



Sakae Holdings Ltd.

Full 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.

Income Statement for the financial year ended 31 December 2013

	Group		Increase / (Decrease)
	2013 S\$'000	2012 S\$'000	
Revenue	99,976	95,860	4.3
Cost of sales	(27,817)	(27,116)	2.6
Gross profit	72,159	68,744	5.0
Other operating income	3,844	1,878	104.7
Administrative expenses	(42,308)	(39,427)	7.3
Other operating expenses	(24,899)	(24,710)	0.8
Non-operating expenses	(1,589)	-	N.M.
Allowance for Impairment in investments in associates	-	(10,468)	N.M.
Finance cost	(444)	(412)	7.8
Profit before income tax	6,763	(4,395)	253.9
Income tax	(1,230)	(2,357)	(47.8)
Profit (Loss) after income tax	5,533	(6,752)	181.9
Attributable to:			
Equity holders of the company	5,365	(6,751)	(179.5)
Non-controlling interest	168	(1)	(16,900.0)
	5,533	(6,752)	(181.9)

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 FINANCIAL YEAR ENDED
31 DECEMBER 2013**

	Group		
	2013	2012	Increase / (Decrease)
	S\$'000	S\$'000	%
Net profit (loss) for the year	5,533	(6,752)	(181.9)
Other comprehensive (expense) income:			
Revaluation of property, net of tax	11,104	19,763	(43.8)
Currency translation differences	148	(129)	(214.7)
Total comprehensive income for the year	16,785	12,882	30.3
Attributable to:			
Equity holders of the Company	16,617	12,883	29.0
Non-controlling interests	168	(1)	N.M.
Total comprehensive income for the year	16,785	12,882	30.3

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

	Group	
	2013	2012
	S\$'000	S\$'000
Depreciation on property, plant and equipment	5,552	5,237
Write back of impairment of plant and equipment	(18)	(652)
Gain on disposal of plant and equipment (net)	(18)	(16)
Write-off of property, plant and equipment	211	218
Amortisation of prepaid lease	51	38
Impairment loss recognised on trade receivables	-	700
Foreign currency exchange differences (net)	(610)	239
Interest expense	444	412
Interest income	(120)	(80)
Subsidy from government	(647)	(119)
Allowance for impairment in investments in associates	-	10,468
Income tax expense		
- Current tax expense	1,793	1,710
- Adjustments recognised in relation to prior years	(768)	606
- Deferred tax expense (credit)	69	(70)
- Withholding tax	136	111

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	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	S\$'000	S\$'000	S\$'000	S\$'000
<u>ASSETS</u>				
Current assets:				
Cash and bank balances	11,078	8,754	3,257	2,447
Trade receivables	1,629	2,069	1,452	1,447
Other receivables and prepayments	7,512	7,087	4,633	4,836
Inventories	2,690	1,590	1,534	1,034
Total current assets	22,909	19,500	10,876	9,764
Non-current assets:				
Due from subsidiaries	-	-	15,447	14,027
Property, plant and equipment	78,139	62,898	66,540	52,710
Investment property	2,311	1,923	-	-
Investment in subsidiaries	-	-	-	-
Investment in associates	-	-	-	-
Goodwill	867	992	-	-
Total non-current assets	81,317	65,813	81,987	66,737
Total assets	104,226	85,313	92,863	76,501
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
Current liabilities:				
Trade payables	7,548	7,397	4,977	5,357
Accruals	6,354	5,339	3,777	2,902
Due to subsidiaries	-	-	8	156
Income tax payable	1,115	1,136	902	977
Bank loans	18,426	15,162	18,426	15,162
Total current liabilities	33,443	29,034	28,090	24,554
Non-current liabilities:				
Deferred taxation	8,604	6,136	8,327	6,042
Bank loans	10,480	12,241	10,480	12,241
Total non-current liabilities	19,084	18,377	18,807	18,283
Capital and reserves:				
Share capital	10,736	10,736	10,736	10,736
Treasury shares	(892)	-	(892)	-
Reserves	41,733	27,212	36,122	22,928
Equity attributable to equity holders of the company	51,577	37,948	45,966	33,664
Non-controlling interests	122	(46)	-	-
Total equity	51,699	37,902	45,966	33,664
Total liabilities and equity	104,226	85,313	92,863	76,501

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

Amount repayable in one year or less, or on demand

As at 31/12/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,626	16,800	1,512	13,650

Amount repayable after one year

As at 31/12/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
10,480	-	12,241	-

Details of any collateral

The Group obtained loan facilities to finance the construction of the our 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	
	2013	2012
	S\$'000	S\$'000
Operating activities:		
Profit (Loss) before income tax	6,763	(4,395)
Adjustments for:		
Impairment loss recognised on trade receivables	-	700
Depreciation on property, plant and equipment	5,552	5,237
Gain on disposal of plant and equipment (net)	(18)	(16)
Write-off of property, plant and equipment	211	218
Write-back of impairment of property, plant and equipment	(18)	(652)
Impairment loss on investments in associates	-	10,468
Amortisation of prepaid lease	51	38
Unrealised foreign exchange differences	509	(47)
Interest expense	444	412
Interest income	(120)	(80)
Operating cash flows before movements in working capital	13,374	11,883
Trade receivables	440	(930)
Other receivables and prepayments	(476)	581
Inventories	(1,100)	131
Trade payables	151	1,063
Accruals	1,019	1,110
Cash generated from operations	13,408	13,838
Interest paid	(444)	(412)
Interest received	120	80
Income tax paid (net of refunds)	(1,228)	(2,104)
Net cash from operating activities	11,856	11,402
Investing activities:		
Proceeds on disposal of plant and equipment	48	20
Purchase of property, plant and equipment	(8,135)	(7,209)
Investment in associates	-	(2,641)
Net cash used in investing activities	(8,087)	(9,830)
Financing activities:		
Repurchase of shares	(892)	-
Proceeds from borrowings	6,650	15,943
Repayments of borrowings	(5,147)	(12,601)
Dividends paid	(2,096)	(2,130)
Net cash (used in) from financing activities	(1,485)	1,212
Net increase in cash and cash equivalents	2,284	2,784
Cash and cash equivalents at beginning of year	8,754	6,099
Effects of exchange rate changes on the balance of cash held in foreign currencies	40	(129)
Cash and cash equivalents at end of year	11,078	8,754

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, 2012	10,736	-	(362)	7,841	8,980	27,195	(45)	27,150
Total comprehensive income for the year	-	-	(129)	19,763	(6,751)	12,883	(1)	12,882
Dividend paid	-	-	-	-	(2,130)	(2,130)	-	(2,130)
Balance at December 31, 2012	10,736	-	(491)	27,604	99	37,948	(46)	37,902
Balance at January 1, 2013	10,736	-	(491)	27,604	99	37,948	(46)	37,902
Total comprehensive income for the year	-	-	148	11,104	5,365	16,617	168	16,785
Dividend paid	-	-	-	-	(2,096)	(2,096)	-	(2,096)
Repurchase of shares	-	(892)	-	-	-	(892)	-	(892)
Balance at December 31, 2013	10,736	(892)	(343)	38,708	3,368	51,577	122	51,699
Company								
Balance at January 1, 2012	10,736	-	-	7,841	3,413	21,990	-	21,990
Total comprehensive income for the year	-	-	-	19,192	(5,388)	13,804	-	13,804
Dividend paid	-	-	-	-	(2,130)	(2,130)	-	(2,130)
Balance at December 31, 2012	10,736	-	-	27,033	(4,105)	33,664	-	33,664
Balance at January 1, 2013	10,736	-	-	27,033	(4,105)	33,664	-	33,664
Total comprehensive income for the year	-	-	-	10,993	4,297	15,290	-	15,290
Dividend paid	-	-	-	-	(2,096)	(2,096)	-	(2,096)
Repurchase of shares	-	(892)	-	-	-	(892)	-	(892)
Balance at December 31, 2013	10,736	(892)	-	38,026	(1,904)	45,966	-	45,966

- 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.

	2013		2012	
	No. of shares (^{'000})	(\$ ^{'000})	No. of shares (^{'000})	(\$ ^{'000})
At January 1	-	-	-	-
Purchased during the year ended December 31	2,528	892	-	-
At December 31	2,528	892	-	-

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	31/12/2013	31/12/2012
Number of shares held as treasury shares	2,528,000	-
Total no. of issued shares (excluding treasury shares)	139,472,000	142,000,000

- 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, 2012.

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.

	31/12/2013	31/12/2012
(Loss) Earnings per ordinary share for the period		
(a) Based on weighted average number of ordinary shares in issue (cents)	3.85	(4.75)
(b) On a fully diluted basis (cents)	3.85	(4.75)

**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	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	36.98	26.72	32.96	23.71

8. Review of the performance of the Group

Group revenue for financial year ended December 31, 2013 ("FY2013") totalled \$100.0 million, an increase of 4.3% as compared to \$95.9 million in the previous year ("FY2012"). Same store sales increased 5.5% in FY2013 compared to FY2012. The Group showed overall improvement in financial performance due to its continuing expansion strategy, incessant effort put in for the innovation and creation of high quality products, and expansion in variety of tantalizing food through periodic introduction of new products and new menu launches.

The Group reported operating profit before associates and tax of \$8.4 million which represented an increase of \$2.3 million (or 37.5%) from the operating profit before associates and tax of \$6.1 million in FY2012.

Other operating income increased by 104.7% from \$1.9 million to \$3.8 million in FY2013, mainly due to higher occupancy at its headquarters building, as well as increased government grants received in support of productivity projects embarked upon in 2012. The Group continues to explore new endeavours to increase productivity and efficiency in its operations.

While Group revenue increased 4.3% in FY2013, operating expenses increased only slightly by 0.8% from \$24.7 million in FY2012 to \$24.9 million in FY2013. This was mainly due to stringent and effective cost control measures put in place. Administrative expenses increased 7.3% from \$39.4 million to \$42.3 million year on year, due mainly to higher staff expenses as a result of tighter labour markets, as well as headcount increases to meet operational expansion. Depreciation expenses also increased due to upward revaluation of the Group properties which consisted of an integrated facility housing its headquarters, central kitchen and warehouse. The Group also increased its investments in property, plant and equipment as business operations expanded.

Group non-operating expenses were \$1.6 million in FY2013, which consisted of professional and legal fees incurred in relation to its associates, Griffin Real Estate Investment Holdings Pte Ltd ("GREIH") and Gryphon Capital Management Pte Ltd ("GCM").

The Group reported profit before tax and net profit of \$6.8 million and \$5.5 million respectively in FY2013, compared to loss before tax of \$4.4 million and net losses of \$6.8 million in FY2012 respectively. It should be noted that in FY2012, the Group made full allowance for an impairment of \$10.5 million in relation to its investments in associate companies GREIH and GCM.

Income tax expenses (including adjustment to the prior year of \$0.8 million) decreased by 47.8% from \$2.4 million in FY2012 (including additional tax charges of \$0.6 million adjusted from prior years) to \$1.2 million in FY2013.

Group Balance Sheet and Cash Flow Statement

Group cash and bank balances as at 31 December 2013 stood at \$11.1 million, showing an increase of \$2.3 million compared to balances as at 31 December 2012. Improved operating conditions in FY2013 contributed to increases in cash and bank balances, however these were offset by further investments in new property, plant and equipment to expand current operations, opening of new outlets, distribution of dividends, as well as repurchase of Company shares.

Short-term revolving loans increased by \$3.1 million from \$13.7 million as at 31 December 2012 to \$16.8 million as at 31 December 2013. Net cash from operating activities totalled a healthy \$11.9 million in FY2013.

The Group headquarters at Sakae Building, located at 28 Tai Seng Street, was valued at \$60.0 million as at 31 December 2013, and has accordingly recorded an increase in revaluation reserve, net of deferred tax, of \$11.1 million in FY2013.

Although the Group was in a negative working capital position of \$10.5 million as at 31 December 2013, it continues to operate as a going concern generating positive operating cash flows. The net negative working capital position was mainly due to outstanding short-term revolving loans of \$16.8 million that would be renewable at maturity. Shareholders equity for the Group and Company stood at \$51.6 million and \$46.0 million respectively as at 31 December 2013, compared to \$37.9 million and \$33.7 million respectively as at 31 December 2012.

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 and 6 February 2014 and the Company's Full year financial statement and dividend announcement for FY 2012 on 25 February 2013.

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 and Chief Executive Officer, 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.

The Group would like to reiterate that despite the full allowance for impairment is being made in its 2012 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 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. The Directors are pleased to recommend a tax exempt (1-tier) final dividend of 1.5 cents per ordinary share for the financial year ended 31 December 2013, subject to approval of shareholders at the forthcoming Annual General Meeting.

Name of dividend	Interim (paid)	Final
Dividend type	Cash	Cash
Dividend Amount per Share (in cents)	0.5 cent per share	1.5 cent per share
Tax Rate	Tax Exempt 1-tier	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	Final
Dividend type	Cash	Cash
Dividend Amount per Share (in cents)	0.5 cent per share	1 cent per share
Tax Rate	Tax Exempt 1-tier	Tax Exempt 1-tier

(c) Date payable

To be determined at a later date.

(d) Books closure date

To be determined at a later date.

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

Not applicable

13. Interested party transactions

Not applicable

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(1) Business Segments

	Revenue		Segment Results	
	2013	2012	2013	2012
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	90,676	86,363	12,118	13,787
Other Products and services	9,300	9,497	567	749
	99,976	95,860	12,685	14,536
Interest income			120	80
Central administration costs and directors' salaries			(9,442)	(10,009)
Other operating income			3,844	1,878
Allowance for Impairment in investments in associates			-	(10,468)
Finance costs			(444)	(412)
(Loss) Profit before income tax			6,763	(4,395)
Income tax expense			(1,230)	(2,357)
(Loss) Profit for the year			5,533	(6,752)

	Depreciation		Capital Expenditure	
	2013	2012	2013	2012
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	3,304	2,754	3,029	4,395
Other Products and services	1,090	1,098	1,572	157
Unallocated corporate items	1,158	1,385	3,534	2,657
	5,552	5,237	8,135	7,209

	Segment Assets		Segment Liabilities	
	2013	2012	2013	2012
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	69,770	35,049	29,340	28,771
Other Products and services	3,941	7,184	17,702	18,329
Unallocated corporate items	30,515	42,780	5,485	11
	104,226	85,013	52,527	47,111

(2) Geographical Segments

	Revenue		Non-current assets	
	2013	2012	2013	2012
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	66,427	65,217	67,514	53,559
Malaysia	32,075	28,306	13,682	12,012
Others	1,474	2,337	121	242
	99,976	95,860	81,317	65,813

14. In the review of the performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Section 8 for commentary.

15. A breakdown of sales

	Year Ended		Increase / (Decrease)
	31/12/2013 S\$'000	31/12/2012 S\$'000	
a) Revenue reported for first half year	51,654	47,649	8.4%
b) Profit after income tax before deducting non-controlling interests reported for the first half year	3,152	2,287	37.8%
c) Revenue reported for second half year	48,322	48,211	0.2%
d) Profit (Loss) after income tax before deducting non-controlling interests reported for the first half year	2,381	(9,039)	-126.3%

16. A breakdown of total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	2,130	1,420
Preference	-	-
Total	2,130	1,420

17. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

There is no person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder.

BY ORDER OF THE BOARD

Douglas Foo Peow Yong
Chairman and Chief Executive Officer

27 February 2014