



# Soup Restaurant Group Limited

UEN 199103597Z

## FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

### PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) **A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

The Board of Directors of Soup Restaurant Group Limited is pleased to announce the consolidated results of the Group for the financial year ended 31 December 2013. The figures presented below have not been audited.

	<u>Group</u>		Increase / (Decrease) %
	Financial Year Ended 31 Dec 2013 S\$'000	2012 S\$'000	
Revenue	38,020	35,258	7.8
<b>Other items of income</b>			
Interest income	13	16	(18.8)
Other income	405	436	(7.1)
<b>Other items of expenses</b>			
Changes in inventories	(10)	(82)	(87.8)
Purchases and other consumables	(8,757)	(7,913)	10.7
Employee benefits expenses	(13,194)	(11,903)	10.8
Depreciation and amortization expenses	(1,671)	(1,428)	17.0
Other expenses	(14,006)	(13,758)	1.8
Finance costs	(21)	(9)	133.3
<b>Profit before income tax from continuing operations</b>	<b>779</b>	<b>617</b>	<b>26.3</b>
Income tax expense	(304)	(323)	(5.9)
<b>Profit from continuing operations, net of tax</b>	<b>475</b>	<b>294</b>	<b>61.6</b>
Profit from discontinued operation, net of tax (Note 1)	-	4,284	(100.0)
<b>Profit for the year, net of tax</b>	<b>475</b>	<b>4,578</b>	<b>(89.6)</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translating foreign operation	8	(12)	
<b>Total comprehensive income</b>	<b>483</b>	<b>4,566</b>	
<b>Profit for the year and total comprehensive income attributable to:</b>			
Owners of the parent			
- Profit from continuing operations, net of tax	475	294	
- Profit from discontinued operation, net of tax	-	3,939	
Non-controlling interests	-	345	
	<b>475</b>	<b>4,578</b>	

**Total comprehensive income attributable to:**

Owners of the parent		
- Profit from continuing operations, net of tax	483	282
- Profit from discontinued operation, net of tax	-	3,939
Non-controlling interests	-	345
	<u>483</u>	<u>4,566</u>

N.M. – Not meaningful

Profit before income tax is arrived at after charging/(crediting) the following:-

	<u>Continuing Operations</u>		<b>Increase / (Decrease) %</b>
	<b>Financial Year Ended 31 Dec</b>		
	<b>2013 S\$'000</b>	<b>2012 S\$'000</b>	
Advertising expense	441	674	(34.6)
Cleaning materials and services	1,028	932	10.3
Credit card commission charges	433	429	0.9
Government grant	(132)	(288)	(54.2)
Loss on disposal of fixed assets	36	14	149.9
Operating lease expenses	7,394	6,412	15.3
Packing materials	294	337	(12.6)
Plant and equipment written off	76	164	(53.7)
Professional fees	432	1,273	(66.0)
Utilities	2,015	1,925	4.7

**Note 1:**

Following the shareholders' approval on 31 July 2012 and as announced on 7 August 2012, upon the completion of the disposal of the Group's entire equity interests in Y.E.S F&B Group Pte Ltd ("YES"), YES ceased to be a subsidiary of the Group. In compliance with FRS 105, the results of YES are presented separately in the consolidated Statement of Comprehensive Income as "Discontinued Operation" as follows:

	<u>Discontinued Operation</u>
	<b>Financial Year Ended 31 Dec 2012</b>
	<b>S\$'000</b>
Revenue	14,345
Other income	35
Purchases and other consumables	(3,487)
Employee benefits expenses	(4,309)
Depreciation and amortization expenses	(629)
Other expenses	(4,939)
Finance costs	-
<b>Profit before income tax from discontinued operation</b>	<b>1,016</b>
Income tax expense	(173)
<b>Profit from discontinued operation, net of tax</b>	<b>843</b>
Gain from disposal of a subsidiary	3,441
<b>Profit from discontinued operation, net of tax</b>	<b>4,284</b>

As at the date of disposal, YES reported a profit after income tax of S\$0.8 million for the period ended 31 July 2012.

**1(b)(i) A statement of financial position for the issuer and group, together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	31.12.2013 S\$'000	31.12.2012 S\$'000	31.12.2013 S\$'000	31.12.2012 S\$'000
<b>Non-current assets</b>				
Plant and equipment	4,736	3,980	344	402
Investments in subsidiaries	-	-	1,700	700
Intangible assets	158	9	158	9
	<b>4,894</b>	<b>3,989</b>	<b>2,202</b>	<b>1,111</b>
<b>Current assets</b>				
Inventories	90	100	-	-
Trade and other receivables	3,658	3,733	2,844	3,310
Fixed deposits with banks	4,560	4,552	4,560	4,552
Cash and bank balances	6,388	11,944	2,124	8,796
	<b>14,696</b>	<b>20,329</b>	<b>9,528</b>	<b>16,658</b>
<i>Less:</i>				
<b>Current liabilities</b>				
Trade and other payables	4,161	4,133	1,842	3,532
Provisions	679	624	36	35
Current income tax payable	323	331	24	65
	<b>5,163</b>	<b>5,088</b>	<b>1,902</b>	<b>3,632</b>
<b>Net current assets</b>	<b>9,533</b>	<b>15,241</b>	<b>7,626</b>	<b>13,026</b>
<b>Non-current liability</b>				
Deferred tax liability	(246)	(244)	(16)	(16)
	<b>(246)</b>	<b>(244)</b>	<b>(16)</b>	<b>(16)</b>
<b>Net assets</b>	<b>14,181</b>	<b>18,986</b>	<b>9,812</b>	<b>14,121</b>
<b>Equity</b>				
Share capital	6,593	6,593	6,593	6,593
Treasury shares	(1,855)	-	(1,855)	-
Translation reserve	(5)	(13)	-	-
Accumulated profits	9,448	12,406	5,074	7,528
<b>Total equity</b>	<b>14,181</b>	<b>18,986</b>	<b>9,812</b>	<b>14,121</b>

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

The Group does not have any borrowings and debt securities.

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

	<b>Group</b>	
	<b>Financial Year Ended 31 Dec</b>	
	<b>2013</b>	<b>2012</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before income tax from continuing operations	779	617
<i>Adjustments for:</i>		
Amortisation of intangible assets	25	-
Depreciation of plant and equipment	1,646	1,428
Interest expense	21	9
Interest income	(13)	(16)
Loss on disposal of plant and equipment	31	14
Plant and equipment written off	76	163
Provision for utilized annual leave	53	33
Unrealised foreign exchange loss/(gain)	8	(12)
Operating profit before working capital changes	<b>2,626</b>	<b>2,236</b>
<i>Working capital changes:</i>		
Inventories	10	82
Trade and other receivables	75	(820)
Trade and other payables	(105)	(559)
Cash generated from operations	<b>2,606</b>	<b>939</b>
Income taxes paid	(310)	(392)
Interest paid	2	-
Interest received	13	16
Cash from operating activities, continuing operations	<b>2,311</b>	<b>563</b>
Cash from operating activities, discontinued operation	-	1,280
Net cash from operating activities	<b>2,311</b>	<b>1,843</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of plant and equipment	10	2
Disposal of a subsidiary, net of cash disposed of	-	1,018
Purchases of plant and equipment	(2,407)	(629)
Purchases of intangible assets	(174)	(10)
Cash from/(used in) investing activities, continuing operations	<b>(2,571)</b>	<b>381</b>
Cash used in investing activities, discontinued operation	-	(563)
Net cash used in investing activities	<b>(2,571)</b>	<b>(182)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(3,433)	(1,567)
Purchase of treasury shares	(1,855)	-
Net cash used in financing activities, continuing operations	<b>(5,288)</b>	<b>(1,567)</b>
Net change in cash and cash equivalents	<b>(5,548)</b>	<b>94</b>
Cash and cash equivalents at beginning	16,496	16,402
Cash and cash equivalents at end	<b>10,948</b>	<b>16,496</b>

1(d)(i) A statement for the issuer and group showing all changes in equity, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Equity attributable to owners of the parent				Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000			
Balance as 01.01.2013	6,593	-	(13)	12,406	18,986	-	18,986
<b>Total comprehensive income for the year:</b>							
Profit from continuing operations, net of tax	-	-	-	475	475	-	475
<b>Other comprehensive income:</b>							
Exchange difference on translating foreign operation	-	-	8	-	8	-	8
<b>Total comprehensive income for the year</b>	-	-	8	475	483	-	483
<b>Distributions to owners</b>							
Dividends	-	-	-	(3,433)	(3,433)	-	(3,433)
Purchase of treasury shares	-	(1,855)	-	-	(1,855)	-	(1,855)
<b>Total transactions with owners</b>	-	(1,855)	-	(3,433)	(5,288)	-	(5,288)
<b>Balance at 31.12.2013</b>	<b>6,593</b>	<b>(1,855)</b>	<b>(5)</b>	<b>9,448</b>	<b>14,181</b>	<b>-</b>	<b>14,181</b>
Balance as 01.01.2012	6,593	-	(1)	9,740	16,332	3,935	20,267
<b>Total comprehensive income for the year:</b>							
Profit from continuing operations, net of tax	-	-	-	294	294	-	294
Profit from discontinued operation, net of tax	-	-	-	3,939	3,939	345	4,284
<b>Other comprehensive income:</b>							
Exchange difference on translating foreign operation	-	-	(12)	-	(12)	-	(12)
<b>Total comprehensive income for the year</b>	-	-	(12)	4,233	4,221	345	4,566
<b>Distributions to owners</b>							
Disposal of subsidiary	-	-	-	-	-	(4,280)	(4,280)
Dividends	-	-	-	(1,567)	(1,567)	-	(1,567)
<b>Total transactions with owners</b>	-	-	-	(1,567)	(1,567)	(4,280)	(5,847)
<b>Balance at 31.12.2012</b>	<b>6,593</b>	<b>-</b>	<b>(13)</b>	<b>12,406</b>	<b>18,986</b>	<b>-</b>	<b>18,986</b>

Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits S\$'000	Total S\$'000
Balance as 01.01.2013	6,593	-	7,528	14,121
Profit for the year, representing total comprehensive income for the year	-	-	979	979
<b>Distributions to owners</b>				
Dividends	-	-	(3,433)	(3,433)
Purchase of treasury shares	-	(1,855)	-	(1,855)
<b>Total transactions with owners</b>	-	(1,855)	(3,433)	(5,288)
<b>Balance at 31.12.2013</b>	<b>6,593</b>	<b>(1,855)</b>	<b>5,074</b>	<b>9,812</b>
Balance as 01.01.2012	6,593	-	2,298	8,891
Profit for the year, representing total comprehensive income for the year	-	-	6,797	6,797
<b>Distributions to owners</b>				
Dividends	-	-	(1,567)	(1,567)
<b>Total transactions with owners</b>	-	-	(1,567)	(1,567)
<b>Balance at 31.12.2012</b>	<b>6,593</b>	<b>-</b>	<b>7,528</b>	<b>14,121</b>

- 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 share 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 8,900,000 treasury shares held as at 31 December 2013 (31 December 2012: Nil).

- 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.

Number of issued shares (excluding treasury shares)	
As at 31.12.2013	As at 31.12.2012
289,600,000	298,500,000

- 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 Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year compared with the audited annual financial statements for the financial year ended 31 December 2012, except for the adoption of certain revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that became effective for the annual period beginning on 1 January 2013. The adoption of the revised FRS and INT FRS did not result in substantial changes to the Group's and the Company's accounting policies.

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>Group</b>	
	<b>Financial Year Ended 31 Dec</b>	
Earnings per ordinary share	<b>2013</b>	<b>2012</b>
<u>Continuing operations</u>		
(a) Based on weighted average number of ordinary shares in issue	0.16 cent	0.10 cent
(b) On a fully diluted basis	0.16 cent	0.10 cent
<u>Continuing operations and discontinued operation</u>		
(a) Based on weighted average number of ordinary shares in issue	0.16 cent	1.42 cents
(b) On a fully diluted basis	0.16 cent	1.42 cents
(i) Weighted average number of ordinary shares	296,516,667	298,500,000
(ii) Adjusted weighted average number of ordinary shares	296,516,667	298,500,000

**7. Net asset value for the issuer and group per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and  
 (b) immediately preceding financial year.

	<b>Group</b>		<b>Company</b>	
	<b>31.12.2013</b>	<b>31.12.2012</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares at the end of the financial year reported on	4.90 cents	6.36 cents	3.39 cents	4.73 cents
Total number of issued shares excluding treasury shares at the end of the financial year reported on	289,600,000	298,500,000	289,600,000	298,500,000

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

**Continuing operations**

Group revenue for the financial year ended 31 December 2013 ("FY2013") was S\$38.0 million, an increase of S\$2.8 million or 7.8% as compared to S\$35.3 million for last year ("FY2012"). This was largely attributed by the additional contributions from four new outlets which commenced operations during the first half of the year as well as improved revenue from the existing outlets. The increase in revenue was partially offset by the loss of revenue from the closure of two outlets when their leases expired during the year.

Purchases and other consumables were higher by 0.6 percentage point at 23.0, % of revenue attributable by the higher food costs for the new brands. As a percentage of revenue, employee benefits expenses rose to 34.7% of revenue in FY2013 as a result of wage revision, increase in casual workers, higher CPF contributions and foreign worker levies. Depreciation and amortisation expenses also recorded an increase of S\$0.2 million to S\$1.7 million in FY2013, owing to additional fixed assets acquired during the renovation of new and existing outlets. Other

operating expenses increased to S\$14.0 million as compared to S\$13.8 million in FY2012, mainly due to increased costs associated with the relocation and closure of outlets, pre-operating expenses for new outlets as well as higher rental but these increases were offset by lower advertising expenses and professional fees.

As a result, the profit before income tax increased by S\$0.2 million or 26.3% as compared to FY2012. Earnings per share also increased from 0.10 cent in FY2012 to 0.16 cent in FY2013.

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Plant and equipment rose by S\$0.8 million to S\$4.7 million in FY2013 as a result of the additional fixed assets acquired for the existing and new outlets which had undergone renovation during the year. Trade and other receivables and trade and other payables remained fairly the same at S\$3.7 million and S\$4.2 million respectively in FY2013.

Cash and cash equivalents were lower by S\$5.5 million at S\$10.9 million in FY2013, attributable mainly to the payment of special and final dividend of S\$3.4 million to shareholders, the purchase of treasury shares of S\$1.9 million and the purchases of plant and equipment for the outlets 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 previously disclosed to shareholders.

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

The business environment for food and beverage (F&B) companies is expected to remain challenging with continuing manpower shortages and rising operating costs such as rental, utilities and food costs.

The Group's revenue for the past year had increased by 7.8%, coupled with profits before income tax for continuing operations improving by 26.3%.

The Group will continue to aggressively reduce overheads and costs by vertical integration of the supply chain.

Moving forward, the Group expects expansion of outlets both locally and regionally and expansion of our FMCG business by retailing sauces, produced by our food processing facility, both locally and overseas.

The Group expects to work closely with international supply and distribution institutions to reduce food costs and leverage on their distribution networks.

We have also teamed up with the Agency for Integrated Care and the Health Promotion Board as part of a Chef Consultancy initiative to enhance the quality and nutritional value of home-delivered meals for the "Meals-on-Wheels" programme under Thye Hua Kwan Moral Charities (West) and Sunshine Welfare Action Mission. The Group will plan enhanced menus and provide ready-to-use sauces to these homes to create variety and standardise the tastes of dishes.



**11. Dividend.**

- (a) current financial period reported on;  
any dividend declared for the current financial period reported on?**

Name of dividend	Final
Dividend type	Cash
Dividend per ordinary share	0.75 cent per ordinary share
Tax rate	Tax exempt (one-tier)

- (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	Interim	Special	Final
Dividend type	Cash	Cash	Cash
Dividend per ordinary share	0.35 cent per ordinary share	0.80 cent per ordinary share	0.35 cent per ordinary share
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)	Tax exempt (one-tier)

- (c) date payable; and**

The date of payment of the proposed final dividend will be announced at a later date.

- (d) books closure date.**

The books closure date for the proposed final dividend will be announced at a later date.

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

Not applicable.

**13. Interested person transactions.**

Name of interested person	Aggregate value of all interested person transactions during the financial year 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 during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Nil	Nil	Nil

The company has not obtained a general mandate from shareholders for interested person transactions.

**14. Negative confirmation by the board pursuant to Rule 705(5).**

Not applicable.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

15. **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.**

Not applicable.

16. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to paragraph 8.

17. **A breakdown of sales.**

	Continuing Operations		Discontinued Operation		Group		Increase/ (Decrease) %
	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
(a) Sales reported for first half year	18,849	18,660	-	12,444	18,849	31,104	(39.4)
(b) Operating profit after income tax before deducting minority interests reported for first half year	150	773	-	705	150	1,478	(89.9)
(c) Sales reported for second half year	19,171	16,598	-	1,901	19,171	18,499	3.6
(d) Operating profit after income tax before deducting minority interests reported for second half year	325	(479)	-	3,579	325	3,100	(89.5)

18. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Type of dividend	Total annual dividend	
	Financial Year Ended 31 Dec	
	2013	2012
	S\$	S\$
Special	-	2,388,000
Interim	-	1,044,750
Final *	2,172,000	1,044,750
<b>Total ordinary</b>	<b>2,172,000</b>	<b>4,477,500</b>

\* Proposed final dividend for FY2013 is estimated based on the number of shares (excluding treasury shares) outstanding as at the end of the financial year.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Toh Yen Sang	41	Sister-in-law of Mok Yip Peng, Managing Director	Chief Financial Officer and Company Secretary since 1 August 2012, overseeing the Group's accounting and financing functions.	Not applicable

**BY ORDER OF THE BOARD**

**TOH YEN SANG**

Company Secretary

18 February 2014