



## Sakae Holdings Ltd.

### Fourth 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.

#### Profit and Loss Statement for fourth quarter and full year ended 31 December 2016

	Group					
	4th Quarter ended 31 December		Increase / (Decrease)	Full Year ended 31 December		Increase / (Decrease)
	2016	2015		2016	2015	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	22,638	23,639	(4.2)	86,448	96,165	(10.1)
Cost of sales	(9,771)	(9,320)	4.8	(32,624)	(33,077)	(1.4)
Gross profit	12,867	14,319	(10.1)	53,824	63,088	(14.7)
Other operating income	2,366	1,976	19.7	6,026	5,828	3.4
Administrative expenses	(8,672)	(9,918)	(12.6)	(39,327)	(42,622)	(7.7)
Other operating expenses	(10,893)	(8,426)	29.3	(29,760)	(27,670)	7.6
Non-operating expenses	(90)	(2,437)	N.M.	(2,579)	(2,674)	(3.6)
Finance cost	(263)	(342)	(23.1)	(1,001)	(804)	24.5
Loss before income tax	(4,685)	(4,828)	(3.0)	(12,817)	(4,854)	N.M.
Income tax	(256)	127	N.M.	(252)	223	N.M.
Loss after income tax	(4,941)	(4,701)	5.1	(13,069)	(4,631)	N.M.
Attributable to:						
Equity holders of the Company	(5,168)	(4,701)	9.9	(13,296)	(4,631)	N.M.
Non-controlling interests	227	-	N.M.	227	-	N.M.
	(4,941)	(4,701)	5.1	(13,069)	(4,631)	N.M.

N.M. - Not Meaningful

**STATEMENT OF COMPREHENSIVE INCOME FOR FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2016**

	Group					
	4th Quarter ended 31 December		Increase / (Decrease)	Full Year ended 31 December		Increase / (Decrease)
	2016	2015		2016	2015	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net loss for the year	(4,941)	(4,701)	5.1	(13,069)	(4,631)	N.M.
Other comprehensive income/(loss):						
Revaluation of properties	1,165	1,180	(1.3)	1,165	1,180	(1.3)
Deferred tax liability relating to revaluation of properties	(202)	(205)	(1.5)	(202)	(205)	(1.5)
Currency translation differences	259	210	23.3	204	(1,829)	N.M.
<b>Total comprehensive loss for the year</b>	<b>(3,719)</b>	<b>(3,516)</b>	<b>5.8</b>	<b>(11,902)</b>	<b>(5,485)</b>	<b>N.M.</b>
<b>Attributable to:</b>						
Equity holders of the Company	(3,946)	(3,516)	12.2	(12,129)	(5,485)	N.M.
Non-controlling interests	227	-	N.M.	227	-	N.M.
<b>Total comprehensive loss for the year</b>	<b>(3,719)</b>	<b>(3,516)</b>	<b>5.8</b>	<b>(11,902)</b>	<b>(5,485)</b>	<b>N.M.</b>

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

	<b>Group</b>					
	<b>4th Quarter ended</b>		<b>Increase / (Decrease)</b>	<b>Full Year ended</b>		<b>Increase / (Decrease)</b>
	<b>31 December</b>			<b>31 December</b>		
	<b>2016</b>	<b>2015</b>	<b>%</b>	<b>2016</b>	<b>2015</b>	<b>%</b>
<b>S\$'000</b>	<b>S\$'000</b>		<b>S\$'000</b>	<b>S\$'000</b>		
Depreciation on property, plant and equipment	1,483	1,640	(9.6)	5,879	5,679	3.5
Depreciation on investment property	8	9	(11.1)	21	22	(4.5)
Loss (Gain) on disposal of plant and equipment (net)	3	(17)	N.M.	-	(15)	N.M.
Write off of property, plant and equipment	645	162	N.M.	753	190	N.M.
Provision for impairment of property, plant and equipment	(348)	471	N.M.	186	471	N.M.
Impairment loss recognised on trade receivables	264	-	N.M.	264	-	N.M.
Impairment loss recognised on other receivables	409	-	N.M.	409	-	N.M.
Impairment loss recognised on held for sale investment	1017	-	N.M.	1,017	-	N.M.
Provision for early termination of leases	3,405	-	N.M.	3,405	-	N.M.
Negative goodwill arising from business combination	(916)	-	N.M.	(916)	-	N.M.
Foreign currency exchange differences (net)	829	1,035	N.M.	772	1,052	N.M.
Interest expense	263	342	(23.1)	1,001	804	24.5
Interest income	(21)	(39)	(46.2)	(92)	(86)	7.0
Subsidy from government	(392)	(780)	(49.7)	(826)	(1,430)	(42.2)
Income tax expense						
- Current tax expense	277	(348)	N.M.	272	(347)	N.M.
- Adjustments recognised in relation to prior years	(156)	72	N.M.	(155)	(25)	N.M.
- Withholding taxes	135	149	(9.4)	135	149	(9.4)

**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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	8,708	11,713	3,327	7,228
Trade receivables	3,540	3,609	1,332	2,286
Other receivables and prepayments	7,978	10,304	3,759	7,844
Inventories	3,837	2,698	1,524	1,657
Convertible loan receivable	-	498	-	498
Held for sale investment	192	-	-	-
Held for trading investments	2,790	2,950	2,113	2,170
Income tax recoverable	511	525	-	70
<b>Total current assets</b>	<b>27,556</b>	<b>32,297</b>	<b>12,055</b>	<b>21,753</b>
<b>Non-current assets:</b>				
Other receivables and prepayments	-	195	-	-
Subsidiaries	-	-	10	10
Due from subsidiaries	-	-	17,754	16,688
Associates	150	-	-	-
Property, plant and equipment	77,312	74,646	63,176	64,685
Investment properties	2,800	2,873	-	-
Goodwill	704	718	-	-
<b>Total non-current assets</b>	<b>80,966</b>	<b>78,432</b>	<b>80,940</b>	<b>81,383</b>
<b>Total assets</b>	<b>108,522</b>	<b>110,729</b>	<b>92,995</b>	<b>103,136</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Bank loans	49,954	36,327	46,822	36,327
Trade payables	6,574	7,212	4,322	4,591
Accruals	8,336	6,844	4,625	5,003
Due to subsidiaries	-	-	1,502	653
Income tax payable	28	65	2	-
<b>Total current liabilities</b>	<b>64,892</b>	<b>50,448</b>	<b>57,273</b>	<b>46,574</b>
<b>Non-current liabilities:</b>				
Bank loans	705	7,019	-	7,019
Deferred tax liabilities	8,446	8,353	8,325	8,286
<b>Total non-current liabilities</b>	<b>9,151</b>	<b>15,372</b>	<b>8,325</b>	<b>15,305</b>
<b>Capital and reserves:</b>				
Share capital	10,736	10,736	10,736	10,736
Treasury shares	(892)	(892)	(892)	(892)
Reserves	22,977	35,109	17,553	31,413
Equity attributable to equity holders of the company	32,821	44,953	27,397	41,257
Non-controlling interests	1,658	(44)	-	-
<b>Total equity</b>	<b>34,479</b>	<b>44,909</b>	<b>27,397</b>	<b>41,257</b>
<b>Total liabilities and equity</b>	<b>108,522</b>	<b>110,729</b>	<b>92,995</b>	<b>103,136</b>

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

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

As at 31/12/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
7,322	42,632	1,827	34,500

**Amount repayable after one year**

As at 31/12/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
705	-	7,019	-

**Details of any collateral**

The Group obtained loan facilities to finance the construction of the new operational headquarters and acquisition of plant which were mortgaged to the lending banks as form of collaterals.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group			
	4th Quarter ended		Full Year ended	
	31 December		31 December	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Operating activities</b>				
Loss before income tax	(5,490)	(4,828)	(12,817)	(4,854)
Adjustments for:				
Depreciation of property, plant and equipment	1,569	1,640	5,879	5,679
Depreciation of investment property	8	9	21	22
Amortisation of prepaid lease	13	13	51	50
Loss (Gain) on disposal of property, plant and equipment (net)	3	(17)	-	(15)
Write-off of property, plant and equipment	645	162	753	190
Impairment loss on property, plant and equipment	(348)	471	186	471
Impairment loss recognised on trade receivables	264	23	264	23
Impairment loss recognised on other receivables	409	-	409	-
Impairment loss recognised on held for sale investment	1,017	-	1,017	-
Loss (Gain) on disposal of held for trading investments (net)	19	(1)	13	(1)
Dividend income from held for trading investments	(3)	(15)	(40)	(103)
Fair value loss on held for trading investments (net)	168	329	13	329
Provision for early termination of leases	3,405	-	3,405	-
Negative goodwill arising from business combination	(916)	-	(916)	-
Unrealised foreign exchange losses	457	1,147	400	1,164
Interest expense	263	342	1,001	804
Interest income	(21)	(39)	(92)	(86)
Operating cash flows before movements in working capital	1,462	(764)	(453)	3,673

	<b>Group</b>			
	<b>4th Quarter ended</b>		<b>Full Year ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities (cont')</b>				
Trade receivables	(684)	(2,631)	776	(1,592)
Other receivables and prepayments	(1,592)	(1,142)	(635)	827
Inventories	444	(366)	287	(207)
Trade payables	1,986	2,842	(682)	698
Accruals	143	1,594	(2,706)	345
Cash generated from (used in) operations	1,759	(467)	(3,413)	3,744
Interest paid	(263)	(342)	(1,001)	(804)
Interest received	21	39	92	86
Income taxes and withholding taxes paid	288	(211)	(79)	(1,744)
Net cash from (used in) operating activities	1,805	(981)	(4,401)	1,282
<b>Investing activities</b>				
Proceeds from disposal of property, plant and equipment	(3)	30	-	38
Purchase of property, plant and equipment	(661)	(1,054)	(2,344)	(4,563)
Investment in convertible loan note	-	(498)	(498)	(498)
Loan to related party	35	(230)	35	(230)
Advance to supplier	1,278	356	-	(2,545)
Dividend income from held for trading investments	3	15	40	103
Proceeds from disposal of held for trading investments	99	2	124	2
Purchase of held for trading investments	-	17	-	(2,625)
Investment in associate	(150)	-	(150)	-
Net cash from (used in) investing activities	601	(1,362)	(2,793)	(10,318)
<b>Financing activities</b>				
Dividends paid	-	-	-	(1,395)
Proceeds from bank loans	2,100	1,500	19,800	13,800
Repayment of bank loans	(4,061)	(409)	(16,407)	(1,635)
Net cash (used in) from financing activities	(1,961)	1,091	3,393	10,770
Net increase (decrease) in cash and cash equivalents	445	(1,252)	(3,801)	1,734
Cash and cash equivalents at beginning of year	7,341	12,111	11,713	11,313
Cash acquired through business combination	309	-	309	-
Effects on exchange rate changes on the balance of cash held in foreign currencies	613	854	487	(1,334)
<b>Cash and cash equivalents at end of year</b>	<b>8,708</b>	<b>11,713</b>	<b>8,708</b>	<b>11,713</b>

**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 January 1, 2015	10,736	(892)	166	(471)	39,624	2,670	51,833	(44)	51,789
Total comprehensive (loss) income for the period	-	-	-	(145)	-	1,031	886	-	886
Balance at March 31, 2015	10,736	(892)	166	(616)	39,624	3,701	52,719	(44)	52,675
Total comprehensive (loss) income for the period	-	-	-	(945)	-	638	(307)	-	(307)
Dividends paid	-	-	-	-	-	(1,395)	(1,395)	-	(1,395)
Balance at June 30, 2015	10,736	(892)	166	(1,561)	39,624	2,944	51,017	(44)	50,973
Total comprehensive loss for the period	-	-	-	(949)	-	(1,598)	(2,547)	-	(2,547)
Balance at September 30, 2015	10,736	(892)	166	(2,510)	39,624	1,346	48,470	(44)	48,426
Total comprehensive (loss) income for the period:									
Loss for the period	-	-	-	-	-	(4,702)	(4,702)	-	(4,702)
Other comprehensive income	-	-	-	210	975	-	1,185	-	1,185
Balance at December 31, 2015	10,736	(892)	166	(2,300)	40,599	(3,356)	44,953	(44)	44,909
Balance at January 1, 2016	10,736	(892)	166	(2,300)	40,599	(3,356)	44,953	(44)	44,909
Total comprehensive income (loss) for the period	-	-	-	871	-	(2,119)	(1,248)	-	(1,248)
Balance at March 31, 2016	10,736	(892)	166	(1,429)	40,599	(5,475)	43,705	(44)	43,661
Total comprehensive loss for the period	-	-	-	(595)	-	(2,077)	(2,672)	-	(2,672)
Balance at June 30, 2016	10,736	(892)	166	(2,024)	40,599	(7,552)	41,033	(44)	40,989
Total comprehensive loss for the period	-	-	-	(331)	-	(3,127)	(3,458)	-	(3,458)
Balance at September 30, 2016	10,736	(892)	166	(2,355)	40,599	(10,679)	37,575	(44)	37,531
Acquired via business combination	-	-	-	-	-	-	-	1,475	1,475
Total comprehensive (loss) income for the period:									
Loss for the period	-	-	-	-	-	(5,973)	(5,973)	227	(5,746)
Other comprehensive income	-	-	-	259	960	-	1,219	-	1,219
Balance at December 31, 2016	10,736	(892)	166	(2,096)	41,559	(16,652)	32,821	1,658	34,479

	Issued capital	Treasury shares	Revaluation reserve	Accumulated profits	Attributable to equity holders of the company
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>					
Balance at January 1, 2015	10,736	(892)	38,890	(3,360)	45,374
Total comprehensive income for the period	-	-	-	274	274
Balance at March 31, 2015	10,736	(892)	38,890	(3,086)	45,648
Total comprehensive loss for the period	-	-	-	(65)	(65)
Dividends paid	-	-	-	(1,395)	(1,395)
Balance at June 30, 2015	10,736	(892)	38,890	(4,546)	44,188
Total comprehensive loss for the period	-	-	-	(2,931)	(2,931)
Balance at September 30, 2015	10,736	(892)	38,890	(7,477)	41,257
Total comprehensive loss for the period:					
Loss for the period	-	-	-	(930)	(930)
Other comprehensive income	-	-	930	-	930
Balance at December 31, 2015	10,736	(892)	39,820	(8,407)	41,257
Balance at January 1, 2016	10,736	(892)	39,820	(8,407)	41,257
Total comprehensive loss for the period	-	-	-	(1,749)	(1,749)
Balance at March 31, 2016	10,736	(892)	39,820	(10,156)	39,508
Total comprehensive loss for the period	-	-	-	(2,256)	(2,256)
Balance at June 30, 2016	10,736	(892)	39,820	(12,412)	37,252
Total comprehensive loss for the period	-	-	-	(2,348)	(2,348)
Balance at September 30, 2016	10,736	(892)	39,820	(14,760)	34,904
Total comprehensive loss for the period:					
Loss for the period	-	-	-	(8,431)	(8,431)
Other comprehensive income	-	-	924	-	924
Balance at December 31, 2016	10,736	(892)	40,744	(23,191)	27,397



- 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.

	FY2016		FY2015	
	No. of shares ('000)	(\$'000)	No. of shares ('000)	(\$'000)
At beginning and end of 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.**

	31/12/2016	31/12/2015
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) If the company has granted options or shares under its share scheme during the year, please confirm that an SGXNET announcement has been made on the date of the offer as well as details of the grant in accordance with Rule 704(29).**

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, 2015.

**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>3 months ended 31 December 2016</b>	<b>3 months ended 31 December 2015</b>	<b>Full Year ended 31 December 2016</b>	<b>Full Year ended 31 December 2015</b>
Earnings per ordinary share for the period				
(a) Based on weighted average number of ordinary shares in issue (cents)	(3.54)	(3.37)	(9.37)	(3.32)
(b) On a fully diluted basis (cents)	(3.54)	(3.37)	(9.37)	(3.32)

**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>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	23.53	32.23	19.64	29.58

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

Quarter Financial Performance

Group revenue for the 4th quarter ended 31 December 2016 ("4Q2016") totalled \$22.6 million, a decrease of 4.2% as compared to \$23.6 million in the corresponding period of the previous year ("4Q2015"). Group revenue was affected by sluggish economic conditions and fierce competition in the F&B sector locally. In Malaysia, the weakening Ringgit contributed to lower sales values in SGD, although in the local currency terms, Malaysian sales has remained constant.

The Group has in FY2015 extended its business in the area of food trading to boost revenue and profit and had, in 4Q2016, completed a business combination transaction to acquire 51% interests in a food trading company. Cost of sales in the food trading business is much higher than retail sales, but it also means higher net profit margin, as there is not much of other administrative and other operating expenses in this business. Excluding the low gross profit margin for the food trading business, the Group's gross profit margin from the retail business increased from 63.9% in 4Q2015 to 65.5% in 4Q2016.

The Group recorded a negative goodwill of \$0.9 million from a business combination transaction completed in the 4Q2016 under other operating income. Offsetting by a decrease in the government grant received, other operating income increased 19.7% from \$2.0 million in 4Q2015 to \$2.4 million in 4Q2016.

Administrative expenses was \$8.7 million in 4Q2016, a decrease of 12.6% from \$9.9 million in 4Q2015. This was due to lower labour costs and cost management measures put in place.

Other operating expenses in 4Q2016 included a provision of \$3.4 million for early termination of leases as the Group carries out rationalisation of non-performing outlets by the first quarter of 2017 and realised exchange losses of \$0.4 million incurred by the Group's Malaysian subsidiary for the settlement of amount outstanding to the Company. Other operating expenses also included a full allowance of \$1.0 million for potential impairment loss on a held for sale investment in FY2016 as the underlying conditions have not been met. This is done on a prudence basis, which is consistent with other investments that the Group has previously made. The Group is committed to take all necessary steps to recover the value of its held for sale investment, despite full impairment allowance has been made. With these, other operating expenses increased by 29.3% from \$8.4 million in 4Q2015 to \$10.9 million in 4Q2016.

Lower finance costs at \$0.3 million were recorded in 4Q2016, representing a decrease of 23.1% from 4Q2015 due to the timing difference in recording the expenses in 4Q2015.

Non-operating expenses of \$0.1 million was incurred in 4Q2016, which consisted primarily of legal fees incurred in relation to its associate, Griffin Real Estate Investment Holdings Pte Ltd ("GREIH") and Gryphon Capital Management Pte Ltd ("GCM") as compared to \$2.4 million recorded in 4Q2015 due to the trial preparation in 4Q2015.

Group loss before tax was \$4.7 million in 4Q2016, a decrease of \$0.1 million (or 3.0%) as compared to \$4.8 million in 4Q2015, while Group net loss after tax was \$4.9 million in 4Q2016, an increase of \$0.2 million (or 5.1%) as compared to \$4.7 mil in 4Q2015.

#### Full-year Financial Performance

Group revenue for financial year ended December 31, 2016 ("FY2016") totalled \$86.4 million, a decrease of 10.1% as compared to \$96.2 million in the previous year ("FY2015"). Group revenue was affected by sluggish economic conditions and fierce competition in the F&B sector locally. In Malaysia, the weakening Ringgit contributed to lower sales values in SGD, although in the local currency terms, Malaysian sales has remained constant.

Group profit margin fell to 62.3% in FY2016 from 65.6% in FY2015. Excluding the low gross profit margin from the food trading business, the Group's gross profit margin from the retail business dropped from 68.1% in 4Q2015 to 65.5% in 4Q2016. Although prices of high quality raw material rose, the Group maintained competitive pricing with its latest Singapore menu offering since June 2016.

Administrative expenses decreased 7.7% from \$42.6 million in FY2015 to \$39.3 million in FY2016 due to labour cost management and other measures put in place.

Other operating expenses in FY2016 included a provision of \$3.4 million for early termination of leases as the Group carries out rationalisation of non-performing outlets by the first quarter of 2017 and a full allowance of \$1.0 million for potential impairment loss on a held for sale investment in FY2016 as the underlying conditions have not been met. Offsetting by a decrease in other expenses due to costs management measure, other operating expenses increased by 7.6% from \$27.7 million in FY2015 to \$29.8 million in FY2016.

Higher finance costs at \$1.0 million was recorded in FY2016. This represented an increase of 24.5% from \$0.8 million in FY2015, as a result of rising bank borrowings and costs.

Group loss before tax and net loss after tax were \$12.8 million and \$13.1 million respectively in FY2016. These represent decreases of \$8.0 million and \$8.4 million when compared to Group loss before tax of \$4.9 million and net loss after tax of \$4.6 million in FY2015 respectively.

### Financial Position

Group and Company cash and bank balances as at 31 December 2016 were \$8.7 million and \$3.3 million respectively, as compared to \$11.7 million and \$7.2 million respectively as at 31 December 2015. To stem revenue decline and improve the Group's performance, the Group has started rationalising non-performing outlets and will continue to do so during first quarter of 2017. The Group will also be focusing on increasing its brand awareness, growing its core businesses, and partnering with local and global players for both raw material supply as well as business expansions. Partnerships have increased the Group investments accordingly.

Company's trade receivables decreased by 41.7% from \$2.3 million as at 31 December 2015 to \$1.3 million as at 31 December 2016. This was in line with the declining revenue, impairment loss recognised on trade receivables of \$0.2 million in view of the slow economy and also as a result of the Group's effort in managing its cash flows.

Group's and Company's other receivables and prepayments was \$8.0 million and \$3.8 million respectively as at 31 December 2016, which showed a reduction of \$2.3 million (or 22.6%) and \$4.1 million (or 52.1%) respectively from \$10.3 million and \$7.8 million respectively as at 31 December 2015, mainly due to decreases in government grant received as well as impairment loss recognised on other receivables of \$0.4 million.

Group's inventories increase by 42.2% from \$2.7 million to \$3.8 million mainly due to the addition of food trading business, while Company's inventories dropped by 8.0% from \$1.7 million as at 31 December 2015 to \$1.5 million as at 31 December 2016.

During 2016, the Group made a conditional investment decision by converting its convertible loan notes of \$1.0 million into a held for sale investment with certain underlying conditions to be met by the investee. It now appears that the underlying conditions will not be met by the investee. As such, the Group is pursuing to recover the full investment back from the investee. However, on a prudence basis, the Group has made a full allowance for potential impairment loss on the held for sale investment. The Group is committed to take all necessary steps to recover the value of its held for sale investment, despite the full allowance provision.

The continuous intercompany operations between the Company and its subsidiaries, has resulted in the balances due from and due to subsidiaries as at 31 December 2016 as compared to 31 December 2015. In view of the poor sales performances of some subsidiaries, the Company has made provision for impairment of \$4.9 million on the balances due from these subsidiaries, which offset the increase in balances due from subsidiaries. Amount due from subsidiaries increased \$1.1 million (or 6.4%) from \$16.7 million as at 31 December 2015 to \$17.8 million as at 31 December 2016, while balances due to subsidiaries increased \$0.8 million (or 130.0%) from \$0.7 million as at 31 December 2015 to \$1.5 million as at 31 December 2016.

Group and Company trade payables decreased by 12.3% and 5.9% from \$7.5 million and \$4.6 million as at 31 December 2015 to \$6.6 million and \$4.3 million as at 31 December 2016 respectively, resulting from reduction in purchases in tandem with its slow sales performance.

Group accruals increased by 27.1% from \$6.6 million as at 31 December 2015 to \$8.3 million as at 31 December 2016, due to increased provision for restoration costs and early termination of leases, which arose from the rationalisation of non-performing outlets. The Group and Company had paid off \$1.5 million in legal fees, as well as other accrued operating expenses during FY2016, and the cost management efforts have offset the increase in Group accrual and also caused the Company's accruals to decrease by 7.6% from \$5.0 million as at 31 December 2015 to \$4.6 million as at 31 December 2016.

Group and Company total bank loans increased by 16.9% from \$43.3 million as at 31 December 2015 to \$50.7 million as at 31 December 2016 and by 8.0% from \$43.3 million as at 31 December 2015 to \$46.8 million as at 31 December 2016 respectively, due mainly to increase in short-term revolving loans to meet ongoing operational and strategic investments needs.

Although the Group and Company were in negative working capital positions of \$37.3 million and \$45.2 million respectively as at 31 December 2016, both continue operating as going concerns. The negative net working capital positions were mainly due to outstanding short-term revolving loans (at \$39.5 million) that would be renewable at maturity and the temporary classification of non-current portion of long-term loans of \$5.6 million as repayable on demand as at 31 December 2016 which would be classified as non-current liability following the revision of the loan covenant by the lending bank subsequent to the financial year-end.

Shareholders' equity for the Group and Company stood at \$32.8 million and \$27.4 million respectively as at 31 December 2016, as compared with \$45.0 million and \$41.3 million respectively as at 31 December 2015.

### Cash Flows

The Group had negative operating cash flows of \$4.4 million in FY2016, as compared to positive operating cash flows of \$1.3 million in FY2015, as a result of its declining revenue and profitability as well as payment of \$4.1 million in FY2016 for legal fees in relation to GREIH, out of which \$1.5 million was recorded as accrued expenses in FY2015. However, the Group had generated net operating cash flows of \$1.8 million in 4Q2016 as compared to a negative operating cash flows of \$1.0 million in 4Q2015.

The Group continues to monitor its cash flow performance and cash generation closely, and will take strategic steps to turn around the current profitability of its operations.

### 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, 24 September 2014, 22 December 2015, 15 January 2016 and 1 July 2016 and the Company's Full year financial statement and dividend announcement for FY2012 on 25 February 2013, for FY2013 on 27 February 2014, for FY2014 on 28 February 2015 and FY2015 on 1 March 2016.

Capitalised terms in this section have the meanings given to them in the announcements referred to above.

The Company earlier announced that (a) it had commenced three actions (Suit 122, Suit 1098 and Suit 1099) against various parties in connection with the affairs of GREIH and GCM; (b) in two of those actions (Suit 122 and Suit 1098), Mr Andy Ong, Mr Ho Yew Kong, GREIC, GCM and various other Defendants had commenced third party actions against Mr Douglas Foo; and (c) GREIC had

also commenced an action (Suit 969) against the Company and Mr Douglas Foo in connection with the affairs of GREIH. Details of these actions are set out in the Company's earlier announcements.

As stated in the Company's earlier announcements, the trial of Suit 122 and Suit 1098 commenced on 15 January 2016 and concluded on 26 February 2016. All parties have filed their Closing and Reply Closing Submissions by the timelines stipulated by the Court.

As stated in the Company's earlier announcements, Suit 1099 and Suit 969 have been deferred for now pursuant to directions made by the High Court.

The Company had earlier also announced that in connection with Suit 1098, it had also applied for an interim proprietary injunction to restrain ERC Unicampus from disposing of or otherwise dealing with a portion of the sale proceeds of the sale of Big Hotel.

In that application, the Company calculated the amount that should be restrained as being in the region of \$33.0 million. The injunction and the amount were contested by ERC Unicampus.

On 30 June 2016, the High Court granted the Company's application for the interim proprietary injunction. The High Court calculated the amount that should be restrained as being \$9.71 million.

The Company applied to the High Court for leave to appeal against the part of the High Court's decision which relates to the quantum of monies over which the injunction has been granted. The Company did so on the basis that the quantification of the monies raises, among other things, a novel point of law.

That leave application was heard on 31 August 2016. The High Court has reserved its decision on the leave application.

ERC Unicampus and its lawyers have confirmed to the Company and to the Court that pending the resolution of the Company's leave application to the High Court and, if necessary, the Court of Appeal, and, if leave is granted, the appeal, the sum of \$33 million will remain with ERC Unicampus's lawyers as stakeholders.

The Company will make the necessary announcement(s) when the Court hands down its decision on the leave application and its Judgement in Suit 122 and Suit 1098.

On 8 June 2016 and 21 January 2017, the Company's Audit Committee also received letters from two shareholders who raised questions and complaints about a number of matters which in the Company's view related to matters which were the subject of the Court proceedings. The Audit Committee, after investigating those complains, has responded to the two shareholders to state, among other things, that the Company does not accept the allegations and complaints and that in any event, insofar as the allegations and/or complaints are the subject of the Court proceedings, it would not be appropriate for the Company to comment because the matter is before the Court.

The Group had earlier disclosed that as it was not possible to predict the outcome of the litigation with certainty, the Company had decided to adopt a conservative and prudent approach in the financial statements and made full allowance for potential impairment loss on its investment in GREIH and GCM. There was (and continues to be) uncertainty as to whether any value in the investments can be recovered, and also in view of ongoing Court proceedings, the Group has retained its full allowance for potential impairment loss. The Group would like to reiterate that despite the full allowance for impairment being made in its FY2012 financial statements, the Company had taken all necessary steps to recover the value of its investments in the associates through the above legal actions and will expeditiously make announcements on the above matters as and when there are material developments thereon.

The Company will make further announcements on these matters as and when there are material developments.

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.**

Due to continued sluggish economic conditions and increasing competition within the F&B industry, in addition to acute labour shortages, 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 continues to work hard to manage the challenging operating conditions in the F&B 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***

NA.

***(d) Books closure date***

NA.

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

No dividend has been declared/recommended for the financial year ended 31 December 2016.

13. **Interested party transactions**

No general mandate has been obtained from shareholders for IPTs.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**14. Segmented revenue 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	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Sakae Sushi</b>	63,862	74,667	(1,892)	6,718
<b>Other Products and services</b>	22,586	21,498	(1,278)	(2,412)
	<b>86,448</b>	<b>96,165</b>	<b>(3,170)</b>	<b>4,306</b>
Central administration costs and directors' salaries			(12,321)	(11,510)
Other operating income			5,934	5,742
Non-operating expenses			(2,579)	(2,674)
Interest income			92	86
Finance costs			(1,001)	(804)
Profit before income tax			(13,045)	(4,854)
Income tax expense			(252)	223
Profit for the year			<b>(13,297)</b>	<b>(4,631)</b>

	Depreciation		Capital Expenditure	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Sakae Sushi</b>	3,180	2,867	988	3,209
<b>Other Products and services</b>	1,260	1,438	1,215	898
<b>Unallocated corporate items</b>	1,460	1,396	141	456
	<b>5,900</b>	<b>5,701</b>	<b>2,344</b>	<b>4,563</b>

	Segment Assets	
	2016	2015
	S\$'000	S\$'000
<b>Sakae Sushi</b>	15,055	25,356
<b>Other Products and services</b>	23,251	14,512
<b>Unallocated corporate items</b>	70,216	70,861
	<b>108,522</b>	<b>110,729</b>

**(2) Geographical Segments**

	Revenue		Non-current assets	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Singapore</b>	54,243	61,781	64,465	66,040
<b>Malaysia</b>	29,874	31,856	10,331	11,790
<b>Others</b>	2,331	2,528	6,170	602
	<b>86,448</b>	<b>96,165</b>	<b>80,966</b>	<b>78,432</b>



**15. A breakdown of sales**

	<b>Year Ended</b>		<b>Increase /</b>
	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>(Decrease)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
a) Revenue reported for first half year	43,543	49,726	-12.43%
b) Profit after income tax before deducting non-controlling interests reported for the first half year	(4,196)	1,669	N.M.
c) Revenue reported for second half year	34,895	46,439	-7.80%
d) Loss after income tax before deducting non-controlling interests reported for the second half year	(8,873)	(6,300)	21.67%

**16. 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).

**17. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative 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

1 March 2017