



Sakae Holdings Ltd.

Third Quarter and Nine months 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 third quarter and nine months ended 30 September 2017

	Group					
	3rd Quarter ended 30 September			9 months ended 30 September		
	2017	2016	Increase / (Decrease) %	2017	2016	Increase / (Decrease) %
S\$'000	S\$'000		S\$'000	S\$'000		
Revenue	16,410	20,267	(19.0)	50,310	63,810	(21.2)
Cost of sales	(6,580)	(8,429)	(21.9)	(19,275)	(22,853)	(15.7)
Gross profit	9,830	11,838	(17.0)	31,035	40,957	(24.2)
Other operating income	997	1,617	(38.3)	3,207	3,660	(12.4)
Administrative expenses	(7,605)	(9,717)	(21.7)	(22,698)	(30,384)	(25.3)
Other operating expenses	(2,915)	(6,422)	(54.6)	(12,509)	(18,333)	(31.8)
Non-operating income/(expenses) *	228	(172)	N.M.	2,869	(2,489)	N.M.
Finance cost	(264)	(271)	(2.6)	(727)	(738)	(1.5)
Profit/(Loss) before income tax	271	(3,127)	(108.7)	1,177	(7,327)	N.M.
Income tax	1	-	N.M.	(35)	4	N.M.
Profit/(Loss) after income tax	272	(3,127)	(108.7)	1,142	(7,323)	N.M.
Attributable to:						
Equity holders of the company	206	(3,127)	(106.6)	963	(7,323)	N.M.
Non-controlling interest	66	-	N.M.	179	-	N.M.
	272	(3,127)	(108.7)	1,142	(7,323)	N.M.

N.M. - Not Meaningful

* Non-operating income/(expenses) relates primarily to its associate, Griffin Real Estate Investment Holdings Pte. Ltd. ("GREIH") and Gryphon Capital Management Pte Ltd ("GCM"). Non-operating income for the 9 months ended 30 September 2017 consisted \$3,241,123.54 of amount received from Mr Andy Ong in accordance with the Judgment handed down by the High Court on 7 April 2017 in relation to Suit No. 122 ("Judgment Amount"), offset by the legal fees incurred for the period.

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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

	Group					
	3rd Quarter ended			9 months ended		
	30 September		Increase /	30 September		Increase /
	2017	2016	(Decrease)	2017	2016	(Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net profit/(loss) for the period	272	(3,127)	N.M.	1,142	(7,327)	N.M.
Other comprehensive income:						
Currency translation differences	25	(331)	N.M.	(164)	(55)	N.M.
Total comprehensive income/(loss) for the period	297	(3,458)	N.M.	978	(7,382)	N.M.
Attributable to:						
Equity holders of the Company	231	(3,458)	N.M.	799	(7,382)	N.M.
Non-controlling interests	66	-	N.M.	179	-	N.M.
Total comprehensive income/(loss) for the period	297	(3,458)	N.M.	978	(7,382)	N.M.

N.M. - Not Meaningful

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

	Group					
	3rd Quarter ended			9 months ended		
	30 September		Increase /	30 September		Increase /
	2017	2016	(Decrease)	2017	2016	(Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation	921	1,565	(41.2)	2,943	4,323	(31.9)
Loss (Gain) on disposal of plant and equipment (net)	3	(3)	N.M.	-	(3)	(100.0)
Write off of plant and equipment	368	105	N.M.	590	108	N.M.
(Reversal of) Provision for impairment of property, plant and equipment	(12)	534	N.M.	371	534	(30.5)
Reversal of provision for early termination of leases (net)	(1,537)	-	N.M.	(1,757)	-	N.M.
Foreign currency exchange differences (net)	21	(232)	N.M.	7	(57)	N.M.
Interest expense	264	271	(2.5)	727	738	(1.5)
Interest income	(7)	(22)	(68.2)	(27)	(71)	(62.0)
Receipt of Judgment Amount	-	-	N.M.	(3,241)	-	N.M.
Subsidy from government	(75)	(354)	N.M.	(191)	(434)	(56.1)
Income tax credit/(expense)						
- Current tax credit/(expense)	11	-	N.M.	11	(5)	N.M.
- Adjustments recognised in relation to prior years	(12)	-	N.M.	24	1	N.M.

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	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and cash equivalents	7,128	8,627	2,759	3,327
Trade receivables	2,769	1,871	1,542	1,332
Other receivables and prepayments	12,966	11,304	3,133	3,855
Inventories	2,484	2,357	1,308	1,524
Convertible loan receivable	-	-	-	-
Held for trading investments	2,793	2,790	2,113	2,113
Income tax recoverable	1,003	838	-	-
Total current assets	29,143	27,787	10,855	12,151
Non-current assets:				
Subsidiaries	-	-	10	10
Due from subsidiaries	-	-	23,353	17,316
Associates	-	-	-	-
Joint venture	350	150	-	-
Other investments	193	192	-	-
Property, plant and equipment	73,941	77,237	60,897	63,176
Investment properties	2,877	2,800	-	-
Goodwill	707	704	-	-
Total non-current assets	78,068	81,083	84,260	80,502
Total assets	107,211	108,870	95,115	92,653
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Bank loans	46,609	50,227	43,889	46,822
Trade payables	4,733	6,657	2,874	4,322
Accruals	4,946	3,658	3,068	2,152
Provisions	1,699	4,616	561	2,702
Due to subsidiaries	-	-	3,510	1,064
Income tax payable	77	28	-	2
Total current liabilities	58,064	65,186	53,902	57,064
Non-current liabilities:				
Bank loans	4,891	388	4,207	-
Deferred tax liabilities	8,447	8,464	7,901	7,900
Total non-current liabilities	13,338	8,852	12,108	7,900
Capital and reserves:				
Share capital	10,736	10,736	10,736	10,736
Treasury shares	(892)	(892)	(892)	(892)
Reserves	24,352	23,554	19,261	17,845
Equity attributable to equity holders of the company	34,196	33,398	29,105	27,689
Non-controlling interests	1,613	1,434	-	-
Total equity	35,809	34,832	29,105	27,689
Total liabilities and equity	107,211	108,870	95,115	92,653

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

Amount repayable in one year or less, or on demand

As at 30/09/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
44,208	2,401	47,563	2,664

Amount repayable after one year

As at 30/09/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,891	-	388	-

Details of any collateral

The Group obtained loan facilities to finance the construction of its 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			
	3rd Quarter ended 30 Sept		9 months ended 30 Sept	
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit/(Loss) before income tax	271	(3,127)	1,177	(7,327)
Adjustments for:				
Receipt of Judgement Amount	-	-	(3,241)	-
Depreciation	905	1,565	2,943	4,323
Amortisation of prepaid lease	13	12	38	38
Write-off of property, plant and equipment	368	105	590	108
Provision for impairment of plant and equipment	-	534	371	534
Loss (Gain) on disposal of property, plant and equipment	3	(3)	-	(3)
Gain on disposal of quoted shares	-	(3)	-	(6)
Net fair value gain on quoted shares	-	(93)	-	(155)
Reversal of provision for early termination of leases	(1,537)	-	(1,757)	-
Unrealised foreign exchange loss (gain)	37	118	22	(57)
Dividend income	(3)	(16)	(29)	(37)
Interest expense	264	271	727	738
Interest income	(7)	(22)	(27)	(71)
Operating cash flows before movements in working capital	314	(659)	814	(1,915)
Trade receivables	142	126	(898)	1,460
Other receivables and prepayments	(1,431)	257	(1,700)	957
Inventories	(439)	406	(127)	(157)
Trade payables	161	(1,483)	(1,924)	(2,668)
Accruals	539	34	73	(2,849)
Cash used in operations	(714)	(1,319)	(3,762)	(5,172)
Interest paid	(264)	(271)	(727)	(738)
Interest received	7	22	27	71
Income taxes and withholding taxes paid	146	(203)	(151)	(367)
Net cash used in operating activities	(825)	(1,771)	(4,613)	(6,206)
Investing activities				
Dividend income	3	16	29	37
Convertible loan notes issued	-	-	-	(498)
Proceeds from disposal of property, plant and equipment	(3)	3	-	3
Purchase of property, plant and equipment	(68)	(591)	(778)	(1,683)
Advance to supplier	-	(547)	-	(1,278)
Investment in joint venture	(80)	-	(200)	-
Proceeds from sale of quoted shares	-	11	-	25
Receipt of Judgement Amount	-	-	3,241	-
Net cash used in (generated from) investing activities	(148)	(1,108)	2,292	(3,394)
Financing activities				
Proceeds from bank loans	6,970	10,250	6,970	17,700
Repayment of bank loans	(4,867)	(9,522)	(6,085)	(12,346)
Net cash from financing activities	2,103	728	885	5,354
Net increase/(decrease) in cash and cash equivalents	1,130	(2,151)	(1,436)	(4,246)
Cash and cash equivalents at beginning of period	6,005	9,601	8,627	11,713
Effects on exchange rate changes on the balance of cash held in foreign currencies	(7)	(109)	(63)	(126)
Cash and cash equivalents at end of period	7,128	7,341	7,128	7,341

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.

Group	Issued capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Currency translation reserve S\$'000	Revaluation reserve S\$'000	Accumulated profits S\$'000	Attributable to equity holders of the company S\$'000	Non- controlling interests S\$'000	Total S\$'000
Balance at January 1, 2016	10,736	(892)	166	(2,300)	40,599	(3,356)	44,953	(44)	44,909
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	(2,119)	(2,119)	-	(2,119)
Other comprehensive income (loss) for the period	-	-	-	871	-	-	871	-	871
Total	-	-	-	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
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	(2,077)	(2,077)	-	(2,077)
Other comprehensive income (loss) for the period	-	-	-	(595)	-	-	(595)	-	(595)
Total	-	-	-	(595)	-	(2,077)	(2,672)	-	(2,672)
Balance at June 30, 2016	10,736	(892)	166	(2,024)	40,599	(7,552)	41,033	(44)	40,989
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	(3,127)	(3,127)	-	(3,127)
Other comprehensive income (loss) for the period	-	-	-	(331)	-	-	(331)	-	(331)
Total	-	-	-	(331)	-	(3,127)	(3,458)	-	(3,458)
Balance at Sept 30, 2016	10,736	(892)	166	(2,355)	40,599	(10,679)	37,575	(44)	37,531
Balance at January 1, 2017	10,736	(892)	166	(2,179)	41,559	(15,992)	33,398	1,434	34,832
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	(1,341)	(1,341)	(56)	(1,397)
Other comprehensive income (loss) for the period	-	-	-	(144)	-	-	(144)	-	(144)
Total	-	-	-	(144)	-	(1,341)	(1,485)	(56)	(1,541)
Balance at March 31, 2017	10,736	(892)	166	(2,323)	41,559	(17,333)	31,913	1,378	33,291
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	2,098	2,098	169	2,267
Other comprehensive income (loss) for the period	-	-	-	(46)	-	-	(46)	-	(46)
Total	-	-	-	(46)	-	2,098	2,052	169	2,221
Balance at June 30, 2017	10,736	(892)	166	(2,369)	41,559	(15,235)	33,965	1,547	35,512
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	206	206	66	272
Other comprehensive income (loss) for the period	-	-	-	25	-	-	25	-	25
Total	-	-	-	25	-	206	231	66	297
Balance at Sept 30, 2017	10,736	(892)	166	(2,344)	41,559	(15,029)	34,196	1,613	35,809
Company									
Balance at January 1, 2016	10,736	(892)	-	-	39,820	(8,407)	41,257	-	41,257
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) 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
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	(2,256)	(2,256)	-	(2,256)
Balance at June 30, 2016	10,736	(892)	-	-	39,820	(12,412)	37,252	-	37,252
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	4,005	4,005	-	4,005
Balance at Sept 30, 2016	10,736	(892)	-	-	39,820	(8,407)	41,257	-	41,257
Balance at January 1, 2017	10,736	(892)	-	-	40,744	(22,899)	27,689	-	27,689
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	250	250	-	250
Balance at March 31, 2017	10,736	(892)	-	-	40,744	(22,649)	27,939	-	27,939
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	1,052	1,052	-	1,052
Balance at June 30, 2017	10,736	(892)	-	-	40,744	(21,597)	28,991	-	28,991
<i>Total comprehensive income (loss) for the period:</i>									
Income (loss) for the period	-	-	-	-	-	114	114	-	114
Balance at Sept 30, 2017	10,736	(892)	-	-	40,744	(21,483)	29,105	-	29,105

- 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 and subsidiary holdings 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.

	30-Sept-2017		FY2016	
	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.**

	30/09/2017	31/12/2016
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) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

During the financial period, there were no transaction pertaining to subsidiary holdings.

- 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, 2016.

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.

	3 months ended 30 September 2017	3 months ended 30 September 2016	9 months ended 30 September 2017	9 months ended 30 September 2016
Earnings per ordinary share for the period				
(a) Based on weighted average number of ordinary shares in issue (cents)	0.15	(2.24)	0.69	(5.25)
(b) On a fully diluted basis (cents)	0.15	(2.24)	0.69	(5.25)

**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	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	24.52	23.95	20.87	19.85

8. Review of the performance of the Group

Financial performance (3Q2017 vs 3Q2016)

Group revenue for the third quarter ended 30 September 2017 ("3Q2017") totalled \$16.4 million, a decrease of 19.0% as compared to \$20.3 million in the corresponding period of the previous year ("3Q2016"). Group revenue declined following the effects of sluggish economic conditions which led to weaker market sentiments globally. The rationalisation of non-performing outlets in the Singapore market has also contributed to the fall in Group revenue.

Group revenue in 3Q2017 included a new stream of revenue from commodities trading of \$0.2 million and food trading revenue of \$1.5 million, of which derived lower gross profit margin of 12.8% and 14.5% respectively. Excluding both the food and commodities trading businesses with lower gross profit margins, the Group's gross profit margin from the retail business increased from 59.7% in 3Q2016 to 65.6% in 3Q2017.

Lower government grants and miscellaneous income recorded in 3Q2017, caused a decrease of 38.3% in other operating income to \$1.0 million in 3Q2017 from \$1.6 million in 3Q2016.

Administrative expenses was \$7.6 million in 3Q2017, a decrease of 21.7% from \$9.7 million in 3Q2016. This resulted from a substantial decrease in labour costs of 27.8% to \$5.3 million in 3Q2017 from \$7.4 million in 3Q2016. Other administrative expenses including depreciation charges and other expenses have also declined accordingly with the streamlining of the Group's operations.

Other operating expenses decreased 54.6% to \$2.9 million in 3Q2017 from \$6.4 million in 3Q2016, as the Group continued to carry out its rationalisation exercise on non-performing outlets whereby the expenses incurred were offset against the provision for early termination of leases recorded in FY2016, with a net reversal of overprovision for early termination of leases of \$1.5 million made in 3Q2017 as the actual expenses incurred was much lower. Reduction in rental, utilities and other expenses, resulted from the rationalisation exercise have also contributed to the reduced operating expenses.

Non-operating income of \$0.2 million was incurred in 3Q2017, which pertained to reversal of provision for legal fees, made in FY2016 which was utilised and paid in 2Q2017, in relation to its associate, Griffin Real Estate Investment Holdings Pte. Ltd. ("GREIH") and Gryphon Capital Management Pte Ltd ("GCM") as compared to \$0.2 million recorded in 3Q2016.

Group profit before tax and net profit after tax each tallied at \$0.3 million in 3Q2017, which represented an increase of \$3.4 million, as compared to the Group's loss before tax and net loss after tax of \$3.1 million in 3Q2016.

Excluding the non-operating income/(expenses), the Group would be in operating profit before tax and net operating profit after tax of \$0.04 million in 3Q2017 as compared to operating loss before tax and net loss after tax of \$3.3 million in 3Q2016.

Further excluding the reversal of provision for early termination of leases, the Group's operating losses before tax and net operating losses after tax has reduced to \$1.5 million in 3Q2017 from \$3.0 million in 3Q2016.

Financial performance (9M2017 vs 9M2016)

Group revenue for the nine months ended 30 September 2017 ("9M2017") totalled \$50.3 million, a decrease of 21.2% as compared to \$63.8 million in the corresponding period of the previous year ("9M2016"). Group revenue decline following the effects of sluggish economic conditions which led to weaker market sentiments globally. The rationalisation of non-performing outlets in the Singapore market has also contributed to the fall in Group revenue.

Excluding both the food and commodities trading businesses with lower gross profit margin, the Group's gross profit margin from the retail business decreased from 65.6% in 9M2016 to 64.5% in 9M2017. The slight reduction in gross profit margin was due to the effect of continuous rising prices of high quality raw materials as well as low pricing margins due to fierce market competition.

Group other operating income has decreased 12.4% to \$3.2 million in 9M2017 from \$3.7 million in 9M2016, as a result of slightly lower government grant and other income recorded.

Administrative expenses was \$22.7 million in 9M2017, a decrease of 25.3% from \$30.4 million in 9M2016, which resulted from a decrease in labour costs of 26.5% to \$17.1 million in 9M2017 from \$23.2 million in 9M2016. Other administrative expenses including depreciation charges and other expenses have also declined accordingly with the streamlining of the Group's operations.

Other operating expenses decreased 31.8% to \$12.5 million in 9M2017 from \$18.3 million in 9M2016, as the Group continued to carry out its rationalisation exercise on non-performing outlets whereby the expenses of \$1.2 million incurred were offset against the provision for early termination of leases of \$3.3 million recorded in FY2016, with a net reversal of overprovision for early termination of leases of \$1.8 million made in 9M2017 as the Group managed to incur lower expenses. Reduction in rental, utilities and other expenses, resulted from the rationalisation exercise have also contributed to the reduced operating expenses.

Following the Judgment handed down by the High Court on 7 April 2017, in relation to Suit Nos. 122 and 1098 carried out by the Company in relation to its investments in associate, Griffin Real Estate Investment Holdings Pte Ltd ("GREIH"), the Company received from Mr Andy Ong the sum of \$3.2 million in May 2017. Offsetting the legal fees incurred by the Company incurred in the legal suits of \$0.3 million, the Company recorded a net non-operating income of \$2.9 million in 9M2017.

Group profit before tax and net profit after tax tallied at \$1.2 million and \$1.1 million respectively in 9M2017, which represented an increase of \$8.5 million as compared to the Group's loss before tax and net loss after tax of \$7.3 million in 9M2016.

Excluding the non-operating income/(expenses), the Group would be in a net operating loss before tax and net operating loss after tax of \$1.7 million in 9M2017, as compared to \$4.8 million in 9M2016.

Further excluding the reversal of provision for early termination of leases, the Group's operating losses before tax and net operating losses after tax has reduced to \$3.4 million in 9M2017 from \$4.8 million in 9M2016.

Financial Position of the Group

Group and Company cash and bank balances as at 30 September 2017 ("9M2017") stood at \$7.1 million and \$2.8 million respectively as compared to \$8.6 million and \$3.3 million respectively as at 31 December 2016 ("FY2016"), following the usage of funds to carry out its rationalisation exercise and development of its commodities trading business. The Group has and will continue its efforts to grow its businesses, including partnering with potential strategic business partners, both locally and globally, for both raw materials as well as business expansion strategy.

Group's trade receivables increased 48.0% to \$2.8 million as at 9M2017 from \$1.9 million as at FY2016, as a result of the increased food trading business and corporate advisory business in 9M2017. Company's trade receivables have also increased 15.8% to \$1.5 million as at 9M2017 from \$1.3 million as at FY2016, following an increased business trading sales in 9M2017.

Group's other receivables and prepayments increased 14.7% to \$13.0 million as at 9M2017 from \$11.3 million as at FY2016, as a result of the increased advanced payments made for the food and commodities trading business in 3Q2017. Company's other receivables and prepayments decreased 18.7% to \$3.1 million as at 9M2017 from \$3.9 million as at FY2016, following a reduction in security deposits paid to landlords with reduced number of retail outlets.

Company's inventories balance have reduced 14.2% to \$1.3 million as at 9M2017 from \$1.5 million as at FY2016 in line with reduced number of retail outlets following the rationalisation exercise and streamlining of its F&B retail business.

Total trade payables and accruals as well as provisions balances of both the Group and Company have reduced as at 9M2017 from FY2016 following the completion of its rationalisation exercise and the streamlining of its F&B retail business.

Although the Group and Company were in a negative working capital position of \$28.9 million and \$43.0 million respectively as at 9M2017, the Group and Company will remain prudent and take reasonable steps to ensure continuous growth and continue operating as a going concern. The negative net working capital positions were mainly due to outstanding short-term revolving loans (at \$40.2 million) that would be renewable at maturity.

Shareholders' equity for the Group and Company stood at \$34.2 million and \$29.1 million respectively as at 9M2017, as compared with \$33.4 million and \$27.7 million respectively as at FY2016.

Cash Flow (3Q2017 vs 3Q2016)

The Group had negative operating cash flows of \$0.8 million in 3Q2017, which has improved from that of \$1.8 million as at 3Q2016.

In line with its rationalisation exercise, the Group has increased financing facilities in addition to its business operations.

The Group will continue to be cautious and take reasonable steps to ensure the continuous growth in the operations and managing its operating costs effectively.

Cash Flow (9M2017 vs 9M2016)

The Group had negative operating cash flows of \$4.6 million in 9M2017, a drop from \$6.2 million in 9M2016, due to slowdown in operating performances.

The Group will continue to be cautious and take reasonable steps to ensure the continuous growth in the operations and managing its operating costs effectively.

Following the receipt of the Judgment Amount in relation to Suit Nos. 122 and 1098 carried out by the Company in relation to its investments in associate, Griffin Real Estate Investment Holdings Pte Ltd ("GREIH"), the Group and Company recorded a net cash from investing activities of \$2.3 million in 9M2017.

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, 24 September 2014, 22 December 2015, 15 January 2016, 1 July 2016, 6 April 2017, 7 April 2017, 21 April 2017, 5 May 2017, 9 May 2017 and 10 July 2017, the Company's full year financial statement and dividend announcement for FY2012 on 25 February 2013, for FY2013 on 27 February 2014, for FY2014 on 28 February 2015, FY2015 on 1 March 2016 and FY2016 on 1 March 2017, the Company's Q1-2017 results announcement on 15 May 2017 and the Company's Q2-2017 results announcement on 14 August 2017.

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 ("Third Party Claim"); 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: (a) the trial of Suit 122 and Suit 1098 commenced on 15 January 2016 and concluded on 26 February 2016; and (b) Suit 1099 and Suit 969 were deferred pursuant to directions made by the High Court.

The Company had earlier also announced that in connection with Suit 1098, it had applied for an interim proprietary injunction to restrain ERC Unicampus from disposing of or otherwise dealing with a portion of the sale proceeds of the sale of Big Hotel.

In that application, the Company calculated the amount that should be restrained as being in the region of \$33.0 million. The injunction and the amount were contested by ERC Unicampus.

On 30 June 2016, the High Court granted the Company's application for the interim proprietary injunction. The High Court calculated the amount that should be restrained as being \$9.71 million.

The Company applied to the High Court for leave to appeal against the part of the High Court's decision which relates to the quantum of monies over which the injunction has been granted. The Company did so on the basis that the quantification of the monies raises, among other things, a novel point of law.

That leave application was heard on 31 August 2016. On 5 April 2017, the High Court refused the Company's application for leave to appeal and maintained its decision that the amount that should be restrained was \$9.71 million.

On 7 April 2017, the High Court handed down its Judgment in Suit Nos. 122 and 1098 of 2013. The High Court found that the Company had made out most of its claims of minority oppression. In its Judgment, the High Court granted a substantial number of the reliefs that the Company had sought in these Suits, including, but not limited to the following:

- (i) the Company's ex-NED, Andy Ong, pay to the Company the sum of S\$2,641,975 and interest thereon from 8 February 2013;
- (ii) various reliefs that the Company's ex-NED, Andy Ong, and his associates, Ho Yew Kong and Ong Han Boon, pay a total of about \$35,000,000 to GREIH; and
- (iii) the Company was invited to put forward its nomination for a private liquidator for GREIH.

On 20 April 2017, the High Court ordered that GREIH be wound up and appointed the Companies' nominees, Mr Aaron Loh Cheng Lee and Ms Ee Meng Yen Angela of Ernst & Young Solutions LLP, as liquidators of GREIH.

On 4 May 2017, the High Court also handed down its Judgment on the Third Party Claim. The High Court dismissed all of the third party claims against Mr Foo. The High Court also ordered Mr Andy Ong, Mr Ho Yew Kong and Mr Ong Han Boon to pay Mr Foo's costs in defending the third party claims on an indemnity basis.

On 5 May 2017, Mr Ho Yew Kong filed a Notice of Appeal to the Court of Appeal against part of the High Court's Judgment dated 7 April 2017 where adverse findings and/or rulings were made against him. On 5 May 2017, ERC Holdings Pte Ltd, Mr Andy Ong, Mr Ong Han Boon, Gryphon Capital Management Pte Ltd, ERC Unicampus Pte Ltd, ERC Institute Pte Ltd and ERC Consulting Pte Ltd also filed a Notice of Appeal to the Court of Appeal against the whole of the High Court's Judgment date 7 April 2017.

On 12 May 2017, and pursuant to demands made by the Company in relation to the relief at paragraph (i) above, the Company received from Mr Andy Ong the sum of \$3,238,422.93 (being the sum of \$2,641,975 plus interest thereon from 8 February 2013 to 5 May 2017). On 15 May 2017, the Company received from My Andy Ong the sum of \$2,700.61 (being the balance interest amount for the period 6 May 2017 to 12 May 2017).

The appeal in relation to Suit 1098 will be heard on a date to be fixed between 27 November 2017 and 1 December 2017.

There are also disputes between the parties on whether an appeal has been filed against the High Court's decision in Suit 122. Mr Andy Ong's position is that he filed such an appeal on 5 May 2017. The Company disputes that. The Company's position is that no such appeal was filed on 5 May 2017 and that as a result, Mr Andy Ong is out of time to file an appeal in relation to Suit 122. On 30 June 2017, Mr Andy Ong filed an application for a retrospective extension of time to file an appeal in relation to Suit 122. The Company is objecting to that application. The Court of Appeal will hear that application together with the appeal in November 2017.

On 5 July 2017, GREIC wholly discontinued Suit 969 with no order as to costs. The discontinuance is without prejudice to GREIH's liquidators' rights to pursue such claims against such parties as they consider are available to GREIH.

Suit 1099 has been fixed for trial in the High Court of Singapore in September and October 2017. That trial will proceed unless the shareholders of GCM can agree on a liquidator to be appointed for GCM. There has not been any agreement as at the date of this announcement.

The Group had earlier disclosed that as it was not possible to predict the outcome of the litigation with certainty, the Company had decided to adopt a conservative and prudent approach in the financial statements and made full allowance for potential impairment loss on its investment in GREIH and GCM. There was (and continues to be) uncertainty as to whether the interest of the Group and Company can be recovered. The Group and Company have therefore retained its allowance for potential impairment loss on its investments in GREIH and GCM. The Group would like to reiterate that despite the full allowance for impairment being made in its financial statements, the Company will continue to take all necessary steps to recover the value of its investments in the associates. The Company will expeditiously make further announcements on the above matters 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.

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, amidst intense competition in the industry.

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/recommendeded for the nine months ended 30 September 2017.

13. Interested party transactions

No general mandate has been obtained from shareholders for IPTs.

14. Confirmation Pursuant to Rule 705(5) 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 nine months ended 30 September 2017 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

14 November 2017