



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 2014

	Group		Increase / (Decrease) %
	Half-year ended 30 June 2014 S\$'000	2013 S\$'000	
Revenue	51,504	51,654	(0.3)
Cost of sales	(15,020)	(14,026)	7.1
Gross profit	36,484	37,628	(3.0)
Other operating income	1,974	1,975	(0.1)
Administrative expenses	(22,821)	(22,319)	2.2
Other operating expenses	(12,071)	(11,954)	1.0
Non-operating expenses	-	(1,070)	N.M.
Finance cost	(216)	(188)	14.9
Profit before income tax	3,350	4,072	(17.7)
Income tax	(803)	(920)	(12.7)
Profit after income tax	2,547	3,152	(19.2)
Attributable to:			
Equity holders of the company	2,547	3,151	(19.2)
Non-controlling interest	-	1	N.M.
	2,547	3,152	(19.2)

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 2014

	Group		Increase/ (Decrease) %
	Half-year ended 30 June		
	2014 S\$'000	2013 S\$'000	
Net profit for the period	2,547	3,152	(19.2)
Other comprehensive expense/income:			
Currency translation differences	(163)	(32)	409.4
Total comprehensive income for the period	2,384	3,120	(23.6)
Attributable to:			
Equity holders of the Company	2,384	3,119	(23.6)
Non-controlling interests	-	1	N.M.
Total comprehensive income for the period	2,384	3,120	(23.6)

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

	Group	
	Half-year ended 30 June	
	2014 S\$'000	2013 S\$'000
Depreciation	2,790	3,326
(Gain) Loss on disposal of plant and equipment (net)	(4)	37
Write off of plant and equipment	4	75
Foreign currency exchange differences (net)	(396)	13
Interest expense	216	188
Interest income	(65)	(62)
Subsidy from government	(449)	(461)
Income tax expense		
- Current tax expense	803	922
- Adjustments recognised in relation to prior years	-	(2)

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	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	10,986	11,078	1,857	3,257
Trade receivables	2,097	1,629	1,683	1,452
Other receivables and prepayments	7,659	7,512	4,786	4,633
Inventories	2,250	2,690	1,379	1,534
Total current assets	22,992	22,909	9,705	10,876
Non-current assets:				
Due from subsidiaries	-	-	16,095	15,447
Property, plant and equipment	78,064	78,139	65,964	66,540
Investment property	2,317	2,311	-	-
Investment in subsidiaries	-	-	-	-
Investment in associates	-	-	-	-
Goodwill	857	867	-	-
Total non-current assets	81,238	81,317	82,059	81,987
Total assets	104,230	104,226	91,764	92,863
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Trade payables	6,489	7,548	4,076	4,977
Accruals	6,818	6,354	3,899	3,777
Due to subsidiaries	-	-	523	8
Income tax payable	982	1,115	518	902
Bank loans	19,793	18,426	19,793	18,426
Total current liabilities	34,082	33,443	28,809	28,090
Non-current liabilities:				
Deferred taxation	8,604	8,604	8,327	8,327
Bank loans	9,553	10,480	9,553	10,480
Total non-current liabilities	18,157	19,084	17,880	18,807
Capital and reserves:				
Share capital	10,736	10,736	10,736	10,736
Treasury shares	(892)	(892)	(892)	(892)
Reserves	42,025	41,733	35,231	36,122
Equity attributable to equity holders of the company	51,869	51,577	45,075	45,966
Non-controlling interests	122	122	-	-
Total equity	51,991	51,699	45,075	45,966
Total liabilities and equity	104,230	104,226	91,764	92,863

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

Amount repayable in one year or less, or on demand

As at 30/06/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,743	18,050	1,626	16,800

Amount repayable after one year

As at 30/06/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
9,553	-	10,480	-

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	
	2014	2013
	S\$'000	S\$'000
Operating activities:		
Profit before income tax	3,350	4,072
<i>Adjustments for:</i>		
Depreciation expense	2,790	3,326
(Gain) Loss on disposal of plant and equipment (net)	(4)	37
Write-off of plant and equipment	4	75
Amortisation of prepaid lease for solar panels	25	25
Unrealised foreign exchange differences	(396)	-
Interest expense	216	188
Interest income	(65)	(62)
Operating cash flows before movements in working capital	5,920	7,661
Trade receivables	(468)	(495)
Other receivables and prepayments	(172)	(290)
Inventories	440	(621)
Trade payables	(1,059)	(2,656)
Accruals	464	33
Cash generated from operations	5,125	3,632
Interest paid	(216)	(188)
Interest received	65	62
Income taxes and withholding taxes paid	(936)	(362)
Net cash from operating activities	4,038	3,144
Investing activities:		
Purchase of property, plant and equipment	(2,519)	(2,480)
Proceeds from disposal of property, plant and equipment	4	-
Net cash used in investing activities	(2,515)	(2,480)
Financing activities:		
Repurchase of shares	-	(892)
Proceeds from borrowings	1,250	6,650
Repayments of borrowings	(810)	(4,206)
Dividends paid	(2,092)	(1,399)
Net cash from financing activities	(1,652)	153
Net increase in cash and cash equivalents	(129)	817
Cash and cash equivalents at beginning of period	11,078	8,754
Effects of exchange rate changes on the balance of cash held in foreign currencies	37	(140)
Cash and cash equivalents at end of period	10,986	9,431

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	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, 2013	10,736	-	(491)	27,604	99	37,948	(46)	37,902
Total comprehensive income for the period	-	-	(32)	-	3,151	3,119	1	3,120
Dividend paid	-	-	-	-	(1,399)	(1,399)	-	(1,399)
Repurchase of shares	-	(892)	-	-	-	(892)	-	(892)
Balance at June 30, 2013	10,736	(892)	(523)	27,604	1,851	38,776	(45)	38,731
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
Company								
Balance at January 1, 2013	10,736	-	-	27,033	(4,105)	33,664	-	33,664
Total comprehensive income for the period	-	-	-	-	2,194	2,194	-	2,194
Dividend paid	-	-	-	-	(1,399)	(1,399)	-	(1,399)
Repurchase of shares	-	(892)	-	-	-	(892)	-	(892)
Balance at June 30, 2013	10,736	(892)	-	27,033	(3,310)	33,567	-	33,567
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

- 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 2014		HY 2013	
	No. of shares ('000)	(\$'000)	No. of shares ('000)	(\$'000)
At 1 January	2,528	892	-	-
Purchased during HY ended 30 June	-	-	2,528	892
At 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.

	30/06/2014	30/06/2013
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.

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, 2013.

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.

	30/06/2014	30/06/2013
Earnings per ordinary share for the period		
(a) Based on weighted average number of ordinary shares in issue (cents)	1.83	2.25
(b) On a fully diluted basis (cents)	1.83	2.25

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	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	37.19	36.98	32.32	32.96

8. Review of the performance of the Group

Group revenue for the half-year ended 30 June 2014 ("HY2014") totalled \$51.5 million, a slight decrease of 0.3% as compared to \$51.7 million in the corresponding period of the previous year ("HY2013"). The Group managed to maintain its revenue performance despite the intense competition in the F&B sector due to strong innovation and creation of high quality products, expansion in variety of food on offer, as well as frequent new menu launches.

Group profit before tax was \$3.3 million and net profit after tax was \$2.5 million in HY2014, representing decreases of \$0.8 million (or 18.6%) and \$0.6 million (or 20.3%) respectively compared to HY2013.

Gross profit margin decreased by 2.0% from 72.8% to 70.8% due to higher raw material costs as well as from the gestation period of high quality products at value pricing.

Administrative expenses increased in alignment with higher labour costs due to a tighter labour market, as well as increases in headcounts from operational expansion.

Group non-operating expenses were \$1.1 million in HY2013, consisting primarily of professional and legal fees incurred in relation to its associate, Griffin Real Estate Investment Holdings Pte Ltd ("GREIH"). The Group was not able to ascertain the legal fees for HY2014.

Balance sheet and cash flow statement for the Group

Group cash and bank balances as at 30 June 2014 stood at \$11.0 million as compared to \$11.1 million as at 31 December 2013. The Group continued to make critical investments in new property, plant and equipment with the opening of new outlets. Short-term revolving loans increased by \$1.3 million from \$16.8 million as at 31 December 2013 to \$18.1 million as at 30 June 2014 to fund working capital. The Group's net cash generation from operating activities remained robust at \$4.0 million in HY2014.

Although the Group was in a negative working capital position of \$11.1 million as at end June 2014, 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 \$18.1 million) that would be renewable at maturity. Shareholders' equity for the Group and Company stood at \$52.0 million and \$45.1 million respectively as at 30 June 2014, as compared with \$51.7 million and \$46.0 million respectively as at 31 December 2013.

Matters concerning GREIH & GCM

The three legal suits filed by the Company in the High Court of Singapore, namely an action against Mr. Andy Ong in respect of alleged breaches of his duties qua director of the Company and two separate actions against various defendants in connection with the affairs of GREIH and GCM, remain before the court. The Group will: (a) continue to pursue the present litigations vigorously and take all necessary steps to recover the value of its investments in the associated companies; and (b) expeditiously make further announcements on the matters concerning GREIH and GCM as and when there are material developments thereon.

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.**

The Group continues to work hard to manage the challenging operating conditions in the F&B industry. These 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.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

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

(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

To be advised.

(d) Books closure date

To be advised.

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

NA.

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 2014 presented in this announcement, to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Douglas Foo Peow Yong
Executive Chairman

8 August 2014