



**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.**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Group		
	Quarter ended 30 September 2019 S\$'000	2018 S\$'000 (Restated)	Increase / (Decrease) %
Revenue	9,415	10,408	(9.5)
Cost of sales	(3,069)	(3,422)	(10.3)
<b>Gross profit</b>	<b>6,346</b>	<b>6,986</b>	<b>(9.2)</b>
Other operating income	919	938	(2.0)
Administrative expenses	(4,759)	(5,064)	(6.0)
Other operating expenses	(2,921)	(2,900)	0.7
Finance cost	(416)	(326)	27.6
<b>Loss before income tax</b>	<b>(831)</b>	<b>(366)</b>	<b>9.2</b>
Income tax	-	-	N.M.
<b>Loss after income tax</b>	<b>(831)</b>	<b>(366)</b>	<b>9.2</b>
Attributable to:			
Equity holders of the company	(831)	(366)	100.0
Non-controlling interests	-	-	N.M.
	<b>(831)</b>	<b>(366)</b>	<b>100.0</b>

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

**Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)**

	<b>Group</b>		<b>Increase / (Decrease) %</b>
	<b>Quarter ended 30 2019 S\$'000</b>	<b>September 2018 S\$'000 (Restated)</b>	
Net loss for the period	(831)	(366)	100.0
Other comprehensive income (loss):			
Currency translation differences	28	(68)	N.M.
Revaluation of properties	4	-	N.M.
<b>Total comprehensive loss for the period</b>	<b>(799)</b>	<b>(434)</b>	<b>84.1</b>
Attributable to:			
Equity holders of the Company	(799)	(492)	62.4
Non-controlling interests	-	58	N.M.
<b>Total comprehensive loss for the period</b>	<b>(799)</b>	<b>(434)</b>	<b>84.1</b>

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

	<b>Group</b>		<b>Increase / (Decrease) %</b>
	<b>Quarter ended 30 2019 S\$'000</b>	<b>September 2018 S\$'000</b>	
Depreciation on property, plant and equipment	553	356	55.3
Depreciation on investment property	6	6	-
Amortisation of prepaid lease	51	76	(32.9)
Write off of plant and equipment	5	-	100.0
Foreign currency exchange differences (net)	64	208	(69.2)
Interest expense	429	326	31.6
Interest income	(13)	(19)	(31.6)
Subsidy from government	(7)	(48)	(85.4)

N.M. – Not Meaningful

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

	Group		Company	
	30/09/2019	30/06/2019	30/09/2019	30/06/2019
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	8,036	1,169	7,761	316
Trade receivables	1,700	1,304	168	188
Other receivables and prepayments	9,381	9,591	1,442	2,847
Inventories	901	938	50	67
Equity investments at fair value through profit or loss	354	377	-	25
Income tax recoverable	722	1,015	-	-
<b>Total current assets</b>	<b>21,094</b>	<b>14,394</b>	<b>9,421</b>	<b>3,443</b>
<b>Non-current assets:</b>				
Subsidiaries	-	-	10	10
Due from subsidiaries	-	-	14,340	14,417
Equity investments at fair value through profit or loss	2,320	10,468	-	6,792
Joint venture	350	350	-	-
Property, plant and equipment	69,033	69,384	63,442	63,856
Investment properties	2,827	2,810	-	-
Goodwill	724	720	-	-
<b>Total non-current assets</b>	<b>75,254</b>	<b>83,732</b>	<b>77,792</b>	<b>85,075</b>
<b>Total assets</b>	<b>96,348</b>	<b>98,126</b>	<b>87,213</b>	<b>88,518</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Bank loans	49,195	50,001	48,480	48,930
Trade payables	3,754	4,008	1,427	1,604
Other payables and accruals	2,423	2,333	1,028	1,180
Provisions	543	550	131	131
Due to subsidiaries	-	-	6,366	7,041
Income tax payable	679	684	-	-
<b>Total current liabilities</b>	<b>56,594</b>	<b>57,576</b>	<b>57,432</b>	<b>58,886</b>
<b>Non-current liabilities:</b>				
Deferred tax liabilities	8,816	8,813	8,376	8,376
<b>Total non-current liabilities</b>	<b>8,816</b>	<b>8,813</b>	<b>8,376</b>	<b>8,376</b>
<b>Capital and reserves:</b>				
Share capital	10,736	10,736	10,736	10,736
Treasury shares	(892)	(892)	(892)	(892)
Reserves	21,071	21,870	11,561	11,412
Equity attributable to equity holders of the Company	30,915	31,714	21,405	21,256
Non-controlling interests	23	23	-	-
<b>Total equity</b>	<b>30,938</b>	<b>31,737</b>	<b>21,405</b>	<b>21,256</b>
<b>Total liabilities and equity</b>	<b>96,348</b>	<b>98,126</b>	<b>87,213</b>	<b>88,518</b>

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

**Amount repayable in one year or less, or on demand**

<b>As at 30/09/2019</b>		<b>As at 30/06/2019</b>	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
48,616	579	48,165	1,836

**Amount repayable after one year**

<b>As at 30/09/2019</b>		<b>As at 30/06/2019</b>	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

**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 and short term loans for working capital.

**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.

	<b>Group</b>	
	<b>Quarter ended 30 September</b>	
	<b>2019</b>	<b>2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
		<b>(Restated)</b>
<b>Operating activities</b>		
Loss before income tax	(831)	(366)
Adjustments for:		
Depreciation of property, plant and equipment	553	356
Depreciation of investment property	6	6
Amortisation of prepaid lease	51	76
(Gain) Loss on disposal of property, plant and equipment	(1)	4
Write-off of property, plant and equipment	5	-
Impairment loss recognised on trade receivables	-	61
Fair value loss on equity investments at FVTPL	-	9
Unrealised foreign exchange loss	65	208
Dividend income from equity investments	(3)	(37)
Interest expense	429	326
Interest income	(13)	(19)
Operating cash flows before movements in working capital	<u>261</u>	<u>624</u>
Trade receivables	(396)	739
Other receivables and prepayments	159	4
Inventories	37	(23)
Trade payables	39	(899)
Other payables and accruals	(165)	(1,445)
Cash generated used in operations	<u>(65)</u>	<u>(1,000)</u>
Interest paid	(429)	(326)
Interest received	13	19
Income taxes and withholding taxes paid	-	(36)
Net cash used in operating activities	<u>(481)</u>	<u>(1,343)</u>
<b>Investing activities</b>		
Proceeds from liquidation of equity investments at FVTPL	8,148	106
Dividend income from equity investments	3	37
Net cash from investing activities	<u>8,151</u>	<u>143</u>
<b>Financing activities</b>		
Repayment of bank loans	(806)	(1,142)
Net cash used in financing activities	<u>(806)</u>	<u>(1,142)</u>
Net increase (decrease) in cash and cash equivalents	6,864	(2,342)
Cash and cash equivalents at beginning of period	1,169	4,148
Effects on exchange rate changes on the balance of cash held in foreign currencies	3	3
<b>Cash and cash equivalents at end of period</b>	<u><u>8,036</u></u>	<u><u>1,809</u></u>

**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
<b>Group</b>									
Balance at July 1, 2018	10,736	(892)	166	(854)	43,035	(10,499)	41,692	1,346	43,038
Loss for the period	-	-	-	-	-	(366)	(366)	-	(366)
Other comprehensive (loss)/income for the period	-	-	-	(68)	-	-	(68)	58	(10)
Balance at September 30, 2018 (Restated)	10,736	(892)	166	(922)	43,035	(10,865)	41,258	1,404	42,662
Balance at July 1, 2019	10,736	(892)	166	(738)	45,462	(23,020)	31,714	23	31,737
Loss for the period	-	-	-	-	-	(831)	(831)	-	(831)
Other comprehensive income for the period	-	-	-	28	4	-	32	-	32
Balance at September 30, 2019	10,736	(892)	166	(710)	45,466	(23,851)	30,915	23	30,938
<b>Company</b>									
Balance at July 1, 2018	10,736	(892)	-	-	42,196	(23,898)	28,142	-	28,142
Loss for the period	-	-	-	-	-	(627)	(627)	-	(627)
Balance at September 30, 2018	10,736	(892)	-	-	42,196	(24,525)	27,515	-	27,515
Balance at July 1, 2019	10,736	(892)	-	-	45,696	(34,284)	21,256	-	21,256
Profit for the period	-	-	-	-	-	149	149	-	149
Balance at September 30, 2019	10,736	(892)	-	-	45,696	(34,135)	21,405	-	21,405

- 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.

	<b>30 September 2019</b>		<b>30 June 2019</b>	
	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.**

	<b>30/09/2019</b>	<b>30/06/2019</b>
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 holding as at end of the current financial period reported on.**

During the financial period, there were no transactions 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 30 June 2019, except for the adoption of SFRS(I) 16 Leases which became effective on or after 1 January 2019 and applicable to the Group from 1 July 2019. The adoption of SFRS(I) 16 has no significant impact to the Group's financial statements in the prior and current years.

**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.**

	<b>30/09/2019</b>	<b>30/09/2018 (Restated)</b>
Earnings per ordinary share for the period		
(a) Based on weighted average number of ordinary shares in issue (cents)	(0.60)	(0.35)
(b) On a fully diluted basis (cents)	(0.60)	(0.35)

**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.**

	<b>Group</b>		<b>Company</b>	
	<b>30/09/2019</b>	<b>30/06/2019</b>	<b>30/09/2019</b>	<b>30/06/2019</b>
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	22.17	22.74	15.35	15.24

**8. Review of the performance of the Group**

Financial performance

Group revenue for the quarter ended 30 September 2019 ("1QFY2020") totalled \$9.4 million, a decrease of 9.5% as compared to \$10.4 million in the corresponding period of the previous year ("1QFY2019"). Group revenue decreased as a result of streamlining the Group's operations, resulting in reduction of revenue, with a corresponding decrease in the cost of sales and labour costs. Gross profit margin has increased by 0.3%, from 67.1% in 1QFY2019 to 67.4% in 1QFY2020, due to the effective management of operations.

Streamlining of the Group's operations has also resulted in a decrease in administrative expenses of 6.0%, from \$5.1 million in 1QFY2019 to \$4.8 million in 1QFY2020. Labour costs



also decreased significantly by 12.2%, from \$4.1 million in 1QFY2019 to \$3.6 million in 1QFY2020. Other administrative expenses including professional fees and other expenses also decreased.

Other operating expenses increased by 0.7%, from \$2.90 million in 1QFY2019 to \$2.92 million in 1QFY2020, mainly due to an increase in delivery commissions paid as a result of an increase in sales through delivery.

Group loss before tax and net loss after tax came to \$0.8 million in 1QFY2020, which represented an increase of \$0.4 million as compared to Group loss before tax and net loss after tax of \$0.4 million in 1QFY2019.

#### Financial position and cash flow

Group cash and bank balances as at 1QFY2020 stood at \$8.0 million compared to \$1.2 million as at 30 June 2019 (“FY2019”). The Group has received a net return of \$8.1 million in relation to the partial return of capital from its investments in GREIH and GCM. The Group continues its efforts to grow its businesses, including partnering with potential strategic business partners, both locally and globally, for both raw materials supply as well as in business expansion. The Group continues to be cautious and will take reasonable steps to manage its cash flow effectively.

Total trade payables decreased by 5.0%, from \$4.0 million in FY2019 to \$3.8 million in 1QFY2020. Other payables and accruals as well as provisions of the Group have increased by 3.4%, from \$2.9 million in FY2019 to \$3.0 million in 1QFY2020, following the streamlining of its food & beverage businesses.

Shareholders’ equity for the Group and Company stood at \$30.9 million and \$21.4 million respectively as at 1QFY2020, as compared with \$31.7 million and \$21.3 million respectively as at FY2019.

The Group had negative operating cash flow of \$0.5 million in 1QFY2020. The Group continues to be cautious in ensuring continuous growth in operations and in managing its operating costs effectively.

#### Matters concerning GREIH & GCM

The Company will provide the necessary update upon notification of any material development by the Liquidators of GREIH, concerning the recovery process pursuant to the legal proceedings.

#### Matters concerning sugar trade business

Investigations are still on-going and in light of the same, the Company will provide further updates as and when it is appropriate to do so.

### **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.**

With the current uncertain global economic climate not showing clear signs of resolution in the near future, combined with the ever present intense competition within the Food & Beverage industry as well as the perennial acute labour shortage, the Group expects operating conditions to be challenging as food, labour, rental and utilities costs continue to rise in the foreseeable next 12 months. The Group will continue to work hard to manage the challenging operating conditions in the Food & Beverage 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**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared or recommended for current financial period in order to conserve cash for future operations in view of prevailing business conditions of the Group.

**13. Disclosure of interested person 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 quarter ended 30 September 2019 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 2019