

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 YEAR ENDED 31 DECEMBER 2015 (“FY2015”)

The Board refers to the announcement released by the Company via the SGXNet on 29 February 2016 in relation to the unaudited Financial Statements for FY2015 (the “**Preliminary Results**”). Further reference is made to the Audited Financial Statements of the Company for FY2015 (the “**Audited Financial Statements**”) which will be provided to shareholders and the SGX-ST on 15 April 2016 as part of the FY2015 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 FY2015 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 audited Consolidated Balance Sheet, Consolidated Statement of Profit or Loss and 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	Statements	Statements	Statements	Statements	Statements	Statements	Statements	
	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000	S\$'000	
ASSETS								
Current assets:								
Cash and bank balances	11,713	10,110	1,603	(a)	7,228	5,599	1,629	(a)
Trade receivables	3,609	3,243	366	(a)	2,286	2,608	(322)	(a)
Other receivables and prepayments	10,304	7,217	3,087	(a), (b), (c), (d) & (e)	7,844	4,753	3,091	(a), (b), (c), (d) & (e)
Inventories	2,698	3,204	(506)	(f)	1,657	2,081	(424)	(f)
Convertible loan note receivable	498		498	(b)	498		498	(b)
Held for trading investments	2,950	2,925	25	Immaterial	2,170	2,170	-	
Income tax recoverable	525	184	341	(g)	70	10	60	Immaterial
Loans to outside parties	-	4,863	(4,863)	(b)	-	4,863	(4,863)	(b)
Total current assets	32,297	31,746	551		21,753	22,084	(331)	
Non-current assets:								
Other receivables and prepayments	195	-	195	(e)	-	-	-	
Investment in subsidiaries	-	-	-		10	10	-	
Due from subsidiaries	-	-	-		16,688	15,138	1,550	(a)
Investment in associates	-	-	-		-	-	-	
Property, plant and equipment	74,646	74,611	35	Immaterial	64,685	65,073	(388)	(d)
Investment property	2,873	2,873	-		-	-	-	
Goodwill	718	731	(13)	Immaterial	-	-	-	
Total non-current assets	78,432	78,215	217		81,383	80,221	1,162	
Total assets	110,729	109,961	768		103,136	102,305	831	
LIABILITIES AND SHAREHOLDERS' EQUITY								
Current liabilities:								
Bank loans	36,327	36,327	-		36,327	36,327	-	
Trade payables	7,212	6,783	429	(a)	4,591	3,694	897	(a)
Accruals	6,844	5,706	1,138	(a) & (h)	5,003	4,681	322	(a) & (h)
Due to subsidiaries	-	-	-		653	718	(65)	Immaterial
Income tax payable	65	-	65	Immaterial	-	-	-	
Total current liabilities	50,448	48,816	1,632		46,574	45,420	1,154	
Non-current liabilities:								
Bank loans	7,019	7,019	-		7,019	7,019	-	
Deferred taxation	8,353	8,455	(102)	(i)	8,286	8,429	(143)	(i)
Total non-current liabilities	15,372	15,474	(102)		15,305	15,448	(143)	
Capital and reserves:								
Share capital	10,736	10,736	-		10,736	10,736	-	
Treasury shares	(892)	(892)	-		(892)	(892)	-	
Reserves	35,109	35,871	(762)	(o)	31,413	31,593	(180)	(o)
Equity attributable to equity holders of the company	44,953	45,715	(762)		41,257	41,437	(180)	
Non-controlling interests	(44)	(44)	-		-	-	-	
Total equity	44,909	45,671	(762)		41,257	41,437	(180)	
Total liabilities and equity	110,729	109,961	768		103,136	102,305	831	

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Group			Notes
	Audited	Preliminary	Variance	
	Financial	Results		
Statements	Results	S\$'000	S\$'000	
	S\$'000	S\$'000	S\$'000	
Revenue	96,165	95,959	206	(j)
Cost of sales	(33,077)	(32,368)	(709)	(f)
Gross profit	63,088	63,591	(503)	
Other operating income	5,828	5,675	153	(c)
Administrative expenses	(42,622)	(43,294)	672	(h)
Other operating expenses	(27,670)	(28,055)	385	(k)
Non-operating expenses	(2,674)	(2,674)	-	
Finance cost	(804)	(851)	47	Immaterial
Loss before income tax	(4,854)	(5,608)	754	
Income tax	223	(169)	392	(g)
Loss after income tax	(4,631)	(5,777)	1,146	
Net loss for the year	(4,631)	(5,715)	1,084	
Other comprehensive income:				
Revaluation of property, net of tax	975	970	5	Immaterial
Currency translation differences	(1,829)	110	(1,939)	(l)
Total comprehensive loss for the year	(5,485)	(4,635)	(850)	

Consolidated Statement of Cash Flows

	Group			Notes
	Audited	Preliminary	Variance	
	Financial	Results		
Statements	Results	S\$'000	S\$'000	
	S\$'000	S\$'000	S\$'000	
Operating activities:				
Loss before income tax	(4,854)	(5,608)	754	
Adjustments for:				
Depreciation on property, plant and equipment	5,679	5,842	(163)	(m)
Depreciation of investment property	22	11	11	Immaterial
Amortisation of prepaid lease	50	51	(1)	Immaterial
Gain on disposal of plant and equipment (net)	(15)	(7)	(8)	Immaterial
Write-off of property, plant and equipment	190	209	(19)	Immaterial
Impairment loss on property, plant and equipment	471	470	1	Immaterial
Impairment loss recognised on trade receivables	23	-	23	Immaterial
Gain on disposal of held for trading investments	(1)	-	(1)	Immaterial
Dividend income from held for trading investments	(103)	-	(103)	(n)
Fair value loss on quoted shares	329	329	-	
Unrealised foreign exchange differences	1,164	2,830	(1,666)	(l)
Interest expense	804	851	(47)	Immaterial
Interest income	(86)	(86)	-	
Operating cash flows before movements in working capita	3,673	4,892	(1,219)	
Trade receivables	(1,592)	(1,203)	(389)	(a)
Other receivables and prepayments	827	940	(113)	(a), (b), (c), (d), (e) & (n)
Inventories	(207)	(713)	506	(f)
Trade payables	698	269	429	(a)
Accruals	345	(793)	1,138	(a) & (h)
Cash generated from operations	3,744	3,392	352	
Interest paid	(804)	(851)	47	Immaterial
Interest received	86	86	-	
Income tax paid (net of refunds)	(1,744)	(1,206)	(538)	(g) & (i)
Net cash from operating activities	1,282	1,421	(139)	
Investing activities:				
Proceeds from disposal of plant and equipment	38	18	20	Immaterial
Purchase of property, plant and equipment	(4,563)	(6,555)	1,992	(m)
Investment in convertible loan note	(498)	-	(498)	(b)
Loan to related party	(230)	-	(230)	(n)
Advance to supplier	(2,545)	-	(2,545)	(b)
Dividend income from held for trading investment	103	-	103	(n)
Proceeds from disposal of held for trading investments	2	2	-	
Purchase of held for trading investments	(2,625)	(2,626)	1	Immaterial
Net cash used in investing activities	(10,318)	(9,161)	(1,157)	
Financing activities:				
Dividends paid	(1,395)	(1,395)	-	
Proceeds from borrowings	13,800	13,800	-	
Repayments of borrowings	(1,635)	(1,625)	(10)	Immaterial
Loans extended to outside parties	-	(4,863)	4,863	(b)
Net cash from financing activities	10,770	5,917	4,853	
Net increase in cash and cash equivalents	1,734	(1,823)	3,557	
Cash and cash equivalents at beginning of year	11,313	11,313	-	
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1,334)	620	(1,954)	(l)
Cash and cash equivalents at end of year	11,713	10,110	1,603	

Notes of explanation on material variances:

- (a) Due to clearance of bank reconciliation items.
- (b) Due to reclassification of loans to outside parties, which include a convertible loan note receivable of \$498,000, as well as an advance to a supplier of \$4,365,000, which have been offset against an amount of \$1,820,000 payable by a subsidiary to the supplier.
- (c) Due to adjustment of government grant receivable based on actual receipts in March 2016.
- (d) Due to reclassification of an amount previously recognised as fixed assets in progress to other receivables, as the asset is faulty and the partial payment made by the Company is to be recovered from the vendor.
- (e) Due to reclassification of non-current portion of receivables recorded by the Group's Malaysian subsidiary.
- (f) Due to adjustments in year-end stock take values which affected the Cost of Sales as well.
- (g) Due to finalisation of income tax computation by the Group's Malaysian subsidiary.
- (h) Due to payroll related adjustment entries made.
- (i) Due to finalisation of deferred income tax computations.
- (j) Due to ratification in the recognition of Group revenue.
- (k) Due to the finalisation of foreign exchange computations by the Group's Malaysian subsidiary.
- (l) Due to the finalisation of foreign exchange adjustments on amounts due from subsidiaries treated as deemed investment by the Company.
- (m) Due to finalisation of consolidation entries.
- (n) Due to change of classifications being made in the audited financial statements.
- (o) Due to the adjustments in the Consolidated Statement of Profit and Loss under (c), (f), (g), (h), (j), (k) & (l), which reduced the Group losses by \$1,146,000 and from an increase in Currency Translation Reserve of \$1,939,000 under (l).

By Order of the Board

Douglas Foo Peow Yong
Executive Chairman
15 April 2016