

SAKAE HOLDINGS LTD.

Company Registration Number 199604816E

(Incorporated in the Republic of Singapore)

ANNOUNCEMENT PURSUANT TO RULES 704(6) OF THE LISTING MANUAL IN RELATION TO MATERIAL DIFFERENCE BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD OF 18 MONTHS ENDED 30 JUNE 2018

The Board refers to the announcement released by the Company via the SGXNet on 29 August 2018 in relation to the Unaudited Financial Statements For the Financial Period of 18 months Ended 30 June 2018 (the “**Preliminary Results**”). Further reference is made to the Audited Financial Statements For the Financial Period of 18 months Ended 30 June 2018 (the “**Audited Financial Statements**”) which will be provided to shareholders and the SGX-ST on 12 October 2018 as part of the FY2018 Annual Report.

Since the release of the Preliminary Results, the audit of the consolidated financial statements of the Group and the financial statements of the Company for FY2018 has been completed. Pursuant to Rule 704(6) of the Listing Manual, the Board wishes to announce and clarify the differences between the Preliminary Results and the Audited Financial Statements.

Set out below are the variances in the Statement of Financial Position, Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Cash Flows of the Group as compared to the Preliminary Results:

Statement of Financial Position

	Group				Company			
	Audited	Preliminary	Variance	Notes	Audited	Preliminary	Variance	Notes
	Financial	Results			Financial	Results		
Statements	Results	S\$'000	S\$'000	Statements	Results	S\$'000	S\$'000	
ASSETS								
Current assets:								
Cash and cash equivalents	4,148	4,160	(12)	Immaterial	1,282	1,282	-	
Trade receivables	3,068	3,734	(666)	(a)	205	205	-	
Other receivables and prepayments	10,871	14,890	(4,019)	(a),(b)	3,158	1,791	1,367	(b)
Inventories	1,830	1,830	-		64	64	-	
Held for trading investments	2,046	2,046	-		1,507	1,507	-	
Income tax recoverable	1,209	733	476	(a),(c)	-	-	-	
Total current assets	23,172	27,393	(4,221)		6,216	4,849	1,367	
Non-current assets:								
Subsidiaries	-	-	-		10	10	-	
Due from subsidiaries	-	-	-		18,897	19,545	(648)	(e)
Associates	10,468	10,523	(55)	(f)	6,792	6,792	-	
Joint venture	350	150	200	(g)	-	-	-	
Other investment	105	92	13	(d)	-	-	-	
Property, plant and equipment	73,974	73,393	581	(h)	61,733	61,733	-	
Investment properties	2,920	2,929	(9)		-	-	-	
Development cost	322	322	-		-	-	-	
Goodwill	3,968	742	3,226	(b)	3,225	-	3,225	(b)
Total non-current assets	92,107	88,151	3,956		90,657	88,080	2,577	
Total assets	115,279	115,544	(265)		96,873	92,929	3,944	
LIABILITIES AND SHAREHOLDERS' EQUITY								
Current liabilities:								
Bank loans	51,125	50,499	626	(a),(l)	48,208	47,339	869	(t)
Trade payables	4,053	4,199	(146)	(a)	1,819	1,819	-	
Other payables and accruals	4,161	4,279	(118)	(a),(h)	2,240	4,198	(1,958)	(e),(t)
Provisions	748	756	(8)	Immaterial	133	133	-	
Due to subsidiaries	-	-	-		4,640	-	4,640	(e)
Income tax payable	463	-	463	(c)	-	-	-	
Total current liabilities	60,550	59,733	817		57,040	53,489	3,551	
Non-current liabilities:								
Bank loans	3,873	3,873	-		3,873	3,873	-	
Deferred tax liabilities	7,818	8,228	(410)	(i)	7,818	7,818	-	
Total non-current liabilities	11,691	12,101	(410)		11,691	11,691	-	
Capital and reserves and non-controlling interests:								
Issued capital	10,736	10,736	-		10,736	10,736	-	
Treasury shares	(892)	(892)	-		(892)	(892)	-	
Capital reserve	166	166	-		-	-	-	
Currency translation reserve	(854)	795	(1,649)	(j)	-	-	-	
Revaluation reserve	43,035	42,250	785		42,196	42,196	-	
Accumulated losses	(10,499)	(11,099)	600	(a),(l)	(23,898)	(24,291)	393	(n)
Equity attributable to equity holders of the Company	41,692	41,956	(264)		28,142	27,749	393	
Non-controlling interests	1,346	1,754	(408)	(a)	-	-	-	
Total equity	43,038	43,710	(672)		28,142	27,749	393	
Total liabilities and equity	115,279	115,544	(265)		96,873	92,929	3,944	

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Group			
	Audited Financial Statements	Preliminary Results	Variance	Notes
	S\$'000	S\$'000	S\$'000	
Revenue	94,154	99,539	(5,385) (m)	
Cost of sales	(37,743)	(43,350)	5,607 (m)	
Gross profit	56,411	56,189	222	
Other operating income	21,964	11,757	10,207 (s)	
Administrative expenses	(40,877)	(39,857)	(1,020) (a),(l)	
Other operating expenses	(28,558)	(19,445)	(9,113) (a),(s)	
Non-operating expenses	(1,952)	(1,462)	(490) (o)	
Finance cost	(1,959)	(1,848)	(111) (r)	
Profit before income tax	5,029	5,334	(305)	
Income tax	(83)	(359)	276 (a),(i)	
Profit after income tax	4,946	4,975	(29)	
Attributable to:				
Equity holders of the company	5,004	4,893	111	
Non-controlling interest	(58)	82	(140) (a)	
	4,946	4,975	(29)	
Profit for the period	4,946	4,975	(29)	
Other comprehensive income:				
Revaluation of properties	1,476	691	785 (k)	
Currency translation differences	1,295	3,212	(1,917) (j)	
Total comprehensive income for the period	7,717	8,878	(1,161)	
Attributable to:				
Equity holders of the company	7,805	8,558	(753)	
Non-controlling interest	(88)	320	(408)	
	7,717	8,878	(1,161)	

Consolidated Statement of Cash Flows

	Group			
	Audited	Preliminary	Variance	Notes
	Financial Statements	Results		
	S\$'000	S\$'000	S\$'000	
Operating activities				
Profit before income tax	5,029	5,334	(305)	(l)
Adjustments for:				
Depreciation of property, plant and equipment	5,329	5,501	(172)	(l)
Depreciation of investment properties	51	57	(6)	Immaterial
Amortisation of prepaid lease	76	-	76	(q)
Loss on disposal of property, plant, equipment, net	133	23	110	(l)
Write-off of property, plant and equipment	1,061	798	263	(l)
Write back of impairment loss on property, plant and equipment	-	(600)	600	(l)
Write back of impairment loss on investment in associate companies	(10,468)	(10,523)	55	(f)
Allowance for inventory obsolescence	5,695	-	5,695	(m)
Impairment loss on property, plant and equipment	4	-	4	Immaterial
Impairment loss recognised on trade receivables	91	6,730	(6,639)	(p)
Dividend income from held for trading investments	(99)	-	(99)	(l)
Fair value loss on held for trading investments	744	656	88	(l)
Net (Reversal of) provision for early termination of leases	(2,379)	(1,997)	(382)	(l)
Net (Reversal of) provision for reinstatement costs	(143)	(71)	(72)	(l)
Unrealised foreign exchange (gain) loss	(1,920)	1,552	(3,472)	(l)
Interest expense	1,959	1,848	111	(r)
Interest income	(59)	(59)	-	
Operating cash flows before movements in working capital	5,104	9,249	(4,145)	
Trade receivables	(798)	(7,478)	6,680	(a),(l)
Other receivables and prepayments	356	(3,481)	3,837	(a),(b),(l)
Inventories	(5,168)	527	(5,695)	(m),(p)
Trade payables	(2,604)	(2,458)	(146)	(a)
Other payables and accruals	1,155	(1,706)	2,861	(a),(l)
Cash used in from operations	(1,955)	(5,347)	3,392	
Interest paid	(1,959)	(1,848)	(111)	(r)
Interest received	59	59	-	
Income taxes and withholding taxes paid	(287)	-	(287)	(c)
Net cash used in operating activities	(4,142)	(7,136)	2,994	
Investing activities				
Purchase of property, plant and equipment	(1,136)	(841)	(295)	(a),(h)
Purchase of intangible asset	(322)	(322)	-	
Dividend income from held for trading investments	99	-	99	(l)
Investment in unquoted investment	(105)	-	(105)	(d)
Cash payment for acquisition of subsidiary	(3,225)	-	(3,225)	(b)
Redemption of preference shares	192	100	92	(d)
Investment in joint venture	(200)	-	(200)	(g)
Net cash used in investing activities	(4,697)	(1,063)	(3,634)	
Financing activities				
Proceeds from bank loans	17,205	8,723	8,482	(a),(l)
Repayment of bank loans	(12,822)	(4,966)	(7,856)	(a),(l)
Net cash from financing activities	4,383	3,757	626	
Net increase in cash and cash equivalents	(4,456)	(4,442)	(14)	
Cash and cash equivalents at beginning of period	8,627	8,627	-	
Effects on exchange rate changes on the balance of cash held in foreign currencies	(23)	(25)	2	(u)
Cash and cash equivalents at end of period	4,148	4,160	(12)	

Notes of explanation on material variances:

- (a) Due to the amendments made to the financial statements. During the announcement of the Preliminary Results, the Company had relied on Cocosa Export S.A. ("Cocosa Export")'s management accounts to derive the consolidated financial statements, as the audit for Cocosa Export was still in progress.
- (b) Due to reclassification on the purchase consideration of Cocosa Export.
- (c) Due to finalisation of income tax computations by the Group's Malaysian subsidiaries.
- (d) Due to adjustment on redemption of preference shares and new investment in unit trust fund by the Group's Malaysian subsidiaries.
- (e) Due to the reclassification between amounts due from and to subsidiaries.
- (f) Due to amendments made on investment in associates.
- (g) Due to payment of considerations for shares subscription in Novitee Pte. Ltd.
- (h) Due to additional fixed assets purchased in Group's Malaysian subsidiaries.
- (i) Due to finalisation of deferred income tax computations by the Group's Malaysian and Chilean subsidiaries.
- (j) Due to adjustment of currency translation differences on oversea subsidiaries.
- (k) Due to revaluation of assets by the Group's Malaysian and Chilean subsidiaries.
- (l) Due to the amendments made on the financial statements of Malaysian and Chilean subsidiaries.
- (m) The Group reversed certain commodities sales transactions ("Transactions") amounting to \$5.9 million and related receivables from its books and made a provision of \$5.7 million in the inventory related to these Transactions.
- (n) Due to decrease in realised foreign exchange gain.
- (o) Due to additional legal fees incurred.
- (p) Due to the reversal of allowance for impairment of trade receivables.
- (q) Due to adjustment on amortisation of prepaid lease.
- (r) Due to adjustments for interest costs from Malaysian and Chilean subsidiaries.
- (s) Due to reclassification of write-back of allowance for impairment loss on investment in associates of \$10.5 million.
- (t) Due to reclassification of trust receipts.
- (u) Due to finalisation of the computation of effects on exchange rate changes on the balance of cash held in foreign currencies.

By Order of the Board

Douglas Foo Peow Yong
Executive Chairman
12 October 2018