



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

Condensed Interim Financial Statements
For the Fourth Quarter and Full Year Ended 30 June 2022

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

		Group					
		Quarter ended 30 June		Increase / (Decrease)	Full year ended 30 June		Increase / (Decrease)
Note		2022 (4QFY2022)	2021 (4QFY2021)		2022 (FY2022)	2021 (FY2021)	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Revenue	4,116	4,267	(3.5)	17,178	21,149	(18.8)
	Cost of sales	(1,467)	(1,781)	(17.6)	(6,055)	(7,233)	(16.3)
	Gross profit	2,649	2,486	6.6	11,123	13,916	(20.1)
	Other operating income and gains	3,895	4,653	(16.3)	7,696	9,426	(18.4)
	Administrative expenses	(3,892)	(3,061)	27.1	(13,296)	(15,183)	(12.4)
	Other operating expenses	(1,305)	(1,445)	(9.7)	(3,632)	(3,759)	(3.4)
	Impairment on trade and other receivables	(9)	(274)	(96.7)	(9)	(274)	(96.7)
	Impairment on goodwill	-	(718)	(100.0)	-	(718)	(100.0)
	Finance costs						
	- Interest on borrowings	(174)	(151)	15.2	(599)	(668)	(10.3)
	- Interest on leases	(124)	(72)	72.2	(515)	(480)	7.3
	Profit before tax	1,040	1,418	(26.7)	768	2,260	(66.6)
	Tax credit	303	63	381.0	292	57	412.3
	Profit for the financial quarter/year	1,343	1,481	(9.3)	1,060	2,317	(54.3)
	Profit attributable to:						
	Equity holders of the company	1,343	1,481	(9.3)	1,060	2,317	(54.3)
	Non-controlling interest	-	-	-	-	-	-
		1,343	1,481	(9.3)	1,060	2,317	(54.3)
	Basic and diluted profit per share	0.96	1.06		0.76	1.66	
	Net profit for the financial quarter/year	1,343	1,481	(9.3)	1,060	2,317	(54.3)
	Other comprehensive income:						
	<i>Items that will not be reclassified</i>						
	<i>Subsequently to profit or loss</i>						
	<i>Revaluation of property, plant and equipment, net of tax</i>	4,050	8,826	(54.1)	4,050	8,840	(54.2)
	<i>Items that may be reclassified</i>						
	<i>subsequently to profit or loss</i>						
	Currency translation differences arising from consolidation	8	71	N.M.	8	17	N.M.
	Other comprehensive income for the quarter/year, net of tax	4,058	8,897	(54.4)	4,058	8,857	(54.2)
	Total comprehensive income for the period/year	5,401	10,378	(48.0)	5,118	11,174	(54.2)
	Attributable to:						
	Equity holders of the Company	5,401	10,378	(48.0)	5,118	11,174	(54.2)
	Non-controlling interests	-	-	-	-	-	-
		5,401	10,378	(48.0)	5,118	11,174	(54.2)

B. Condensed interim statements of financial position

	Note	Group		Company	
		30/06/2022	30/06/2021	30/06/2022	30/06/2021
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets:					
Cash and cash equivalents	11	7,731	3,042	3,569	841
Trade receivables		836	540	149	114
Other receivables and prepayments	12	1,022	1,494	191	229
Inventories		440	381	13	11
Equity investments at fair value through profit or loss	13	-	5	-	-
Non-current assets classified as held for sale	14	408	4,022	-	-
Income tax recoverable		232	236	-	-
Total current assets		10,669	9,720	3,922	1,195
Non-current assets:					
Deposits		5	64	-	-
Subsidiaries		-	-	10	10
Due from subsidiaries		-	-	2,662	12,000
Equity investments at fair value through profit or loss	13	4,496	9,840	4,496	9,840
Joint venture	15	-	-	-	-
Property, plant and equipment	16	103,748	99,866	100,461	97,495
Total non-current assets		108,249	109,770	107,629	119,345
Total assets		118,918	119,490	111,551	120,540
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Bank loans	17	25,937	28,823	25,937	28,453
Lease liabilities		1,675	1,651	373	360
Trade payables		1,639	1,913	399	613
Other payables and accruals		2,313	3,005	1,208	1,144
Provisions		-	338	-	50
Due to subsidiaries		-	-	5,490	16,247
Income tax payable		-	1	-	-
Total current liabilities		31,564	35,731	33,407	46,867
Non-current liabilities:					
Bank loans	17	3,068	4,271	3,068	4,271
Lease liabilities		11,326	10,519	9,882	9,758
Deferred tax liabilities	18	13,099	12,552	13,099	12,552
Total non-current liabilities		27,493	27,342	26,049	26,581
Equity:					
Share capital	19	10,736	10,736	10,736	10,736
Treasury shares		(892)	(892)	(892)	(892)
Currency translation reserves		(697)	(705)	-	-
Revaluation reserves	20	72,119	69,008	72,119	68,069
Accumulated losses		(21,405)	(21,730)	(29,868)	(30,821)
Equity attributable to equity holders of the Company, total		59,861	56,417	52,095	47,092
Non-controlling interests		-	-	-	-
Total equity		59,861	56,417	52,095	47,092
Total liabilities and equity		118,918	119,490	111,551	120,540

C. Condensed interim consolidated statement of cash flows

	12 months ended 30 June	
	2022 (FY2022)	2021 (FY2021)
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	768	2,260
Adjustments for:		
Depreciation of property, plant and equipment	2,200	2,408
Depreciation of right-of-use assets	2,023	2,936
Loss on disposal of property, plant and equipment, net	-	148
Gain on disposal of investment in joint venture	(400)	-
Gain on disposal of non-current assets classified as held for sale	(56)	(438)
Rental rebate on leases	(80)	(32)
Rental concession	-	(914)
Property, plant and equipment written off	100	33
Impairment loss on property, plant and equipment written off	-	(235)
Impairment loss on property, plant and equipment	-	125
Impairment loss on trade receivables	9	274
Impairment loss on goodwill	-	718
Write-back of amounts due to related and outside parties	-	(44)
Dividend income from equity investments	-	(4)
Fair value gain on equity investments in FVTPL, Net	(2,310)	(2,668)
Unrealised foreign currency exchange loss/(gain)	7	(47)
Interest expense	1,114	1,148
Interest income	(6)	(3)
Operating cash flows before working capital changes	3,369	5,665
Trade receivables	(305)	535
Other receivables and prepayments	531	920
Inventories	(59)	234
Trade payables	(274)	(1,415)
Other payables and accruals	(1,080)	(897)
Cash from operations	2,182	5,042
Interest paid	(1,064)	(1,148)
Interest received	6	3
Income tax and withholding taxes refunded/(paid), net	295	(32)
Net cash from operating activities	1,419	3,865
Cash flows from investing activities		
Purchase of property, plant and equipment	(412)	(263)
Receipts of partial liquidation proceeds	7,654	2,716
Proceeds from disposal of property, plant and equipment	34	38
Proceeds from disposal of non-current assets classified as held for sale	3,670	2,895
Dividend income from equity investments	-	4
Proceeds from disposal of equity investments at FVTPL	5	88
Purchase of equity Investments at FVTPL	-	(30)
Proceeds from disposal of joint venture	400	-
Net cash from investing activities	11,351	5,448
Cash flows from financing activities		
Repayment of leases	(2,311)	(2,233)
Proceeds of bank loans	-	5,000
Repayment of bank loans	(3,719)	(15,943)
Dividend paid	(1,674)	-
Net cash used in financing activities	(7,704)	(13,176)
Net increase /(decrease) in cash and cash equivalents	5,066	(3,863)
Cash and cash equivalents at beginning of financial year	2,672	6,522
Effects of exchange rate changes on cash and cash equivalents	(7)	13
Cash and cash equivalents at financial year	7,731	2,672

D. Condensed interim statements of changes in equity

	Share capital	Treasury shares	Currency translation reserve	Revaluation reserve	Accumulated (losses) 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
Group								
Balance at July 1, 2020	10,736	(892)	(722)	60,168	(24,047)	45,243	-	45,243
<i>Total comprehensive income for the financial year</i>								
Profit for the year	-	-	-	-	2,317	2,317	-	2,317
Other comprehensive income	-	-	17	8,840	-	8,857	-	8,857
Total	-	-	17	8,840	2,317	11,174	-	11,174
Balance at June 30, 2021	10,736	(892)	(705)	69,008	(21,730)	56,417	-	56,417
<i>Total comprehensive income for the financial year</i>								
Profit for the year	-	-	-	-	1,060	1,060	-	1,060
Other comprehensive income for the year	-	-	8	4,050	-	4,058	-	4,058
Disposal of non-current assets classified as held for sale	-	-	-	(939)	939	-	-	-
Dividend declared and approved to owners of the company	-	-	-	-	(1,674)	(1,674)	-	(1,674)
Total	-	-	8	3,111	325	3,444	-	3,444
Balance at June 30, 2022	10,736	(892)	(697)	72,119	(21,405)	59,861	-	59,861

	Share capital	Treasury shares	Revaluation reserve	Accumulated (losses) profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
Balance at July 1, 2020	10,736	(892)	59,229	(34,558)	34,515
<i>Total Comprehensive income for the financial year</i>					
Profit for the year	-	-	-	3,737	3,737
Other comprehensive income	-	-	8,840	-	8,840
Total	-	-	8,840	3,737	12,577
Balance at June 30, 2021	10,736	(892)	68,069	(30,821)	47,092
<i>Total Comprehensive income for the financial year</i>					
Profit for the year	-	-	-	2,627	2,627
Other comprehensive income for the year	-	-	4,050	-	4,050
Dividend declared and approved to owners of the company	-	-	-	(1,674)	(1,674)
Total	-	-	4,050	953	5,003
Balance at June 30, 2022	10,736	(892)	72,119	(29,868)	52,095

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Sakae Holdings Ltd. (the “Company”) is incorporated and domiciled in Singapore. Its shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the twelve months ended 30 June 2022 are for the Company and its subsidiaries (collectively, the “Group”).

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

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

2. Basis of preparation

The condensed interim financial statements for the twelve months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore (“Standards”). The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last audited annual financial statements for the year ended 30 June 2021.

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

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

2.1 New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 July 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.2 Use of judgements and estimates

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2021.

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

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period from 1 July 2021 to 30 June 2022 ("FY2022").

4. Revenue

	Group			
	Three months ended		Twelve months ended	
	30 June		30 June	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Types of goods and services				
Food and beverage sales	4,080	3,705	16,332	19,228
Rendering of services	36	562	846	1,921
Total	4,116	4,267	17,178	21,149
Timing of revenue recognition				
At a point in time	4,116	4,267	17,178	21,149

5. Segment information

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

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

5.1 Reportable segments

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

Twelve months ended 30 June	Revenue		Net profit	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	6,139	10,341	1,000	3,785
Other products and services	13,700	13,732	2,233	354
Less: Inter-segment revenue	(2,661)	(2,924)	-	-
Total	17,178	21,149	3,233	4,139
Central administration costs and directors' salaries			(9,047)	(10,157)
Other operating income and gains			5,386	6,758

5. Segment information (Cont'd)

5.1 Reportable segments (Cont'd)

Finance costs	(1,114)	(1,148)
Fair value gain on equity investments at FVTPL	2,310	2,668
Profit before income tax	768	2,260
Income tax credit	292	57
Profit for the financial year	1,060	2,317

Twelve months ended 30 June	Depreciation		Additions to property, plant and equipment	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	1,476	2,261	366	605
Other products and services	779	1,433	46	641
Unallocated corporate items	1,968	1,650	-	-
Total	4,223	5,344	412	1,246

	Segment Assets		Segment Liabilities	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	22,618	18,876	35,688	13,639
Other products and services	1,804	3,769	23,369	49,434
Unallocated corporate items	94,496	96,845	-	-
Total	118,918	119,490	59,057	63,073

5.2 Disaggregation of revenue

	Revenue		Non-current assets	
	Twelve months ended 30 June		30 June	30 June
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	14,886	17,725	103,279	98,683
Malaysia	2,292	3,424	469	1,183
	17,178	21,149	103,748	99,866

6. Financial instruments

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 June 2022 and 30 June 2021:

	Group		Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
Financial assets				
At cost	-	-	2,816	12,000
At amortised cost	9,553	5,106	3,906	1,184
At fair value through profit or loss	4,497	9,845	2,186	9,840
	14,050	14,951	8,908	23,024
Financial liabilities				
At amortised cost	45,824	49,845	48,352	60,769

7. Profit before tax

	Group	
Three months ended 30 June	2022	2021
	S\$'000	S\$'000
Depreciation of property, plant and equipment	499	674
Depreciation of right-of-use assets	528	580
Loss on disposal of property, plant and equipment	5	83
Fair value gain on equity investments at FVTPL	(2,310)	(2,668)
Property, plant and equipment written off	100	-
Impairment loss on right-of-use assets	-	226
Interest on borrowings	174	150
Interest on leases	124	72
Twelve months ended 30 June	2022	2021
	S\$'000	S\$'000
Depreciation of property, plant and equipment	2,200	2,408
Depreciation of right-of-use assets	2,023	2,936
(Gain)/loss on disposal of property, plant and equipment, net	-	148
Fair value gain on equity investments at FVTPL	(2,310)	(2,668)
Gain on disposal of investment in joint venture	(400)	-
Gain on disposal of assets classified as held for sale	(56)	(438)
Property, plant and equipment written off	100	33
Impairment loss on right-of-use assets	-	9
Interest on borrowings	599	668
Interest on leases	515	480

8. Tax Credit

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

Three months ended 30 June	Group	
	2022	2021
	\$'000	\$'000
Current tax credit	(21)	(3)
Deferred tax credit (Note 18)	(282)	(60)
Total tax credit	(303)	(63)

Twelve months ended 30 June	Group	
	2022	2021
	\$'000	\$'000
Current income tax (credit)/expense	(10)	3
Deferred tax credit (Note 18)	(282)	(60)
Total tax credit	(292)	(57)

9. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares at the end of the:-
 (a) current financial period reported on; and,
 (b) immediately preceding financial year.

	Group		Company	
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	42.92	40.45	37.35	33.76

10. Earnings per share

Three months ended 30 June	Group	
	2022	2021
Total profit for the period (\$'000)	1,343	1,481
Basic earnings per share (cent)	0.96	1.06
Diluted earnings per share (cent)	0.96	1.06

Twelve months ended 30 June	Group	
	2022	2021
Total profit for the year (\$'000)	1,060	2,317
Basic earnings per share (cent)	0.76	1.66
Diluted earnings per share (cent)	0.76	1.66

Explanatory notes:

Earnings per share is calculated based on the Group's total profit for the period/year divided by the issued share capital of the Company of 139,472,000 (30 June 2021: 139,472,000) shares for the period under review.

11. Cash and cash equivalents

	Group		Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
Cash at bank	7,710	3,027	3,567	838
Cash on hand	21	15	2	3
Cash and bank balances	7,731	3,042	3,569	841
Less: bank overdrafts	-	(370)	-	-
Cash and cash equivalents in consolidated statement of cash flow	7,731	2,672	3,569	841

12. Other receivables and prepayments

	Group		Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
Other receivables	1,768	7,588	1,730	6,098
Less: allowance for impairment loss	(1,730)	(7,405)	(1,730)	(6,078)
	38	183	-	20
Amount due from related party	1,337	1,337	1,337	1,337
Less: allowance for impairment loss	(1,337)	(1,337)	(1,337)	(1,337)
Deposits	947	1,278	188	209
Prepayments	37	33	3	-
Total Current	1,022	1,494	191	229
Deposits - Non-current	5	64	-	-
Total	1,027	1,558	191	229

13. Equity Investments at fair value through profit or loss

Presented as current assets:

	Group		Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
Quoted equity shares, at fair value	-	5	-	-

Investments in quoted equity securities above offer the Group and the Company the opportunity for return through dividend income and fair value gains. The fair values of these securities are based on closing quoted bid price in an active market on the last market day of the financial year. The quoted equity shares are classified as Level 1 (30 June 2021 : Level 1) in the fair value hierarchy.

Presented as non-current assets:

	Group		Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
Unquoted equity shares, at fair value	4,496	9,840	4,496	9,840

Investments in unquoted equity shares relate to the following:

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

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

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

Unquoted equity shares are classified as Level 3 (30 June 2021 : Level 3) in the fair value hierarchy.

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

	Group		Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	9,840	9,888	9,840	9,888
Receipts of partial liquidation proceeds	(7,654)	(2,716)	(7,654)	(2,716)
Fair value gain for the financial year	2,310	2,668	2,310	2,668
	4,496	9,840	4,496	9,840

During the current financial year, the group received the partial returns of capital from the liquidator of GREIH of \$7,654,000 (30 June 2021 : \$2,716,000).

14. Non-current assets classified as held for sale

	Group	
	30 June 2022	30 June 2021
	\$'000	\$'000
<u>Properties held for sale</u>		
Balance at the beginning of the financial year	4,022	6,425
Disposal	(3,604)	(2,457)
Exchange differences	(10)	54
Balance at the end of the financial year	408	4,022

15. Joint Venture

	Group	
	30 June 2022	30 June 2021
	\$'000	\$'000
Cost of investment in joint venture	-	350
Less: Allowance for impairment loss	-	(350)
Net	-	-

On 20 August 2021, one of the Group's subsidiaries, Apex-Pal Investment Pte. Ltd. disposed of its 40% shareholdings (66,667 ordinary shares) in Novitee Pte Ltd to Glife Technologies Pte Ltd for total consideration of \$400,000. Accordingly, a gain on disposal of \$400,000 is recognised in the financial year ending 30 June 2022.

16. Property, Plant and Equipment

During the year ended 30 June 2022, the Group acquired property, plant and equipment with an aggregate cost of \$412,000 (30 June 2021: \$263,000).

17. Bank Loans

	Group		Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000
<u>Amount repayable within one year or on demand</u>				
Secured	24,710	27,724	24,710	27,724
Unsecured	1,227	1,099	1,227	729
	<u>25,937</u>	<u>28,823</u>	<u>25,937</u>	<u>28,453</u>
<u>Amount repayable after one year</u>				
Unsecured	<u>3,068</u>	<u>4,271</u>	<u>3,068</u>	<u>4,271</u>

The Group obtained loan facilities to finance the construction of its headquarters which was mortgaged to the lending bank as a form of collateral and short term loans for working capital.

18. Deferred Tax Liabilities

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

	Revaluation reserve \$'000	Accelerated tax depreciation \$'000	Others \$'000	Total \$'000
<u>Group</u>				
At 1 July 2020	10,965	9	(177)	10,797
Charge to other comprehensive Income	1,810	-	-	1,810
(Credit)/Charge to profit and loss	(232)	-	172	(60)
Exchange differences	-	-	5	5
At 30 June 2021	<u>12,543</u>	<u>9</u>	<u>-</u>	<u>12,552</u>
Charge to other comprehensive Income	829	-	-	829
Credit to profit and loss	(282)	-	-	(282)
At 30 June 2022	<u>13,090</u>	<u>9</u>	<u>-</u>	<u>13,099</u>
<u>Company</u>				
	Revaluation reserve \$'000	Accelerated tax depreciation \$'000	Total \$'000	
At 1 July 2020	10,965	9	10,974	
Charge to other comprehensive income	1,810	-	1,810	
Credit to profit or loss	(232)	-	(232)	
At 30 June 2021	<u>12,543</u>	<u>9</u>	<u>12,552</u>	
Charge to other comprehensive income	829	-	829	
Credit to profit or loss	(282)	-	(282)	
At 30 June 2022	<u>13,090</u>	<u>9</u>	<u>13,099</u>	

19. Share Capital

	Group and Company			
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	'000	'000	\$'000	\$'000
	Number of ordinary shares		Total share capital	
Issued and paid up:				
At beginning and end of the year	142,000	142,000	10,736	10,736

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

The total number of issued shares (excluding treasury shares) was 139,472,000 (30 June 2021 : 139,472,000).

Treasury shares

There were no changes in the Company's Treasury shares as set out below.

	Group and Company			
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	'000	'000	\$'000	\$'000
	Number of ordinary shares		Total share capital	
Issued and fully paid up:				
At beginning and end of the year	2,528	2,528	892	892

20. Revaluation Reserve

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

	Group
	\$'000
At 1 July 2020	60,168
Recognised in other comprehensive income	8,840
At 30 Jun 2021	69,008
At 1 July 2021	69,008
Recognised in other comprehensive income	4,050
Reversal of revaluation reserves on disposal of non-current assets classified as held for sale	(939)
At 30 Jun 2022	72,119

21. Dividend

	Group and Company	
	30 June	30 June
	2022	2021
	\$'000	\$'000
Final tax exempt (one-tier) dividend of 1.2 cents per Ordinary Share for the financial year ended 30 June 2021	1,674	-
	1,674	-

22. Related party transactions

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

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

Twelve months ended 30 June	Group	
	2022	2021
	\$'000	\$'000
Rental income	668	439

23. Subsequent events

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

F. Other Information required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Sakae Holdings Ltd and its subsidiaries as at 30 June 2022, the related condensed profit or loss and other comprehensive income, condensed consolidated statements of changes in equity, condensed consolidated statement of cash flows for the three-month period and twelve months then ended, and, certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Financial performance (4QFY2022 vs 4QFY2021)

Group revenue for the quarter ended 30 June 2022 (“4QFY2022”) totalled \$4.1 million, a decrease of 3.5% as compared to \$4.3 million in the corresponding period of the previous year (“4QFY2021”). During 4QFY2022, the prolonged and cumulative effects of the Covid-19 pandemic control measures are reflected in the small decline in Group revenue. In this same period, the revenue contribution from online orders and delivery sales was able to cushion the negative impact of reduced restaurant operations.

As the market began to exhibit signs of a slow and gradual recovery, in line with the relaxation of the Covid-19 pandemic control measures, coupled with stronger consumer demand and sentiment, the Group looks to increase restaurant offerings to capture the return of diners.

Through effective pricing strategies and ongoing review to manage inflationary food costs, the Group has achieved a 6.1% improvement in gross profit margin from 58.3% in 4QFY2021 to 64.4% in 4QFY2022. This is achieved in accordance with the Group’s commitment to provide our customers with good food at great value.

Other operating income and gains decreased by 16.3%, from \$4.7 million in 4QFY2021 to \$3.9 million in 4QFY2022. This is mainly due to lower fair value gains on equity investments in 4QFY2022 by \$0.4 million and lower government subsidies and rental rebates by \$0.4 million.

Administrative expenses increased by 27.1%, from \$3.1 million in 4QFY2021 to \$3.9 million in 4QFY2022, mainly due to timing difference resulting in higher depreciation charged on right-of-use asset from \$0.4 million in 4QFY2021 to \$1.1 million in 4QFY2022, a difference of \$0.7 million.

Other operating expenses decreased by 9.7%, from \$1.4 million in 4QFY2021 to \$1.3 million in 4QFY2022, mainly due to the impairment of fixed assets of \$0.1 million incurred in 4QFY2021.

Finance costs increased by \$0.1 million from \$0.2 million in 4QFY2021 to \$0.3 million in 4QFY2022, mainly due to the hike in borrowing rates during the period.

Group profit before tax and net profit for the financial quarter are recorded at \$1.0 million and \$1.3 million respectively in 4QFY2022, which represented a decrease of \$0.4 million and \$0.2 million, as compared to Group profit before tax and net profit for the financial quarter of \$1.4 million and \$1.5 million respectively in 4QFY2021.

Financial performance (FY2022 vs FY2021)

Group revenue for the twelve months ended 30 June 2022 (“FY2022”) totalled \$17.2 million, a decrease of 18.8% as compared to \$21.1 million in the corresponding period of the previous year (“FY2021”). During FY2022, the Group has taken strategic decisions to pivot towards online orders and delivery services, responding with agility towards the reduced demand of restaurant dining arising from Covid-19 control restrictions. The negative impact of reduced restaurant operations was therefore cushioned by revenue contribution from online orders and delivery sales, thus resulting in profitability despite reduced Group revenue.

With a global shortage of raw materials and supply chain challenges, the Group had to deal with escalating raw material cost in FY2022. Despite this, the Group has maintained its gross profit margin at about 64.8%, by managing the cost of its restaurant business effectively while continuing to serve great quality food to our customers.

Other operating income and gains decreased by 18.4%, from \$9.4 million in FY2021 to \$7.7 million in FY2022. This is mainly due to lower fair value gains on equity investments by \$0.4 million in FY2022, lower government subsidies and rental rebates by \$0.9 million. In FY2021, there was also the award of legal costs following successful litigation in court of \$0.4 million.

Administrative expenses decreased by 12.4%, from \$15.2 million in FY2021 to \$13.3 million in FY2022, mainly due to lower depreciation charges from \$5.3 million in FY2021 to \$4.2 million in FY2022, a difference of \$1.1 million. Labour costs decreased by \$0.6 million, from \$8.5 million in FY2021 to \$7.9 million in FY2022. Other administrative expenses, which includes professional fees also decreased by 14.2%, from \$1.4 million in FY2021 to \$1.2 million in FY2022.

Other operating expenses decreased by 3.4%, from \$3.8 million in FY2021 to \$3.6 million in FY2022, mainly due to loss on disposal of fixed assets of \$0.1 million incurred in FY2021.

Finance costs decreased slightly by \$0.03 million due to the repayment of short term borrowings during the year.

Group profit before tax and net profit for the financial year are recorded at \$0.8 million and \$1.1 million respectively in FY2022, which represented a decrease of \$1.5 million and \$1.2 million, as compared to Group profit before tax and net profit for the financial year of \$2.3 million in FY2021.

Financial position of the Group

Group and Company cash and cash equivalents as at 30 June 2022 ("FY2022") stood at \$7.7 million and \$3.6 million respectively as compared to \$3.0 million and \$0.8 million respectively as at 30 June 2021 ("FY2021"). The Group received a net return of \$7.7 million in relation to the partial return of capital from its investment in GREIH in FY2022. In addition, the Group has distributed a final tax exempt (one-tier) dividend of \$1.7 million and reduced bank borrowings of \$4.7 million in FY2022. The Group continues to be cautious and will take reasonable steps to manage its cash flow effectively.

The non-current assets classified as held for sale decreased significantly by 90.0%, from \$4.0 million in FY2021 to \$0.4 million in FY2022, mainly due to the disposal of properties in Malaysia.

Other receivables and prepayments has decreased by 31.6%, from \$1.5 million in FY2021 to \$1.0 million in FY2022, mainly due to the return of deposits from leases exited.

Equity investments at fair value has reduced 54.3% from \$9.8 million in FY2021 to \$4.5 million in FY2022 with partial return of capital from its investment in GREIH, followed by the recognition of a fair value gain of \$2.3 million.

Shareholders' equity for the Group and Company stood at \$59.9 million and \$52.1 million respectively as at FY2022, as compared with \$56.4 million and \$47.1 million respectively as at FY2021.

Cash flow of the Group

The Group generated operating cash flows of \$1.4 million in FY2022, as compared to \$3.9 million in FY2021. The Group will continue to adopt a cautious approach even as it seeks sustainable growth in its operations and in managing its operating costs effectively.

3. (i) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Treasury shares

There were no changes in the Company's Treasury shares as set out below.

	30 June 2022		30 June 2021	
	Number of shares		Number of shares	
	('000)	(\$'000)	('000)	(\$'000)
At beginning and end of financial year	2,528	892	2,528	892

- (ii) To show the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30 June 2022	30 June 2021
Number of shares held as treasury shares	2,528,000	2,528,000
Total number of issued shares (excluding treasury shares)	139,472,000	139,472,000

- (iii) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

- (iv) A statement showing all sales, transfers, cancellation and/or use of subsidiary holding as at end of the current financial period reported on.

During the financial period, there was no transaction pertaining to subsidiary holdings.

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

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

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

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

A qualified opinion was issued by the Group's previous statutory auditor in relation to the financial statements for the financial year ended 30 June 2020 ("FY2020"). The financial statements for the financial year ended 30 June 2021 ("FY2021") were accordingly modified by the Group's current statutory auditor because of the possible effects related to the consolidated profit or loss, when the FY2020 financial statements are used as comparison to FY2021's financial statements.

The consolidated financial position and consolidated profit or loss in FY2021 were not qualified by the Group's current statutory auditor and thus the above matter will not have an impact on the consolidated profit or loss and financial position for the current financial period or on the comparability of the current period's figures and the corresponding FY2021 consolidated profit or loss.

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

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

Accounting policies and methods of computation used in the condensed interim financial statements for the period ended 30 June 2022 are consistent with those applied in the consolidated financial statements for the year ended 30 June 2021.

7. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

8. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	3 months ended 30 June	
	2022	2021
Earnings per ordinary share for the period		
(a) Based on weighted average number of ordinary shares in issue (cents)	0.96	1.06
(b) On a fully diluted basis (cents)	0.96	1.06
	12 months ended 30 June	
	2022	2021
Earnings per ordinary share for the period		
(a) Based on weighted average number of ordinary shares in issue (cents)	0.76	1.66
(b) On a fully diluted basis (cents)	0.76	1.66

9. A breakdown of sales

	FY2022 S\$'000	FY2021 S\$'000	Increase / (Decrease) %
a) Revenue reported for first half year	8,418	11,126	(24.3)
b) Profit after income tax before deducting non-controlling interests reported for the first half year	35	617	(94.3)
c) Revenue reported for second half year	8,760	10,023	(12.6)
d) Profit after income tax before deducting non-controlling interests reported for the second half year	1,025	1,700	(39.7)

10. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been issued previously.

11. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

While the Covid-19 pandemic has brought about a highly uncertain economic climate, the recent easing of restriction measures has brought some optimism to the Food & Beverage sector. The industry however, continues to face challenges from rising raw material costs and tight labour conditions. While the global economic outlook shows signs of recovery, the Group will continue to adopt a cautious outlook in managing its business operations to adapt to new consumer trends and demand.

The Group operates primarily in Singapore and Malaysia. As Covid-19 enters into an endemic phase, there is optimism that consumer demand and market sentiment will improve. However, given that the Covid-19 situation remains fluid and rapidly evolving and as government policies change in tandem, the Group expects the operating environment of the food and beverage industry to remain challenging in the next 12 months. The Group will continue to closely monitor the Covid-19 pandemic situation and shall adjust and react proactively to the evolving landscape.

The Group will continue its efforts to optimize its business operations amidst these challenging times while exploring new market opportunities.

12. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of Dividend	Final tax exempt (one-tier)
Dividend Type	Cash
Dividend Rate	1.2 cents per Ordinary Share
Tax Rate	Tax exempt (one-tier)

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the current financial period so as to conserve liquidity to fulfill the operational and financial requirements of the Group amid the uncertainties caused by the Covid-19 pandemic.

14. Interested person transactions

There were no interested person transactions during the financial period ended 30 June 2022. The Company did not obtain any general mandate from its shareholders in respect of any interested person transaction.

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

Pursuant to Rule 704(13) of the SGX-ST Listing Manual, the Company wishes to inform that none of the persons occupying a managerial position in the Company or any of its principal subsidiaries is a relative to a Director or Chief Executive Officer or Substantial Shareholder of the Company as at 30 June 2022.

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

BY ORDER OF THE BOARD

Chan Lai Yin
Company Secretary

29 August 2022