Sakae Holdings Ltd.

First Quarter 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 three months ended 31 March 2016

	Group		
	First Quarter ended 31 March		Increase /
	2016	2015	(Decrease)
	S$'000	S$'000	%
Revenue	22,269	25,371	(12.2)
Cost of sales	(7,104)	(8,172)	(13.1)
Gross profit	15,165	17,199	(11.8)
Other operating income	1,115	1,761	(36.7)
Administrative expenses	(10,890)	(10,968)	(0.7)
Other operating expenses	(5,825)	(6,640)	(12.3)
Non-operating expenses	(1,428)	(230)	N.M.
Finance cost	(255)	(91)	180.2
(Loss) Profit before income tax	(2,118)	1,031	(305.4)
Income tax	(1)	-	N.M.
(Loss) Profit after income tax	(2,119)	1,031	(305.5)
Attributable to:			
Equity holders of the company	(2,119)	1,031	(305.5)
Non-controlling interest	-	-	-
	(2,119)	1,031	(305.5)

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 THREE MONTHS ENDED 31 MARCH 2016

	Group First Quarter ended 31 March		Increase / (Decrease)
	2016 S$'000	2015 S$'000	%
Net (loss)/profit for the period	(2,119)	1,031	(305.5)
Other comprehensive income:			
Currency translation differences	871	(145)	(700.7)
Total comprehensive (loss)/income for the period	(1,248)	886	(240.9)
Attributable to:			
Equity holders of the Company	(1,248)	886	(240.9)
Non-controlling interests	-	-	-
Total comprehensive loss for the period	**(1,248)**	**886**	**(240.9)**

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

	Group First Quarter ended 31 March	
	2016 S$'000	2015 S$'000
Depreciation	1,441	1,230
Loss on disposal of plant and equipment (net)	-	1
Write off of plant and equipment	2	-
Foreign currency exchange differences (net)	120	(396)
Interest expense	255	91
Interest income	(25)	(47)
Subsidy from government	(79)	(718)
Income tax expense		
- Current tax expense	-	-
- Adjustments recognised in relation to prior years	1	-

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	
	31/03/2016	31/12/2015	31/03/2016	31/12/2015
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Current assets:				
Cash and cash equivalents	10,880	11,713	5,180	7,228
Trade receivables	2,960	3,609	2,313	2,286
Other receivables and prepayments	10,439	10,304	8,013	7,844
Inventories	2,821	2,698	1,936	1,657
Convertible loan receivable	498	498	498	498
Held for trading investments	2,965	2,950	2,139	2,170
Income tax recoverable	626	525	-	70
Total current assets	31,189	32,297	20,079	21,753
Non-current assets:				
Other receivables and prepayments	200	195	-	
Subsidiaries	-	-	10	10
Due from subsidiaries	-	-	17,860	16,688
Associates	-	-	-	-
Property, plant and equipment	74,544	74,646	64,233	64,685
Investment properties	3,058	2,873	-	-
Goodwill	765	718	-	
Total non-current assets	78,567	78,432	82,103	81,383
Total assets	**109,756**	**110,729**	**102,182**	**103,136**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Bank loans	37,727	36,327	37,727	36,327
Trade payables	6,916	7,495	4,800	4,874
Accruals	6,187	6,561	4,459	4,720
Due to subsidiaries	-	-	551	653
Income tax payable	300	65	243	
Total current liabilities	51,130	50,448	47,780	46,574
Non-current liabilities:				
Bank loans	6,608	7,019	6,608	7,019
Deferred tax liabilities	8,357	8,353	8,286	8,286
Total non-current liabilities	14,965	15,372	14,894	15,305
			62,674	
Capital and reserves:				
Share capital	10,736	10,736	10,736	10,736
Treasury shares	(892)	(892)	(892)	(892)
Reserves	33,861	35,109	29,664	31,413
Equity attributable to equity holders of the company	43,705	44,953	39,508	41,257
Non-controlling interests	(44)	(44)	-	-
Total equity	43,661	44,909	39,508	41,257
Total liabilities and equity	**109,756**	**110,729**	**102,182**	**103,136**

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

Amount repayable in one year or less, or on demand

As at 31/03/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
1,827	35,900	1,827	34,500

Amount repayable after one year

As at 31/03/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
6,608	-	7,019	-

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	
	First quarter ended 31 March	
	2016	2015
	S$'000	S$'000
Operating activities		
(Loss) Profit before income tax	(2,118)	1,031
Adjustments for:		
Depreciation of property, plant and equipment	1,436	1,224
Depreciation of investment property	5	6
Amortisation of prepaid lease	13	12
Write-off of property, plant and equipment	2	-
Loss on disposal of property, plant and equipment	-	1
Gain on disposal of quoted share	(2)	-
Net fair value loss on quoted shares	31	-
Unrealised foreign exchange loss	(67)	-
Interest expense	255	91
Interest income	(25)	(47)
Operating cash flows before movements in working capital	(470)	2,318
Trade receivables	649	70
Other receivables and prepayments	257	346
Inventories	(123)	630
Trade payables	(296)	(352)
Accruals	(657)	(375)
Cash (used in) generated from operations	(640)	2,637
Interest paid	(255)	(91)
Interest received	25	47
Income taxes and withholding taxes paid	133	(249)
Net cash (used in) from operating activities	(737)	2,344
Investing activities		
Proceeds on disposal of property, plant and equipment	-	9
Purchase of property, plant and equipment	(855)	(875)
Advance to supplier	(403)	(1,787)
Proceeds from sale of quoted shares	8	-
Net cash used in investing activities	(1,250)	(2,653)
Financing activities		
Dividends paid		
Proceeds from bank loans	1,400	2,800
Repayment of bank loans	(411)	(409)
Net cash from financing activities	989	2,391
Net increase in cash and cash equivalents	(998)	2,082
Cash and cash equivalents at beginning of year	11,713	11,313
Effects on exchange rate changes on the balance of cash held in foreign currencies	165	(104)
Cash and cash equivalents at end of year	10,880	13,291

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, 2015	10,736	(892)	166	(471)	39,624	2,670	51,833	(44)	51,789
Total comprehensive income for the period	-	-	-	(145)	-	1,031	886	-	886
Balance at March 31, 2015	10,736	(892)	166	(616)	39,624	3,701	52,719	(44)	52,675
Balance at January 1, 2016	10,736	(892)	166	(2,300)	40,599	(3,356)	44,953	(44)	44,909
Total comprehensive income for the period	-	-	-	871	-	(2,119)	(1,248)	-	(1,248)
Balance at March 31, 2016	10,736	(892)	166	(1,429)	40,599	(5,475)	43,705	(44)	43,661
Company									
Balance at January 1, 2015	10,736	(892)	-	-	38,890	(3,360)	45,374	-	45,374
Total comprehensive income for the period	-	-	-	-		274	274	-	274
Balance at March 31, 2015	10,736	(892)	-	-	38,890	(3,086)	45,648	-	45,648
Balance at January 1, 2016	10,736	(892)	-	-	39,820	(8,407)	41,257	-	41,257
Total comprehensive income for the period	-	-	-	-	-	(1,749)	(1,749)	-	(1,749)
Balance at March 31, 2016	10,736	(892)	-	-	39,820	(10,156)	39,508	-	39,508

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.

	Q1-2016		FY2015	
	No. of shares ('000)	($'000)	No. of shares ('000)	($'000)
At beginning and end of period/year	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.

	31/03/2016	31/12/2015
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, 2015.

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.

	31/03/2016	31/03/2015
Earnings per ordinary share for the period		
(a) Based on weighted average number of ordinary shares in issue (cents)	(1.52)	0.74
(b) On a fully diluted basis (cents)	(1.52)	0.74

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	
	31/03/2016	31/12/2015	31/03/2016	31/12/2015
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	31.34	32.23	28.33	29.58

8. Review of the performance of the Group

Group revenue for the first quarter ended 31 March 2016 ("Q1-2016") totalled $22.3 million, a decrease of 12.2% as compared to $25.4 million in the corresponding period of the previous year ("Q1-2015"). Group revenue decreased due to the weaker market sentiments and fierce competition in the F&B sector in the Singapore market, as a result of low entry barrier in Singapore. The weaker exchange rate for Malaysian Ringgit in Q1-2016 as compared to that in Q1-2015 has also caused the contribution of sales from the Malaysian market to be lower, even though in the local currency terms, revenue from the Malaysian market has risen. Other than the Malaysian market, the Group also saw an increase in the revenue generated from the China markets, due to market expansion.

The Group will continue its efforts to introduce and innovate with new products, and connecting closely with customers through social media and other various marketing platforms.

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 and maintained its gross profit margin at about 68.0% .

Lower government grants have been recorded in Q1-2016, causing a dip in other operating income by $0.6 million (or 36.7%).

Administrative expenses, which included labour costs, has maintained at about $10.9 million level.

Through effective costs management, the Group saw a drop in operating expenses by $0.8mil (or 12.3%).

Group loss before tax and net loss after tax tallied at $2.1 million in Q1-2016, representing a decline in profitability of $3.1 million as compared to the the Group's profit before income tax and net profit after tax of $1.0 million in Q1-2015. Group non-operating expenses, consisted primarily of legal fees incurred in relation to its associate, Griffin Real Estate Investment Holdings Pte Ltd ("GREIH"), was $1.4 million in Q1-2016 as compared to $0.2 million in Q1-2015. Excluding the non-operating expenses, the Group's operating loss before tax and net operating loss after tax would be $0.7 million in Q1-2016 as compared to operating profit before tax and net operating profit after tax of $1.3 million in Q1-2015.

Balance sheet and cash flow statement for the Group

Group cash and bank balances as at 31 March 2016 stood at $10.9 million as compared to $11.7 million as at 31 December 2015. The Group continued to make critical investments decisions in new property, plant and equipment with the opening of new outlets, partnering with potential strategic business partners, 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 $1.4 million from $34.5 million as at 31 December 2015 to $35.9 million as at 31 March 2016 to fund its working capital needs. Due to the drop in the Group's business performance, the Group has negative operating cash flows of $0.7 million in Q1-2016, mainly resulted from the payment of legal fees in relation to its associate, GREIH. Excluding this, the Group would have generated positive operating cash flows. The Group will continue to be cautious and take reasonable steps to ensure the continuous growth in the operations and managing the operating costs effectively.

Although the Group was in a negative working capital position of $19.9 million as at end March 2016, it continues to operate as a going concern. The negative net working capital position was mainly due to outstanding short-term revolving loans (at $35.9 million) that would be renewable at maturity.

Shareholders' equity for the Group and Company stood at $43.7 million and $39.5 million respectively as at 31 March 2016, as compared with $45.0 million and $41.3 million respectively as at 31 December 2015.

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.

Capitalised terms in this section have the meanings given to them in the announcements referred to above.

The Company earlier announced that (a) it had commenced three actions (Suit 122, Suit 1098 and Suit 1099) against various parties in connection with the affairs of GREIH and GCM; (b) in two of those actions (Suit 122 and Suit 1098), Mr Andy Ong, Mr Ho Yew Kong, GREIC, GCM and various other Defendants had commenced third party actions against Mr Douglas Foo; and (c) GREIC had also commenced an action (Suit 969) against the Company and Mr Douglas Foo in connection with the affairs of GREIH. Details of these actions are set out in the Company's earlier announcements.

As stated in the Company's earlier announcements, the trial of Suit 122 and Suit 1098 commenced on 15 January 2016. The trial of those two Suits concluded on 26 February 2016. The High Court has fixed timelines for the parties to file their closing submissions and reply closing submissions in relation to Suit 122 and Suit 1098. The Company filed its closing submissions on 8 April 2016. The Defendants are due to file their reply closing submissions by 13 May 2016. The Company has a right of final reply which is to be submitted by 10 June 2016. There are also related directions in relation to the third party claims that have been made by the Defendants. As stated in the Company's earlier announcements, Suit 1099 and Suit 969 have been deferred for now pursuant to directions made by the High Court.

The Company had earlier also announced that in connection with Suit 1098, it had also applied for an injunction in relation to the sale proceeds of the sale of Big Hotel. The Company expects the High Court to deliver its decision on the injunction application soon.

The Group would like to reiterate that despite the full allowance for impairment os being made in its FY2012 financial statements and the Company had taken all necessary steps to recover the value of its investments in the associates through the above legal actions and will expeditiously make announcements on the above matters as and when there are material developments thereon.

The Company will make further announcements on these matters as and when there are material developments.

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.

Moving forward, the F&B industry will continue to remain challenging as labour costs will continue to rise, together with acute labour shortages and high rental costs.

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?

No.

(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 quarterly period ended 31 March 2015.

13. Interested party transactions

No general mandate has been obtained from shareholders for IPTs.

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 finanacial results of the Company for the three months ended 31 March 2016 presented in this announcement, to be false or misleading in any material respect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirmed that it has procured undertakings from all its directors and executive officer (in the format set out in Appendix 7.7) under Rule 720(1).

BY ORDER OF THE BOARD

Douglas Foo Peow Yong
Executive Chairman

3 May 2016