. Andy Ong ("Mr. Andy Ong"), the Company's former Non-Executive and Non-Independent Director of the Company, are parties thereto. The Company presently holds a 24.69% equity stake in GREIH. The Company invested \$4,000,000 and \$2,641,975 in GREIH in January 2011 and June 2012 respectively.

The Company is represented on the board of GREIH by the Company's Executive Chairman, Mr. Douglas Foo Peow Yong ("Mr. Douglas Foo"), who appointed a reputable international firm of accountants in November 2012 to inspect the accounting records and report on the financial affairs of GREIH (the "Accountants' Report"), arising from concerns over certain transactions undertaken in GREIH which came to the notice of Mr. Douglas Foo. The findings in the Accountants' Report state that various financial transactions undertaken in GREIH appear to be irregular and in breach of the Singapore Companies Act (Cap. 50) and the JVA, and may also adversely affect the Company's interests and value of its investments in GREIH. The subject transactions include payments of substantial sums of monies that have been made by GREIH and apparent contracts which purport to oblige GREIH to make substantial payments to companies related to senior management of GREIH that had not been properly disclosed to the Company or to the Company's representative on the board of GREIH in breach of the JVA.

In February 2013, the Company commenced an action against Mr. Andy Ong in the High Court of Singapore in respect of alleged breaches of his duties qua director of the Company. In December 2013, the Company also filed two separate actions in the High Court against various defendants in connection with the affairs of GREIH and GCM. It is contended by the Company in the two actions that the affairs of GREIH and GCM have been conducted in a manner that is oppressive and prejudicial to the interests of the Company.

In the two actions, the Company is seeking various reliefs from the High Court, including declarations that certain agreements and transactions are void, repayment of various sums of monies by one or more of the defendants to GREIH and GCM, an account by one or more of the defendants of all profits and gains that they have made or received as a result of a number of transactions which the Company says were not properly authorised and repayment of certain sums of monies to the Company. This is not an exhaustive list of the reliefs sought by the Company in the two actions.

In August 2014, the defendants in the various legal actions commenced by the Company joined Mr. Douglas Foo as a third party in the legal actions. In that claim, the defendants allege that Mr. Douglas Foo had breached his duties as director of GREIH, and seek an indemnity or contribution from him.

In September 2014, GREIC commenced another action against the Company (and Mr. Douglas Foo). It is alleged in that claim, among other things, that the Company and Mr. Douglas Foo have conducted the affairs of GREIH in a manner oppressive to GREIC and/or in disregard of and/or prejudicial to GREIC's interests as a shareholder of GREIH. GREIC in this action seeks,

among other things, declarations that the Company and Mr. Douglas Foo are liable to account to, or indemnify, GREIH for certain sums of monies, and an order that dividends or interim dividends be distributed to the shareholders of GREIH. The Company and Mr. Douglas Foo have denied, through their lawyers, the claims against them in this action.

The actions referred to above have been fixed for trial in the High Court of Singapore in January 2016.

The Group would like to reiterate that despite the full allowance for impairment is being made in its FY2012 financial statements, the Company is committed to: (a) continue to pursue the present litigation vigorously and take all necessary steps to recover the value of its investments in the associates; and (b) expeditiously make further announcements on the above matters.

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

No forecast or prospect statement has been issued previously.

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.

While the Group continues to work hard to manage the challenging operating conditions in the F&B industry, which include rising outlet rental costs, food costs and staff costs coupled with the ongoing labour crunch faced by restaurant owners with the tightening of the foreign-worker quota by the Government, it will also continue to explore various revenue streams to improve the Group's performance.

Another business extension, the Corporate Advisory arm, has commenced business. The Group is confident to see a healthy contribution from this new business, which also helps in its global strategic expansion plan to mould Sakae beyond the region.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of dividend	Interim
Dividend type	Cash
Dividend Amount per Share (in cents)	0.5 cents per share
Tax Rate	Tax Exempt 1-tier

(c) Date payable

NA.

(d) Books closure date

NA.

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

No dividend has been declared/recommended for the half-year ended 30 June 2015.

13. Interested party transactions

NA. The Group does not obtain a general mandate for IPT.

14. Confirmation Pursuant to Rule 705(4) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of the Company for the six months ended 30 June 2015 presented in this announcement, to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Douglas Foo Peow Yong
Executive Chairman

12 August 2015