



Sakae Holdings Ltd.
(Company Registration No. 199604816E)

Condensed Interim Financial Statements
For the Six Months and Full Year ended 30 June 2023

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Group					
		Six months ended 30 June		Increase / (Decrease)	Twelve months ended 30 June		Increase / (Decrease)
		2023 (2H2023) \$'000	2022 (2H2022) \$'000	%	2023 (FY2023) \$'000	2022 (FY2022) \$'000	%
Revenue	4	7,849	8,760	(10.4)	17,058	17,178	(0.7)
Cost of sales		(2,985)	(3,080)	(3.1)	(5,922)	(6,055)	(2.2)
Gross profit		4,864	5,680	(14.4)	11,136	11,123	0.1
Other operating income and gains		5,552	4,824	15.1	7,840	7,696	1.9
Administrative expenses		(6,744)	(7,005)	(3.7)	(12,687)	(13,296)	(4.6)
Other operating expenses		(1,687)	(2,186)	(22.8)	(3,502)	(3,633)	(3.6)
Impairment on trade and other receivables		-	(9)	(100.0)	-	(9)	(100.0)
Finance costs							
- Interest on borrowings		(639)	(317)	101.6	(1,167)	(599)	94.8
- Interest on leases		(286)	(256)	11.7	(547)	(515)	6.2
Profit before income tax	7	1,060	731	45.0	1,073	767	39.9
Tax credit	8	221	294	(24.8)	217	293	(25.9)
Profit for the period/year		1,281	1,025	25.0	1,290	1,060	21.7
Other comprehensive income:							
<i>Items that will not be reclassified</i>							
<i>Subsequently to profit or loss</i>							
<i>Revaluation of property, plant and</i>							
<i>equipment, net of tax</i>		1,654	4,057	(59.2)	1,654	4,050	(59.2)
<i>Items that may be reclassified</i>							
<i>subsequently to profit or loss</i>							
Currency translation differences arising from consolidation		(140)	41	N.M.	(310)	8	N.M.
Other comprehensive income for the period, net of tax		1,514	4,098	(63.1)	1,344	4,058	(66.9)
Total comprehensive income for the period		2,795	5,123	(45.4)	2,634	5,118	(48.5)
Basic and diluted profit per share		0.92	0.73		0.93	0.76	

B. Condensed interim statements of financial position

	Note	Group		Company	
		30/06/2023	30/06/2022	30/06/2023	30/06/2022
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets:					
Cash and bank balances	11	5,784	7,731	3,200	3,569
Trade receivables		638	836	45	149
Other receivables and prepayments	12	885	1,022	146	191
Inventories		430	440	11	13
Non-current assets classified as held for sale	13	-	408	-	-
Income tax recoverable		2	232	-	-
Total current assets		7,739	10,669	3,402	3,922
Non-current assets:					
Deposits		65	5	-	-
Subsidiaries		-	-	10	10
Due from subsidiaries		-	-	3,525	2,662
Equity investments at fair value through profit or loss	14	4,100	4,496	4,100	4,496
Investment property		395	-	-	-
Property, plant and equipment	15	102,322	103,742	99,999	100,461
Total non-current assets		106,882	108,243	107,634	107,629
Total assets		114,621	118,912	111,036	111,551
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Bank loans	16	22,962	25,937	22,962	25,937
Lease liabilities		1,438	1,675	377	373
Trade payables		1,485	1,639	387	399
Other payables and accruals		1,482	2,057	1,142	1,158
Provisions		210	250	50	50
Due to subsidiaries		-	-	6,994	5,490
Total current liabilities		27,577	31,558	31,912	33,407
Non-current liabilities:					
Bank loans	16	1,816	3,068	1,816	3,068
Lease liabilities		10,339	11,326	9,557	9,882
Deferred tax liabilities	17	13,148	13,099	13,148	13,099
Total non-current liabilities		25,303	27,493	24,521	26,049
Equity:					
Share capital	18	10,736	10,736	10,736	10,736
Treasury shares	18	(951)	(892)	(951)	(892)
Currency translation reserve		(1,007)	(697)	-	-
Revaluation reserve	19	73,773	72,119	73,773	72,119
Accumulated losses		(20,810)	(21,405)	(28,955)	(29,868)
Total equity		61,741	59,861	54,603	52,095
Total liabilities and equity		114,621	118,912	111,036	111,551

C. Condensed interim consolidated statement of cash flows

	12 months ended 30 June	
	2023 (FY2023)	2022 (FY2022)
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	1,073	767
Adjustments for:		
Bad debts written off	9	-
Depreciation of property, plant and equipment	2,230	2,328
Depreciation of right-of-use assets	1,816	2,073
Rental rebate on leases	(27)	(80)
Reversal of impairment on property, plant and equipment	(7)	(114)
Reversal of impairment on other receivables	(12)	-
Impairment loss on property, plant and equipment	8	-
Impairment loss on trade receivables	100	-
Loss on disposal of property, plant and equipment	22	21
Gain on disposal of investment in joint venture	-	(400)
Gain on disposal of non-current assets classified as held for sale	-	(56)
Gain on liquidation in subsidiaries	(138)	-
Fair value gain on investment property	(21)	-
Property, plant and equipment written off	3	175
Fair value gain on equity investments in FVTPL	(3,085)	(2,310)
Impairment loss on trade and other receivables	-	9
Unrealised foreign currency exchange gain	(149)	(177)
Dividend income on equity investment at FVTPL	-	(1)
Interest expense	1,714	1,114
Interest income	(41)	(6)
Operating cash flows before working capital changes	3,495	3,343
Trade receivables	101	(305)
Other receivables and prepayments	77	531
Inventories	10	(59)
Trade payables	(154)	(274)
Other payables and accruals	(532)	(1,031)
Cash from operations	2,997	2,205
Interest paid	(1,714)	(1,114)
Interest received	41	6
Income tax and withholding taxes refunded/(paid), net	155	12
Grant received for acquisition of property, plant and equipment	-	49
Net cash from operating activities	1,479	1,158
Cash flows from investing activities		
Purchase of property, plant and equipment	(279)	(423)
Dividend income from equity investments	-	1
Receipts of partial liquidation proceed	3,481	7,654
Proceeds from liquidation of subsidiaries	138	-
Proceeds from disposal of equity investment at FVTPL	-	5
Proceeds from disposal of property, plant and equipment	-	43
Proceeds from disposal of non-current assets classified as held for sale	-	3,670
Proceeds from disposal of joint venture	-	400
Purchase of treasury shares	(59)	-
Net cash from investing activities	3,281	11,350
Cash flows from financing activities		
Repayment of leases	(1,670)	(2,122)
Repayment of bank loans	(4,227)	(3,719)
Dividend paid	(695)	(1,674)
Net cash used in financing activities	(6,592)	(7,515)
Net (decrease)/increase in cash and cash equivalents	(1,832)	4,993
Cash and cash equivalents at beginning of financial year	7,731	2,672
Effects of exchange rate changes on cash and cash equivalents	(115)	66
Cash and cash equivalents at end of financial year	5,784	7,731

D. Condensed interim statements of changes in equity

	Share capital \$'000	Treasury shares \$'000	Currency translation reserve \$'000	Revaluation reserve \$'000	Accumulated losses (profits) \$'000	Attributable to equity holders of the company \$'000
Group						
Balance at July 1, 2021	10,736	(892)	(705)	69,008	(21,730)	56,417
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	-	-	1,060	1,060
Other comprehensive income for the year	-	-	8	4,050	-	4,058
Disposal of non-current assets classified as held for sale	-	-	-	(939)	939	-
Dividend paid	-	-	-	-	(1,674)	(1,674)
Total	-	-	8	3,111	325	3,444
Balance at June 30, 2022	10,736	(892)	(697)	72,119	(21,405)	59,861
Balance at July 1, 2022	10,736	(892)	(697)	72,119	(21,405)	59,861
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	-	-	1,290	1,290
Other comprehensive income for the year	-	-	(310)	1,654	-	1,344
Repurchase of shares	-	(59)	-	-	-	(59)
Dividend paid	-	-	-	-	(695)	(695)
Total	-	(59)	(310)	1,654	595	1,880
Balance at June 30, 2023	10,736	(951)	(1,007)	73,773	(20,810)	61,741
	Share capital \$'000	Treasury shares \$'000	Revaluation reserve \$'000	Accumulated losses (profits) \$'000	Total \$'000	
Company						
Balance at July 1, 2021	10,736	(892)	68,069	(30,821)	47,092	
<i>Total Comprehensive income for the year</i>						
Profit for the year	-	-	-	2,627	2,627	
Dividend paid	-	-	-	(1,674)	(1,674)	
Other comprehensive income	-	-	4,050	-	4,050	
Total	-	-	4,050	953	5,003	
Balance at June 30, 2022	10,736	(892)	72,119	(29,868)	52,095	
Balance at July 1, 2022	10,736	(892)	72,119	(29,868)	52,095	
<i>Total Comprehensive income for the year</i>						
Profit for the year	-	-	-	1,608	1,608	
Other comprehensive income for the year	-	-	1,654	-	1,654	
Repurchase of shares	-	(59)	-	-	(59)	
Dividend paid	-	-	-	(695)	(695)	
Total	-	(59)	1,654	913	2,508	
Balance at June 30, 2023	10,736	(951)	73,773	(28,955)	54,603	

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Sakae Holdings Ltd. (the “Company”) is incorporated and domiciled in Singapore. Its shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the twelve months ended 30 June 2023 are for the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company consist of the business of operating restaurants, trading of raw food materials, food processing and operating as caterer and event organiser.

The principal activities of the Group consist of the business of investment holding, operating restaurants, kiosks and cafes, provision of corporate advisory services, provision of cold storage warehousing and logistics services.

2. Basis of preparation

The condensed interim financial statements for the twelve months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore (“Standards”). The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last audited annual financial statements for the year ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The condensed interim financial statements are presented in Singapore dollars, which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 July 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future period affected.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period from 1 July 2022 to 30 June 2023 ("FY2023").

4. Revenue

	Group			
	Six months ended 30 June		Twelve months ended 30 June	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Types of goods and services				
Food and beverage sales	7,581	8,525	16,317	16,332
Rendering of services	268	235	741	846
Total	7,849	8,760	17,058	17,178
Timing of revenue recognition				
At a point in time	7,849	8,760	17,058	17,178

5. Segment information

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is specifically focused on the category of each type of goods and services. The Group's reportable segments under SFRS(I) 8 Operating Segments are therefore as follows:

- Sakae Sushi, which is the main brand in provision of food and beverages to retail customers from the general public.
- Hei Sushi, which is the main brand in provision of halal food and beverages to retail customers from the general public.
- Other products and services, which is inclusive of other brands and services offered by the Group namely Sakae Teppanyaki, Sakae Delivery, Senjyu, Crepes & Cream and Nouvelle Events, Japanmartsg and Sakae Corporate Advisory.

5.1 Reportable segments

Information regarding the Group's reportable segments is presented below.

Twelve months ended 30 June	Revenue		Net profit	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Sakae Sushi	4,988	6,139	686	1,000
Hei Sushi	7,819	8,331	1,685	1,387
Other products and services	6,281	5,369	741	846
Less: Inter-segment revenue	(2,030)	(2,661)	-	-
Total	17,058	17,178	3,112	3,233

Central administration costs and directors' salaries	(8,165)	(9,048)
Other operating income and gains	4,755	5,386
Finance costs	(1,714)	(1,114)
Fair value gain on equity investments at FVTPL	3,085	2,310
Profit before income tax	1,073	767
Income tax credit	217	293
Profit for the financial year	1,290	1,060

Twelve months ended 30 June	Depreciation		Additions to property, plant and equipment	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Sakae Sushi	1,044	1,743	710	1,367
Hei Sushi	1,010	778	111	1,684
Unallocated corporate items	1,992	1,880	-	-
Total	4,046	4,401	821	3,051

	Segment Assets		Segment Liabilities	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Sakae Sushi	17,246	19,941	28,517	35,688
Hei Sushi	1,750	2,776	3,294	2,376
Other products and services	1,525	1,699	21,069	20,987
Unallocated corporate items	94,100	94,496	-	-
Total	114,621	118,912	52,880	59,051

5.2 Disaggregation of revenue

	Revenue		Property, plant and equipment	
	Twelve months ended 30 June		30 June	30 June
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	S\$'000
Singapore	14,658	14,886	101,695	103,274
Malaysia	2,400	2,292	627	468
	17,058	17,178	102,322	103,742

6. Financial instruments

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 June 2023:

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Financial assets				
At amortised cost	7,232	9,552	6,916	6,568
At fair value through profit or loss	4,100	4,496	4,100	4,496
	<u>11,332</u>	<u>14,048</u>	<u>11,016</u>	<u>11,064</u>
Financial liabilities				
At amortised cost	<u>39,580</u>	<u>45,569</u>	<u>43,181</u>	<u>46,254</u>

7. Profit before income tax

Six months ended 30 June	Group	
	2023	2022
	\$'000	\$'000
Depreciation of property, plant and equipment	1,099	1,156
Depreciation of right-of-use assets	713	986
Gain on disposal of property, plant and equipment, net	45	33
Write-off of property, plant and equipment	12	100
Interest on borrowings	639	317
Interest on leases	286	256
	<u>2,894</u>	<u>3,948</u>
Twelve months ended 30 June	Group	
	2023	2022
	\$'000	\$'000
Depreciation of property, plant and equipment	2,230	2,328
Depreciation of right-of-use assets	1,816	2,073
Loss on disposal of property, plant and equipment, net	22	21
Fair value gain on equity investment at FVTPL	(3,085)	(2,310)
Gain on disposal of investment in joint venture	-	(400)
Write-off of property, plant and equipment	3	175
Gain on disposal assets classified as held for sale	-	(56)
Interest on borrowings	1,167	599
Interest on leases	547	515
	<u>2,690</u>	<u>2,946</u>

8. Tax Credit

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit and loss are:

Six months ended 30 June	Group	
	2023	2022
	\$'000	\$'000
Current income tax credit	221	11
Deferred tax credit (Note 17) current	-	283
Total tax credit	221	294

Twelve months ended 30 June	Group	
	2023	2022
	\$'000	\$'000
Current income tax (credit)/expense	(73)	10
Deferred tax credit (Note 17) current	290	283
Total tax credit	217	293

On 28 July 2023, the Company has submitted the latest revised tax return for Year of Assessment 2018 ("YA18"), claiming relief on an amount due from its subsidiary, Sakae Capital Pte Ltd. Pending the review by the Comptroller of Income Tax and finalisation of YA18 tax assessment, there may be changes on the amount of carried forward losses that can be utilised in subsequent year of assessments.

9. **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	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	44.43	42.92	39.29	37.35

10. Earnings per share

Six months ended 30 June	Group	
	2023	2022
Total profit for the year (\$'000)	1,281	1,025
Basic earnings per share (cents)	0.92	0.73
Diluted earnings per share (cents)	0.92	0.73

Twelve months ended 30 June	Group	
	2023	2022
Total profit for the year (\$'000)	1,290	1,060
Basic earnings per share (cents)	0.93	0.76
Diluted earnings per share (cents)	0.93	0.76

Explanatory notes:

Earnings per share is calculated based on the Group's total profit for the period/year divided by the weighted average number of ordinary share of the Company of 139,135,000 (30 June 2022: 139,472,000) shares for the period under review.

Weighted-average number of ordinary shares

	Group	
	2023	2022
	'000	'000
Issued ordinary shares	142,000	142,000
Effect of treasury shares	(2,865)	(2,528)
Weighted-average number of ordinary shares during the year	139,135	139,472

11. Cash and cash equivalents

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Cash at banks	3,883	7,710	3,199	3,567
Cash on hand	20	21	1	2
Fixed deposits	1,881	-	-	-
Cash and cash equivalents in consolidated statement of cash flow	5,784	7,731	3,200	3,569

12. Other receivables and prepayments

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Other receivables	405	431	393	393
Less: allowance for impairment loss	(393)	(393)	(393)	(393)
	12	38	-	-
Deposits	798	947	146	188
Prepayments	75	37	-	3
Total	885	1,022	146	191

13. Non-current assets classified as held for sale

	Group	
	30 June 2023	30 June 2022
	\$'000	\$'000
<u>Property held for sale</u>		
Balance at the beginning of the financial period/year	408	4,022
Disposal	-	(3,604)
Exchange differences	(34)	(10)
	374	408
Reclassified to investment property	(374)	-
Balance at the end of the financial year	-	408

14. Equity Investments at fair value through profit or loss

Presented as non-current assets:

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Unquoted equity shares, at fair value	4,100	4,496	4,100	4,496

Investments in unquoted equity shares relate to the following:

	Proportion of ownership interest	Country of incorporation
	%	
<i>Under liquidation:</i>		
Griffin Real Estate Investments Holdings Pte Ltd ("GREIH")	24.69	Singapore
Gryphon Capital Management Pte Ltd ("GCM")	20.00	Singapore

The Group's investments in GREIH and GCM were previously accounted for as investments in associates. With the commencement of liquidation proceedings in 2017, the Group re-classified its cost of investments in GREIH and GCM to available-for-sale investments during the financial period ended 30 June 2018. As of 1 July 2018, the Group reclassified the available-for-sale investments to equity investments at fair value through profit or loss following its adoption of SFRS(l) 9 *Financial Instruments*.

Fair values of the investments in unquoted equity shares are determined based on the net expected amounts to be realised through the sale of assets and repayment of obligations as assessed by the liquidators as at end of reporting period.

Unquoted equity shares are classified as Level 3 (30 June 2022 : Level 3) in the fair value hierarchy.

Movement for unquoted equity shares at fair value for the financial period/year is as follow:

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial period/year	4,496	9,840	4,496	9,840
Receipts of partial liquidation proceeds	(3,481)	(7,654)	(3,481)	(7,654)
Fair value gain for the financial period/year	3,085	2,310	3,085	2,310
	4,100	4,496	4,100	4,496

During the current financial year, the group received the partial returns of capital from the liquidator of GREIH of \$3,481,000 (30 June 2022 : \$7,654,000).

15. Property, Plant and Equipment

During the year ended 30 June 2023, the Group acquired property, plant and equipment with an aggregate cost of \$279,000 (30 June 2022: \$423,000).

16. Bank Loans

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
<u>Amount repayable within one year or on demand</u>				
Secured	21,710	24,710	21,710	24,710
Unsecured	1,252	1,227	1,252	1,227
	22,962	25,937	22,962	25,937
<u>Amount repayable after one year</u>				
Unsecured	1,816	3,068	1,816	3,068

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.

17. Deferred Tax Liabilities

The following are the major deferred tax liabilities recognised by the Group and Company, and, movements thereon, during the current and prior reporting periods:

	Revaluation reserve \$'000	Accelerated tax depreciation \$'000	Total \$'000
<u>Group</u>			
At 1 July 2021	12,543	9	12,552
Charge to other comprehensive Income	830	-	830
Credit to profit and loss	(283)	-	(283)
At 30 June 2022	13,090	9	13,099
Charge to other comprehensive Income	339	-	339
Credit to profit and loss	(290)	-	(290)
At 30 June 2023	13,139	9	13,148

	Revaluation reserve \$'000	Accelerated tax depreciation \$'000	Total \$'000
<u>Company</u>			
At 1 July 2021	12,543	9	12,552
Charge to other comprehensive income	830	-	830
Credit to profit or loss	(283)	-	(283)
At 30 June 2022	13,090	9	13,099
Charge to other comprehensive income	339	-	339
Credit to profit and loss	(290)	-	(290)
At 30 June 2023	13,139	9	13,148

18. Share Capital

	Group and Company			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
			Total share capital	
Issued and paid up:				
At beginning and end of the year	142,000	142,000	10,736	10,736

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

The total number of issued shares (excluding treasury shares) was 138,972,000 (30 June 2022 : 139,472,000).

Treasury shares

The Company's treasury shares as set out below.

	Group and Company			
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
	<u>Number of ordinary shares</u>		<u>Total share capital</u>	
Issued and fully paid up:				
At beginning of the year	2,528	2,528	892	892
Shares purchased during the year	500	-	59	-
At end of the year	<u>3,028</u>	<u>2,528</u>	<u>951</u>	<u>892</u>

During the period the Company acquired 500,000 of its own shares through purchases on the Singapore Exchange Securities Trading Limited. The total amount paid to acquire the shares was \$59,000 and has been deducted from shareholders' equity.

19. Revaluation Reserve

The property revaluation reserve arises on the revaluation of leasehold building.

	Group
	\$'000
At 1 July 2021	69,008
Recognised in other comprehensive income	4,050
Reversal of revaluation reserves on disposal of non-current assets classified as held for sale	(939)
At 30 June 2022	<u>72,119</u>
At 1 July 2022	72,119
Recognised in other comprehensive income	1,654
Reversal of revaluation reserves on disposal of non-current assets classified as held for sale	-
At 30 June 2023	<u>73,773</u>

20. Dividend

	Group and Company	
	30 June	30 June
	2023	2022
	\$'000	\$'000
A final dividend of 0.5 cents per share tax exempt one-tier on the issued and fully paid ordinary shares	695	1,674
	<u>695</u>	<u>1,674</u>

21. Related party transactions

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

In addition to the related party information disclosed elsewhere in the notes to the financial statements, group entities entered into the following transactions with related parties during the financial period.

Twelve months ended 30 June	Group	
	2023 \$'000	2022 \$'000
Rental income	490	451

22. Subsequent events

There are no known subsequent events which have led to adjustments to these condensed interim financial statements.

F. Other Information required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Sakae Holdings Ltd and its subsidiaries as at 30 June 2023, the related condensed profit or loss and other comprehensive income, condensed consolidated statements of changes in equity, condensed consolidated statement of cash flows for the six months period and twelve months then ended, and, certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Financial performance (2HFY2023 vs 2HFY2022)

Group revenue for the half-year ended 30 June 2023 (“2HFY2023”) totalled \$7.8 million, a decrease of 10.4% as compared to \$8.8 million in the corresponding period of the previous year (“2HFY2022”). Among other headwinds, tighter competition in the Food & Beverage sector, in an inflationary environment and the gradual market recovery contributed to the decrease. In Malaysia, the foreign exchange rate also contributed to lower sales values in Singapore dollars. The Group will continue its effort to develop new product offerings for dining and online delivery orders, and connect closely with our customers through social media and various marketing platforms.

Inflation in raw material prices has led to a decline of 2.8% in gross profit margin from 64.8% in 2HFY2022 to 62.0% in 2HFY2023. The Group will continue to manage this through effective pricing strategies and ongoing cost review, while upholding the Group’s commitment to provide our customers with good food at great value.

Other operating income and gains increased by 15.1%, from \$4.8 million in 2HFY2022 to \$5.6 million in 2HFY2023. This is mainly due to higher fair value gain on equity investment by \$0.8 million.

Administrative expenses decreased by 3.7%, from \$7.0 million in 2HFY2022 to \$6.7 million in 2HFY2023, due to lower labour cost and cost management measures put in place.

Other operating expenses decreased by 22.8%, from \$2.2 million in 2HFY2022 to \$1.7 million in 2HFY2023, mainly due to timing differences of Right-of-Use (ROU) adjustments.

Finance costs increased from \$0.6 million in 2HFY2022 to \$0.9 million in 2HFY2023, mainly due to an increase in interest rates during the period.

Group profit before tax and net profit for 2HFY2023 are recorded at \$1.1 million and \$1.3 million respectively, which represent an increase of \$0.4 million and \$0.3 million, as compared to Group profit before tax and net profit for 2HFY2022 of \$0.7 million and \$1.0 million respectively.

Financial performance (FY2023 vs FY2022)

Group revenue for the twelve months ended 30 June 2023 (“FY2023”) totalled \$17.1 million, compared with \$17.2 million in the corresponding period of the previous year (“FY2022”). During FY2023, the Group has continued towards building up its online orders and delivery services, as well as innovating new product offerings at attractive prices.

Despite the ongoing inflationary trend in raw material costs in FY2023, the Group has improved its gross profit margin from 64.8% in FY2022 to 65.3% in FY2023, through effective food cost management, while continuing to serve great quality food to our customers.

Administrative expenses decreased by 4.6%, from \$13.3 million in FY2022 to \$12.7 million in FY2023, due to lower labour cost and cost management measures put in place.

Other operating expenses decreased by 3.6%, from \$3.6 million in FY2022 to \$3.5 million in FY2023, mainly due to lower platform commission paid for online orders.

Finance costs increased from \$1.1 million to \$1.7 million, mainly due to an increase in interest rates during the period.

Group profit before tax and net profit for FY2023 are recorded at \$1.1 million and \$1.3 million respectively, which represent an increase of \$0.3 million and \$0.2 million, as compared to Group profit before tax and net profit for FY2022 of \$0.8 million and \$1.1 million.

Financial position of the Group

Group and Company cash and bank balances as at 30 June 2023 ("FY2023") stood at \$5.8 million and \$3.2 million respectively as compared to \$7.7 million and \$3.6 million respectively as at 30 June 2022 ("FY2022"). The Group received a net return of \$3.4 million in relation to the partial return of capital from its investment in GREIH in FY2023. In addition, the Group has distributed a final tax exempt (one-tier) dividend of \$0.7 million and reduced bank borrowings of \$4.2 million in FY2023. The Group continues to be cautious and will take reasonable steps to manage its cash flow effectively.

The non-current assets classified as held for sale in FY2022 has been reclassified as investment property in FY2023 in accordance to requirements of Financial Reporting Standards.

Trade receivables decreased by 23.7%, from \$0.8 million in FY2022 to \$0.6 million in FY2023, with improved customer collection.

Equity investments at fair value reduced by 8.8% from \$4.5 million in FY2022 to \$4.1 million in FY2023 with partial return of capital from its investment in GREIH.

Shareholders' equity for the Group and Company stood at \$61.7 million and \$54.6 million respectively as at FY2023, as compared with \$59.9 million and \$52.1 million respectively as at FY2022.

Cash flow of the Group

The Group generated operating cash flows of \$1.5 million in FY2023, as compared to \$1.2 million in FY2022. Cash flows from investing activities of \$3.3 million, mainly from receipts of liquidation proceeds has been used to reduce bank borrowings. The Group will continue to adopt a cautious approach even as it seeks sustainable growth in its operations and in managing its operating costs effectively.

3. (i) **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 Company's Treasury shares as set out below.

	Group and Company			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$'000	\$'000	\$'000	\$'000
	<u>Number of ordinary shares</u>		<u>Total share capital</u>	
Issued and fully paid up:				
At beginning of the year	2,528	2,528	892	892
Share purchased during the year	500	-	59	-
At end of the year	<u>3,028</u>	<u>2,528</u>	<u>951</u>	<u>892</u>

During the year the Company acquired 500,000 of its own shares through purchases on the Singapore Exchange Securities Trading Limited. The total amount paid to acquire the shares was \$59,000 and has been deducted from shareholders' equity.

- (ii) **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 June 2023	30 June 2022
Number of shares held as treasury shares	3,028,000	2,528,000
Total number of issued shares (excluding treasury shares)	138,972,000	139,472,000

- (iii) **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.

- (iv) **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 was no transaction pertaining to subsidiary holdings.

4. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable as the figures have not been audited or reviewed by the Company's statutory auditors.

5. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

- (a) **Updates on the efforts taken to resolve each outstanding audit issue.**

Not applicable.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

6. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Accounting policies and methods of computation used in the condensed interim financial statements for the year ended 30 June 2023 are consistent with those applied in the consolidated financial statements for the year ended 30 June 2022.

7. 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.

8. 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.

	6 months ended 30 June	
	2023	2022
Earnings per ordinary share for the period		
(a) Based on weighted average number of ordinary shares in issue (cents)	0.92	0.73
(b) On a fully diluted basis (cents)	0.92	0.73
12 months ended 30 June		
	2023	2022
Earnings per ordinary share for the period		
(a) Based on weighted average number of ordinary shares in issue (cents)	0.93	0.76
(b) On a fully diluted basis (cents)	0.93	0.76

9. A breakdown of sales

	FY2023	FY2022	Increase / (Decrease)
	\$'000	\$'000	%
a) Revenue reported for first half year	9,209	8,418	9.4
b) Profit after income tax before deducting non-controlling interests reported for the first half year	9	35	(74.3)
c) Revenue reported for second half year	7,849	8,760	(10.4)
d) Profit after income tax before deducting non-controlling interests reported for the second half year	1,281	1,025	25.0

10. 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.

11. 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.

While the uptick in revenue of 1HFY2023 is a good reflection of the recovery trend in the Food & Beverage sector, the Group continues to face challenges from rising raw material cost, higher manpower cost due to tight labour conditions as well as competition from market operators. While the global economic outlook shows signs of recovery, the Group will continue to adopt a cautious outlook in managing its business operations to adapt to new consumer trends and demand.

The Group operates primarily in Singapore and Malaysia. As the Malaysian Ringgit and current inflationary environment continue to be headwinds, the Group expects the operating environment of the food and beverage industry to remain challenging in the next 12 months. The Group will continue to monitor the situation closely and continue its efforts to optimize its business operations amidst these challenges while exploring new market opportunities.

12. 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?

Yes.

Name of dividend	Final
Dividend type	Cash
Dividend amount per share (in cents)	0.5 cents per share
Tax rate	Tax Exempt 1-tier

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

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

No dividend has been declared or recommended for current financial period based on unaudited full year results for the financial year ended 30 June 2023. The Group will proceed conservatively in its management of resources in the uncertain global economy and will make recommendations for dividends when appropriate to do so.

14. Interested person transactions

There were no interested person transactions during the financial period ended 30 June 2023. The Company did not obtain any general mandate from its shareholders in respect of any interested person transaction.

15. Report of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Pursuant to Rule 704(13) of the SGX-ST Listing Manual, the Company wishes to inform that none of the persons occupying a managerial position in the Company or any of its principal subsidiaries is a relative to a Director or Chief Executive Officer or Substantial Shareholder of the Company as at 30 June 2023.

16. 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 twelve months ended 30 June 2023 presented in this announcement, to be false or misleading in any material respect.

17. 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 officers (in the format as set out in Appendix 7.7) under Rule 720(1).

BY ORDER OF THE BOARD

Chan Lai Yin
Company Secretary

29 August 2023