



Soup Restaurant Group Limited

UEN 199103597Z

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

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

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

	Group		Increase / (Decrease) % Change
	3 Months ended 31 March 2015 S\$'000	2014 S\$'000	
Revenue	10,760	10,302	4.4
<i>Items of income</i>			
Interest income	4	3	33.3
Other income	332	208	59.6
<i>Items of expense</i>			
Changes in inventories	27	3	N.M.
Purchases and other consumables	(2,601)	(2,332)	11.5
Employee benefits expense	(3,948)	(3,500)	12.8
Depreciation and amortisation expenses	(427)	(415)	2.9
Other expenses	(3,676)	(3,477)	5.7
Finance costs	-	-	-
Profit before income tax	471	792	(40.5)
Income tax expense	(112)	(148)	(24.3)
Profit for the financial period attributable to owners of the Company	359	644	(44.3)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translating foreign operation	(1)	-	(100.0)
Other comprehensive income for the financial period	(1)	-	(100.0)
Total comprehensive income for the financial period attributable to owners of the Company	358	644	(44.4)

N.M. – Not meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

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

	Group		Increase / (Decrease) % Change
	3 Months ended 31 March 2015 S\$'000	2014 S\$'000	
Advertising expense	117	25	368.0
Cleaning services	212	241	(12.0)
Credit card commission charges	104	115	(9.6)
Foreign exchange loss, net	12	-	100.0
Government grant	(308)	(179)	72.1
Operating lease expenses	2,029	1,937	4.7
Packing materials	43	80	(46.3)
Plant and equipment written off	3	-	100.0
Professional fees	155	114	36.0
Utilities	519	534	(2.8)

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	
	31.3.2015 S\$'000	31.12.2014 S\$'000	31.3.2015 S\$'000	31.12.2014 S\$'000
Non-current assets				
Plant and equipment	3,574	3,904	191	222
Investments in subsidiaries	-	-	1,600	1,600
Intangible assets	111	127	101	116
	3,685	4,031	1,892	1,938
Current assets				
Inventories	191	164	-	-
Trade and other receivables	4,198	4,214	3,100	2,393
Current income tax recoverable	16	134	-	-
Cash and cash equivalents	9,356	9,125	5,831	6,511
	13,761	13,637	8,931	8,904
<i>Less:</i>				
Current liabilities				
Trade and other payables	3,772	4,538	1,173	1,193
Provisions	733	734	38	38
Current income tax payable	321	126	14	12
	4,826	5,398	1,225	1,243
Net current assets	8,935	8,239	7,706	7,661
Non-current liability				
Deferred tax liability	(302)	(302)	(40)	(40)
Net assets	12,318	11,968	9,558	9,559
Equity				
Share capital	6,593	6,593	6,593	6,593
Treasury shares	(2,829)	(2,821)	(2,829)	(2,821)
Translation reserve	(5)	(4)	-	-
Accumulated profits	8,559	8,200	5,794	5,787
Total equity	12,318	11,968	9,558	9,559

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.**

	Group	
	3 Months ended 2015	31 March 2014
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before income tax	471	792
<i>Adjustments for:</i>		
Amortisation of intangible assets	16	14
Depreciation of plant and equipment	411	401
Interest income	(4)	(3)
Plant and equipment written off	3	-
Unrealised foreign exchange loss	7	-
Operating cash flow before working capital changes	904	1,204
<i>Working capital changes:</i>		
Inventories	(27)	(3)
Trade and other receivables	16	(456)
Trade and other payables	(766)	(432)
Cash generated from operations	127	313
Income taxes paid	200	(26)
Interest received	4	3
Net cash from operating activities	331	290
Cash flows from investing activities		
Purchases of plant and equipment, representing net cash used in investing activities	(92)	(6)
Cash flows from financing activities		
Purchase of treasury shares, representing net cash used in financing activities	(8)	(615)
Net change in cash and cash equivalents	231	(331)
Cash and cash equivalents as at the beginning of the financial period	9,125	10,948
Cash and cash equivalents as at the end of the financial period	9,356	10,617

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 Company				
	Share capital S\$'000	Treasury shares S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Total equity S\$'000
Balance as at 01.01.2015	6,593	(2,821)	(4)	8,200	11,968
Profit for the financial period	-	-	-	359	359
<u>Other comprehensive income for the financial period</u>					
Exchange difference on translating foreign operation	-	-	(1)	-	(1)
Total comprehensive income for the financial period	-	-	(1)	359	358
<u>Distributions to owners</u>					
Purchase of treasury shares	-	(8)	-	-	(8)
Balance as at 31.03.2015	6,593	(2,829)	(5)	8,559	12,318
Balance as at 01.01.2014	6,593	(1,855)	(5)	9,441	14,174
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	644	644
<u>Distributions to owners</u>					
Purchase of treasury shares	-	(615)	-	-	(615)
Balance as at 31.3.2014	6,593	(2,470)	(5)	10,085	14,203

1(d)(i)

Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits S\$'000	Total S\$'000
Balance as at 01.01.2015	6,593	(2,821)	5,787	9,559
Profit for the financial period, representing total comprehensive income for the financial period	-	-	7	7
<u>Distributions to owners</u>				
Purchase of treasury shares	-	(8)	-	(8)
Balance as at 31.03.2015	6,593	(2,829)	5,794	9,558
Balance as at 01.01.2014	6,593	(1,855)	5,074	9,812
Profit for the financial period, representing total comprehensive income for the financial period	-	-	18	18
<u>Distributions to owners</u>				
Purchase of treasury shares	-	(615)	-	(615)
Balance as at 31.03.2014	6,593	(2,470)	5,092	9,215

- 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.**

	Number of shares	
	3 Months ended 31 March	
	2015	2014
Balance as at the beginning of the financial period	12,853,000	8,900,000
Purchased during the financial period	40,000	2,412,000
Balance as at the end of the financial period	<u>12,893,000</u>	<u>11,312,000</u>

During the financial period ended 31 March 2015, the Company purchased a total of 40,000 (31 March 2014: 2,412,000) of its ordinary shares by way of on-market purchase for a total consideration of approximately S\$8,000 (31 March 2014: S\$0.6 million). These shares were held as treasury shares and were recorded separately in shareholders' equity.

There is no change in the issued and paid up capital of the Company during the financial period.

- 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 shares	
	As at	
	31.3.2015	31.12.2014
Total number of issued shares	298,500,000	298,500,000
Less: Treasury shares	(12,893,000)	(12,853,000)
Total number of issued shares, excluding treasury shares	<u>285,607,000</u>	<u>285,647,000</u>

- 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 period compared with the most recently audited financial statements for the financial year ended 31 December 2014, except for the adoption of all the new and revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are relevant to its operations and effective for annual period beginning on 1 January 2015. The adoption of these new and revised FRS and INT FRS did not result in 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.**

	Group	
	3 Months ended 31 March	
	2015	2014
(a) Basic earnings per share (cents)	0.13	0.22
(b) Diluted earnings per share (cents)	0.13	0.22
(i) Weighted average number of ordinary shares	285,613,222	294,929,681
(ii) Adjusted weighted average number of ordinary shares	285,613,222	294,929,681

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.**

	Group		Company	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares at the end of the financial period reported on	4.31 cents	4.19 cents	3.35 cents	3.35 cents
Total number of issued shares excluding treasury shares at the end of the financial period reported on	285,607,000	285,647,000	285,607,000	285,647,000

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**

Revenue and Profitability

The Group's revenue for the financial period ended 31 March 2015 ("3M2015") was \$10.8 million, an increase of \$0.5 million or 4.4% as compared to \$10.3 million for the financial period ended 31 March 2014 ("3M2014"). This was attributable to the improved sales from both operating segments, operation of restaurants by \$0.3 million and food processing, distribution and procurement services by \$0.2 million.

Other income increased by \$0.1 million mainly due to government grant received for the Wage Credit Scheme and Special Employment Credit.

Purchases and other consumables were slightly higher by 1.5 percentage point at 24.2% of revenue as compared to 3M2014 due to rising food costs. Employee benefits expenses increased by \$0.4 million or 12.8% in 3M2015 as a result of wage revision, increase in headcounts and higher CPF contribution.

Other expenses increased by \$0.2 million or 5.7% in 3M2015 mainly due to increase in advertising expenses and operating lease expense of \$0.1 million respectively.

As a result, the profit after income tax decreased by \$0.3 million or 44.3% as compared to 3M2014. Earnings per share decreased to 0.13 cents in 3M2015.

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

Review of Financial and Cash Flow Position

The Group's total assets decreased by \$0.3 million from \$17.7 million as at 31 December 2014 ("FY2014") to \$17.4 million as at 31 March 2015 ("1Q2015"). The decrease was mainly due to decrease in plant and equipment as a result of depreciation expense amounting to \$0.4 million, offset by additions of plant and equipment by \$0.1 million.

The Group's total liabilities decreased by \$0.6 million as compared to FY2014 mainly due to decrease in accrued staff bonuses and outstanding payments to contractors which were paid in 1Q2015, partially offset by an increase in current income tax payable by \$0.2 million.

Total equity increased by \$0.3 million mainly as a result of profit reported during the financial period. The Group's net asset value per share stood at 4.31 cents as at 1Q2015.

As a result of the above, cash and cash equivalents increased by \$0.2 million to \$9.4 million as at 1Q2015.

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 will continue to work hard to manage the challenging operating conditions in the F&B industry through enhancement on menu and services to appeal to a broader customer base and increase customer service quality. The Group will also tap on various initiatives introduced by the government to mitigate the pressures of rising costs, reduce labour reliance and enhance productivity.

In addition, the Group will step up its efforts to expand its food processing and distribution business.

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; and

Not applicable.

(d) books closure date.

Not applicable.

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

No interim dividend has been declared or recommended for first quarter financial period ended 31 March 2015.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii).

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

We, Mok Yip Peng and Wong Wei Teck, being directors of Soup Restaurant Group Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited first quarter results for the financial period ended 31 March 2015 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Mok Yip Peng
Managing Director

Wong Wei Teck
Executive Director

BY ORDER OF THE BOARD

TOH YEN SANG
Company Secretary
14 May 2015