



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.

Income Statement for the financial year ended 31 December 2011

	Group		Increase / (Decrease) %
	2011 S\$'000	2010 S\$'000	
Revenue	89,169	90,717	(1.7)
Cost of sales	(26,359)	(27,957)	(5.7)
Gross profit	62,810	62,760	0.1
Other operating income	2,645	1,666	58.8
Administrative expenses	(36,708)	(34,615)	6.0
Other operating expenses	(25,373)	(26,325)	(3.6)
Share of loss of associates	(54)	-	N.M.
Excess of interest in the net fair value of associates' identifiable net assets over cost of investment	3,731	-	N.M.
Finance cost	(299)	(197)	51.8
Profit before income tax	6,752	3,289	105.3
Income tax	(1,296)	(764)	69.6
Profit after income tax	5,456	2,525	116.1
Attributable to:			
Equity holders of the company	5,501	2,531	117.3
Non-controlling interest	(45)	(6)	N.M.
	5,456	2,525	116.1

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 2011

	Group		Increase / (Decrease) %
	2011 S\$'000	2010 S\$'000	
Net profit for the year	5,456	2,525	116.1
Other comprehensive expense/income:			
Revaluation of property	2,040	-	N.M.
Currency translation differences	(137)	(149)	(0.1)
Total comprehensive income for the year	7,359	2,376	209.7
Attributable to:			
Equity holders of the Company	7,404	2,382	210.8
Non-controlling interests	(45)	(6)	N.M.
Total comprehensive income for the year	7,359	2,376	209.7

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

	Group	
	2011 S\$'000	2010 S\$'000
Depreciation	4,460	4,210
Loss on disposal of plant and equipment (net)	802	676
Foreign currency exchange differences (net)	21	35
Interest expense	299	197
Interest income	(79)	(95)
Subsidy from government	(840)	(410)
Excess of interest in the net fair value of associates' identifiable net assets over cost of investment	3,731	-
Income tax expense		
- Current tax expense	(363)	(470)
- Adjustments recognised in relation to prior years	(742)	-
- Deferred tax expense	(91)	31
- Withholding tax	(100)	(325)

N.M. – Not Meaningful

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	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	6,099	12,525	2,871	5,523
Trade receivables	1,839	1,452	1,620	1,387
Other receivables and prepayments	6,894	6,034	4,739	4,291
Inventories	1,721	1,755	1,228	1,378
Total current assets	16,553	21,766	10,458	12,579
Non-current assets:				
Due from subsidiaries	-	-	11,782	9,206
Property, plant and equipment	38,924	27,617	29,647	25,131
Investment in subsidiaries	-	-	-	-
Investment in associates	7,827	-	4,150	-
Intangible asset	939	921	-	-
Total non-current assets	47,690	28,538	45,579	34,337
Total assets	64,243	50,304	56,037	46,916
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Trade payables	6,334	8,509	4,665	7,198
Other payables	3,577	3,117	2,220	1,994
Due to subsidiaries	-	-	3	401
Income tax payable	780	124	928	-
Bank loans	11,757	7,807	11,757	7,807
Total current liabilities	22,448	19,557	19,573	17,400
Non-current liabilities:				
Deferred taxation	2,341	1,714	2,170	1,704
Bank loans	12,304	7,822	12,304	7,822
Total non-current liabilities	14,645	9,536	14,474	9,526
Capital and reserves:				
Share capital	10,736	10,736	10,736	10,736
Reserves	16,459	10,475	11,254	9,254
Equity attributable to equity holders of the company	27,195	21,211	21,990	19,990
Non-controlling interests	(45)	-	-	-
Total equity	27,150	21,211	21,990	19,990
Total liabilities and equity	64,243	50,304	56,037	46,916

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

Amount repayable in one year or less, or on demand

As at 31/12/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,457	10,300	2,607	5,200

Amount repayable after one year

As at 31/12/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
12,304	-	7,822	-

Details of any collateral

The Group obtained loan facilities to finance the construction of the new 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.

	Group	
	2011	2010
	S\$'000	S\$'000
Operating activities:		
Profit before income tax	6,752	3,289
<i>Adjustments for:</i>		
Depreciation expense	4,460	4,210
Loss on disposal of plant and equipment (net)	802	676
Impairment loss recognised on trade receivables	-	2
Share of loss of associates	54	-
Excess of interest in the net fair value of associates' identifiable net assets over cost of investment	(3,731)	-
Unrealised foreign exchange differences	(247)	(241)
Interest expense	299	197
Interest income	(79)	(95)
Operating cash flows before movements in working capital	8,310	8,038
Trade receivables	(387)	(194)
Other receivables and prepayments	(860)	536
Inventories	34	(128)
Trade payables	(2,175)	277
Other payables	460	(507)
Cash generated from operations	5,382	8,022
Interest paid	(299)	(197)
Interest received	79	95
Income tax paid	(519)	(676)
Net cash from operating activities	4,643	7,244
Investing activities:		
Proceeds on disposal of plant and equipment	47	1
Purchase of property, plant and equipment	(13,841)	(2,481)
Investment in associates	(4,150)	-
Net cash used in investing activities	(17,944)	(2,480)
Financing activities:		
Proceeds from borrowings	12,684	4,266
Repayments of borrowings	(4,252)	(1,800)
Dividends paid	(1,420)	(1,420)
Net cash from financing activities	7,012	1,046
Net (decrease) increase in cash and cash equivalents	(6,289)	5,810
Cash and cash equivalents at beginning of year	12,525	6,715
Effects of exchange rate changes on the balance of cash held in foreign currencies	(137)	-
Cash and cash equivalents at end of year	6,099	12,525

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	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
Group							
Balance at January 1, 2010	10,736	(76)	5,801	3,788	20,249	6	20,255
Total comprehensive income for the year	-	(149)	-	2,531	2,382	(6)	2,376
Dividend paid	-	-	-	(1,420)	(1,420)	-	(1,420)
Balance at December 31, 2010	10,736	(225)	5,801	4,899	21,211	-	21,211
Total comprehensive income for the year	-	(137)	2,040	5,501	7,404	(45)	7,359
Dividend paid	-	-	-	(1,420)	(1,420)	-	(1,420)
Balance at December 31, 2011	10,736	(362)	7,841	8,980	27,195	(45)	27,150
Company							
Balance at January 1, 2010	10,736	-	5,801	3,410	19,947	-	19,947
Total comprehensive income for the year	-	-	-	1,463	1,463	-	1,463
Dividend paid	-	-	-	(1,420)	(1,420)	-	(1,420)
Balance at December 31, 2010	10,736	-	5,801	3,453	19,990	-	19,990
Total comprehensive income for the year	-	-	2,040	1,380	3,420	-	3,420
Dividend paid	-	-	-	(1,420)	(1,420)	-	(1,420)
Balance at December 31, 2011	10,736	-	7,841	3,413	21,990	-	21,990

- 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.**

There were no changes in the Company's share capital.

- 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.**

	31/12/2011	31/12/2010
Total no. of issued shares (excluding treasury shares)	142,000,000	142,000,000

- 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, 2010.

- 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.**

	31/12/2011	31/12/2010
Earnings per ordinary share for the period		
(a) Based on weighted average number of ordinary shares in issue (cents)	3.87	1.78
(b) On a fully diluted basis (cents)	3.87	1.78

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	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	19.15	14.94	15.49	14.08

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

The Group reported a profit before tax and net profit of \$6.8 million and \$5.5 million respectively in 2011, which showed increases of \$3.5 million (or 105.3%) and \$2.9 million (or 116.1%) respectively compared to profit performance in 2010.

Included in the Group's profit is a gain of \$3.7 million in 2011 arising from the required recognition in the excess of its interest in the net fair value of associates' identifiable net assets at the effective date of acquisition, over the \$4.2 million cost of investment in associates.

Excluding this gain, Group profit before tax in 2011 would be at \$3.0 million, a decline of \$0.3 million or 8.1% as compared to 2010 operating performance. Net profit would have also fallen by \$0.8 million or 31.7% to \$1.7 million, as compared to 2010, which included additional tax charges of \$0.7 million adjusted from prior years.

Group revenue in 2011 totalled \$89.2 million, a slight decrease of 1.7% as compared to \$90.7 million in the previous year. Group revenue was affected by the Japanese Tsunami calamity in 2011 which led to significant declines in demand for Japanese food between March and May that year. However, the Group has managed to cushion the downside effects of these challenges and has kept sales at near 2010 levels.

Other operating income has increased by 58.8% to \$2.6 million arising from lease income of the spare capacity at the Group's headquarters.

The Group's administrative expenses rose by 6.0% to \$36.7 million in 2011 due to increased staff costs, depreciation charges associated with the Sakae Building as well as increased in promotional activities.

Balance sheet and cash flow statement for the Group

The Group's cash and bank balances as at 31 December 2011 stood at \$6.1 million, a decline of \$6.4 million during the year, mainly due to increased investment in property, plant and equipment with the construction of new central kitchen in Singapore and setting up of a headquarter in Malaysia. The Group has also made investments in associates in the beginning of the year, which was funded by bank loans. Shareholder's equity stood at \$27.2 million as at 31 December 2011.

The Group was in a negative working capital position of \$5.9 million as at 31 December 2011 due to short-term revolving loans balance of \$10.3 million, which are renewable at maturity. Some of the revolving loans have been repaid by the Group during the year.

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.

Operating conditions in the F&B industry will remain challenging with the continuously rising food, outlet rental and staff costs coupled with the manpower shortages faced by restaurant owners. The Group will continue to manage these challenges to retain its competitiveness.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes

Name of dividend	Final
Dividend type	Cash
Dividend Amount per Share (in cents)	1 cent per share
Tax Rate	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 cents per share	1.0 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.

NA

13. Interested party transactions

The aggregate value of interested person transactions entered into during the financial year ended 31 December 2011 is as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
1) Griffin Real Estate Investment Holdings Pte. Ltd. ("GREIH"), and 2) Gryphon Capital Management Pte. Ltd. ("GCM")	Not applicable.	S\$4,150,000

Note: The Company has acquired shares in GREIH and GCM, whereby their controlling shareholder, Mr. Andy Ong, is also a non-executive Director of the Company.

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	
	2011	2010	2011	2010
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	81,261	83,826	8,125	8,955
Other Products and services	7,908	6,891	138	416
	89,169	90,717	8,263	9,371
Interest income			79	95
Central administration costs and directors' salaries			(7,613)	(7,551)
Other operating income			2,645	1,571
Share of loss of associates			(54)	-
Excess of interest in the net fair value of associates' identifiable net assets over cost of investment			3,731	-
Finance costs			(299)	(197)
Profit before income tax			6,752	3,289
Income tax expense			(1,296)	(764)
Profit for the year			5,456	2,525

	Depreciation		Capital Expenditure	
	2011	2010	2011	2010
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	3,060	2,976	6,114	1,822
Other Products and services	698	585	3,445	158
Unallocated corporate items	702	649	4,282	501
	4,460	4,210	13,841	2,481

	Segment Assets		Segment Liabilities	
	2011	2010	2011	2010
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	43,455	37,805	14,077	13,338
Other Products and services	11,198	9,019	10,667	8,166
Unallocated corporate items	9,590	3,480	12,349	7,589
	64,243	50,304	37,093	29,093

(2) Geographical Segments

	Revenue		Non-current assets	
	2011	2010	2011	2010
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	64,800	68,115	33,732	24,760
Malaysia	21,992	20,489	13,779	3,676
Others	2,377	2,113	179	102
	89,169	90,717	47,690	28,538

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

	Group		Increase / (Decrease) %
	Year Ended		
	31/12/2011 S\$'000	31/12/2010 S\$'000	
a) Revenue reported for first half year	43,101	44,336	-2.8%
b) Operating profit after income tax before deducting non-controlling interests reported for the first half year	1,294	2,005	-35.5%
c) Revenue reported for second half year	46,068	46,381	-0.7%
d) Operating profit after income tax before deducting non-controlling interests reported for the second half year	4,162	520	700.4%

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	1,420	2,130
Preference	-	-
Total	1,420	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(11).

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
Chairman and Chief Executive Officer

28 February 2012