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.

STATEMENT OF PROFIT OR LOSS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Group		
	2014	2013	Increase / (Decrease)
	S$'000	S$'000	%
Revenue	97,693	98,962	(1.3)
Cost of sales	(28,568)	(27,817)	2.7
Gross profit	69,125	71,145	(2.8)
Other operating income	4,491	3,844	16.8
Administrative expenses	(42,376)	(41,294)	2.6
Other operating expenses	(25,709)	(24,899)	3.3
Non-operating expenses	(1,034)	(1,589)	(34.9)
Finance cost	(451)	(444)	1.6
Profit before income tax	4,046	6,763	(40.2)
Income tax	(1,955)	(1,230)	58.9
Profit after income tax	2,091	5,533	(62.2)
Attributable to:			
Equity holders of the company	2,091	5,365	(61.0)
Non-controlling interest	-	168	(100.0)
	2,091	5,533	(62.2)

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 2014

	Group		
	2014	2013	Increase / (Decrease)
	S$'000	S$'000	%
Net profit for the year	2,091	5,533	(62.2)
Other comprehensive income:			
Revaluation of property, net of tax	916	11,104	(91.8)
Currency translation differences	(128)	148	(186.5)
Total comprehensive income for the year	2,879	16,785	(82.8)
Attributable to:			
Equity holders of the Company	2,879	16,617	(82.7)
Non-controlling interests	-	168	(100.0)
Total comprehensive income for the year	2,879	16,785	(82.8)

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

	Group	
	2014	2013
	S$'000	S$'000
Depreciation on property, plant and equipment	5,580	5,358
Depreciation of investment property	25	6
Write back of impairment of plant and equipment	-	(18)
Gain on disposal of plant and equipment (net)	-	(18)
Loss on disposal of plant and equipment (net)	59	-
Write-off of property, plant and equipment	5	211
Amortisation of prepaid lease	51	51
Impairment loss recognised on trade receivables	60	-
Impairment loss recognised on other receivables	64	-
Changes in fair value of held for trading investments	275	-
Foreign currency exchange losses (net)	299	610
Interest expense	451	444
Interest income	(148)	(120)
Subsidy from government	(957)	(647)
Income tax expense - Adjustments recognised in relation to prior years	261	(768)

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	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Current assets:				
Cash and bank balances	11,313	11,078	2,191	3,257
Trade receivables	2,040	1,629	1,767	1,452
Other receivables and prepayments	8,208	7,512	4,957	4,633
Held for trading investments	775	-	-	-
Inventories	2,491	2,690	1,493	1,534
Total current assets	24,827	22,909	10,408	10,876
Non-current assets:				
Due from subsidiaries	-	-	21,503	15,447
Property, plant and equipment	76,595	78,139	65,878	66,540
Investment property	3,369	2,311	-	-
Investment in subsidiaries	-	-	10	-
Investment in associates	-	-	-	-
Goodwill	835	867	-	-
Total non-current assets	80,799	81,317	87,391	81,987
Total assets	**105,626**	**104,226**	**97,799**	**92,863**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Trade payables	6,521	7,548	6,869	4,977
Accruals	6,459	6,354	3,232	3,777
Due to subsidiaries	-	-	1,845	8
Income tax payable	999	1,115	915	902
Bank loans	22,345	18,426	22,345	18,426
Total current liabilities	36,324	33,443	35,206	28,090
Non-current liabilities:				
Deferred taxation	8,677	8,604	8,383	8,327
Bank loans	8,836	10,480	8,836	10,480
Total non-current liabilities	17,513	19,084	17,219	18,807
Capital and reserves:				
Share capital	10,736	10,736	10,736	10,736
Treasury shares	(892)	(892)	(892)	(892)
Reserves	41,989	41,733	35,530	36,122
Equity attributable to equity holders of the company	51,833	51,577	45,374	45,966
Non-controlling interests	(44)	122	-	-
Total equity	51,789	51,699	45,374	45,966
Total liabilities and equity	**105,626**	**104,226**	**97,799**	**92,863**

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

Amount repayable in one year or less, or on demand

As at 31/12/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
1,645	20,700	1,626	16,800

Amount repayable after one year

As at 31/12/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
8,836	-	10,480	-

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.

STATEMENT OF CASH FLOWS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Group	
	2014	2013
	S$'000	S$'000
Operating activities:		
Profit before income tax	4,046	6,763
Adjustments for:		
Impairment loss recognised on trade receivables	60	-
Impairment loss recognised on other receivables	64	-
Depreciation on property, plant and equipment	5,580	5,358
Depreciation of investment property	25	6
Loss (Gain) on disposal of plant and equipment (net)	59	(18)
Write-off of property, plant and equipment	5	211
Write-back of impairment of property, plant and equipment	-	(18)
Amortisation of prepaid lease	51	51
Unrealised foreign exchange differences	389	509
Interest expense	451	444
Interest income	(148)	(120)
Operating cash flows before movements in working capital	10,582	13,186
Trade receivables	(411)	440
Other receivables and prepayments	(747)	(476)
Inventories	199	(1,100)
Trade payables	(1,027)	151
Accruals	105	1,019
Cash generated from operations	8,701	13,220
Interest paid	(451)	(444)
Interest received	148	120
Income tax paid (net of refunds)	(1,998)	(1,182)
Net cash from operating activities	6,400	11,714
Investing activities:		
Proceeds on disposal of plant and equipment	-	48
Purchase of property, plant and equipment	(4,752)	(8,066)
Purchase of held for trading investments	(775)	-
Net cash used in investing activities	(5,527)	(8,018)
Financing activities:		
Repurchase of shares	-	(892)
Proceeds from borrowings	3,900	6,650
Repayments of borrowings	(1,625)	(5,147)
Dividends paid	(2,789)	(2,096)
Net cash used in financing activities	(514)	(1,485)
Net increase in cash and cash equivalents	359	2,211
Cash and cash equivalents at beginning of year	11,078	8,754
Effects of exchange rate changes on the balance of cash held in foreign currencies	(124)	113
Cash and cash equivalents at end of year	11,313	11,078

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	S$'000
Group									
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
Balance at January 1, 2014	10,736	(892)	-	(343)	38,708	3,368	51,577	122	51,699
Total comprehensive income for the year	-	-	-	(128)	916	2,091	2,879	-	2,879
Capital reserve	-	-	166	-	-	-	166	(166)	-
Dividend paid	-	-	-	-	-	(2,789)	(2,789)	-	(2,789)
Balance at December 31, 2014	10,736	(892)	166	(471)	39,624	2,670	51,833	(44)	51,789
Company									
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
Balance at January 1, 2014	10,736	(892)	-	-	38,026	(1,904)	45,966	-	45,966
Total comprehensive income for the year	-	-	-	-	864	1,333	2,197	-	2,197
Dividend paid	-	-	-	-	-	(2,789)	(2,789)	-	(2,789)
Balance at December 31, 2014	10,736	(892)	-	-	38,890	(3,360)	45,374	-	45,374

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.

	2014		2013	
	No. of shares ('000)	(S$'000)	No. of shares ('000)	(S$'000)
At January 1	2,528	892	-	-
Purchased during the year	-	-	2,528	892
At December 31	2,528	892	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.

	31/12/2014	31/12/2013
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.

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, 2013 other than disclosed in Note 5.

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.

Reclassification between revenue and administrative expenses for financial years ended December 31, 2013 and 2014 were made to net off discounts against revenue. Change in measurement of segment results for financial years ended December 31, 2013 and 2014. Accordingly, there is no impact on profit before tax.

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.

	31/12/2014	31/12/2013
Earnings per ordinary share for the period		
(a) Based on weighted average number of ordinary shares in issue (cents)	1.50	3.85
(b) On a fully diluted basis (cents)	1.50	3.85

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	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	37.16	36.98	32.53	32.96

8. Review of the performance of the Group

Group revenue for financial year ended December 31, 2014 ("FY2014") totalled $97.7 million, a decrease of 1.3% as compared to $99.0 million in the previous year ("FY2013"). The slight decrease in revenue is due to more intense competition in F&B industry and also attributable to weaker Malaysian Ringgit conversion of our Malaysia operations to our reporting currency in Singapore Dollars.

Other operating income increased by 16.8% from $3.8 million in FY2013 to $4.5 million in FY2014, mainly due to higher tenant occupancy at its headquarters building, credits from government scheme to support rising staff cost in current tight labour market and also increased government grants received in support of productivity projects embarked upon in 2014. The Group continues to explore new endeavours to increase productivity and efficiency in its operations.

8. Review of the performance of the Group (cont'd)

Operating expenses increased by 3.3% from $24.9 million in FY2013 to $25.7 million in FY2014. This was mainly due to increased operational cost of utlilties, dishwashing and store rental expenses.

Administrative expenses increased by 2.6% from $41.3 million in FY2013 to $42.4 million in FY2014, mainly due to higher staff expenses, as well as headcount increases to meet operational expansion. Depreciation expenses also increased with more investment of plant and equipments due to new stores opening.

Group non-operating expenses were $1.0 million in FY2014, as compared with $1.6 million in FY2013, which consist 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 of $4.0 million in FY2014, as compared to $6.8 million in FY2013, which is mainly attibutable to increased operational cost.

Income tax expenses (including additional tax charges of $0.3 million adjusted from prior year) increased by 58.9% from $1.2 million in FY2013 to $1.9 million in FY2014.

Group Balance Sheet and Cash Flow Statement

Group cash and bank balances as at 31 December 2014 stood at $11.3 million, showing an increase of $0.2 million compared to balances as at 31 December 2013. The increase is mainly due to positive cash inflow from operating activities which was offset by investments in plant and equipments to expand current operations/opening of new stores and distribution of dividends.

Held for trading investments were $0.8 million which comprises investments in quoted shares recognised at fair value.

Short-term revolving loans increased by $3.9 million from $16.8 million as at 31 December 2013 to $20.7 million as at 31 December 2014. Net cash from operating activities totalled a healthy $6.4 million in FY2014.

The Group headquarters at Sakae Building, located at 28 Tai Seng Street, was valued at $60.0 million as at 31 December 2014, and has accordingly recorded an increase in revaluation reserve, net of deferred tax, of $0.9 million in FY2014.

Although the Group was in a negative working capital position of $11.5 million as at 31 December 2014, 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 $20.7 million that would be renewable at maturity.

Shareholders equity for the Group and Company stood at $51.8 million and $45.4 million respectively as at 31 December 2014, compared to $51.7 million and $46.0 million respectively as at 31 December 2013.

Matters concerning GREIH & GCM

The Group refers to the Company's announcements made in relation to the matters concerning the Company's associate companies - GREIH and GCM on 21 January 2013, 1 February 2013, 8 February 2013, 16 February 2013, 20 February 2013, 22 February 2013, 7 March 2013, 18 March 2013, 3 May 2013, 3 December 2013, 6 February 2014, 28 August 2014 and 24 September 2014 and the Company's Full year financial statement and dividend announcement for FY2012 on 25 February 2013, and for FY2013 on 27 February 2014.

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, 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 three actions referred to above have been fixed for trial in the High Court of Singapore in January 2016.

In September 2014, GREIC commenced another action against the Company (and Mr. Douglas Foo). It is alleged in that claim, among other things, that the Company and Mr. Douglas Foo have conducted the affairs of GREIH in a manner oppressive to GREIC and/or in disregard of and/or prejudicial to GREIC's interests as a shareholder of GREIH. GREIC in this action seeks, among other things, declarations that the Company and Mr. Douglas Foo are liable to account to, or indemnify, GREIH for certain sums of monies, and an order that dividends or interim dividends be distributed to the shareholders of GREIH. The Company and Mr. Douglas Foo have denied, through their lawyers, the claims against them in this action.

This action by GREIC is pending before the High Court. Trial dates have not been fixed as yet.

The Group would like to reiterate that despite the full allowance for impairment is being made in its FY2012 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 store rental costs, food costs, utlilities costs, dishwashing 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 1.0 cents per ordinary share for the financial year ended 31 December 2014, 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	1.0 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	1.5 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 - ADDIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revernue 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	
	2014	**2013**	**2014**	**2013**
	S$'000	S$'000	S$'000	S$'000
Sakae Sushi	83,957	89,662	10,511	10,641
Other Products and services	13,736	9,300	1,438	2,044
	97,693	98,962	11,949	12,685
Interest income			148	120
Central administration costs and directors' salaries			(11,943)	(9,442)
Other operating income			4,343	3,844
Finance costs			(451)	(444)
Profit before income tax			4,046	6,763
Income tax expense			(1,955)	(1,230)
Profit for the year			2,091	5,533

	Depreciation		Capital Expenditure	
	2014	**2013**	**2014**	**2013**
	S$'000	S$'000	S$'000	S$'000
Sakae Sushi	2,981	3,113	3,090	2,340
Other Products and services	1,272	1,090	904	1,553
Unallocated corporate items	1,327	1,155	758	4,173
	5,580	5,358	4,752	8,066

	Segment Assets		Segment Liabilities	
	2014	**2013**	**2014**	**2013**
	S$'000	S$'000	S$'000	S$'000
Sakae Sushi	69,719	69,770	37,952	29,340
Other Products and services	11,407	3,941	6,209	17,702
Unallocated corporate items	24,500	30,515	9,676	5,485
	105,626	104,226	53,837	52,527

(2) Geographical Segments

	Revenue		Non-current assets	
	2014	**2013**	**2014**	**2013**
	S$'000	S$'000	S$'000	S$'000
Singapore	62,747	65,812	66,914	67,514
Malaysia	33,618	31,676	13,542	13,682
Others	1,328	1,474	343	121
	97,693	98,962	80,799	81,317

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)
	31/12/2014 S$'000	**31/12/2013** S$'000	%
a) Revenue reported for first half year	50,258	50,771	-1.0%
b) Profit after income tax before deducting non-controlling interests reported for the first half year	2,547	3,152	-19.2%
c) Revenue reported for second half year	47,435	48,191	-1.6%
d) (Loss) Profit after income tax before deducting non-controlling interests reported for the second half year	(456)	2,381	-119.2%

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	2,096	2,130
Preference	-	-
Total	2,096	2,130

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
Executive Chairman

28 February 2015