



Soup Restaurant Group Limited

UEN 199103597Z

FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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			Group		
	4th Quarter ended 31 December 2015		Increase/ (Decrease) %	Financial year ended 31 December 2015		Increase/ (Decrease) %
	2014	2015		2014	2015	
	SS'000	SS'000		SS'000	SS'000	
Revenue	10,213	10,166	0.5	40,956	39,495	3.7
<i>Other Items of income</i>						
Interest income	7	2	250.0	21	10	110.0
Other income	78	82	(4.9)	627	560	12.0
<i>Items of expense</i>						
Changes in inventories	26	(5)	N.M.	40	74	45.9
Purchases and other consumables	(2,341)	(2,384)	(1.8)	(9,436)	(9,216)	2.4
Employee benefits expense	(3,649)	(3,637)	0.3	(15,073)	(14,315)	5.3
Depreciation and amortisation expenses	(429)	(413)	3.9	(1,714)	(1,645)	4.2
Other expenses	(3,305)	(3,710)	(10.9)	(14,291)	(13,967)	2.3
Finance costs	(10)	(15)	(33.3)	(10)	(15)	(33.3)
Profit before income tax	590	86	586.0	1,120	981	14.2
Income tax expense	(25)	119	(121.0)	(153)	(70)	118.6
Profit for the financial period/year attributable to owners of the Company	565	205	175.6	967	911	6.1
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange difference on translating foreign operation	(6)	(2)	200.0	10	1	N.M.
Other comprehensive income for the financial period/year	(6)	(2)	200.0	10	1	N.M.
Total comprehensive income for the financial period/year attributable to owners of the Company	559	203	175.4	977	912	7.1

N.M. – Not meaningful

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

Profit for the financial period/year is arrived at after charging/(crediting) the following:-

	Group			Group		
	4th Quarter ended		Increase / (Decrease)	31 December		Increase / (Decrease)
	2015	2014		2015	2014	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Advertising expense	67	67	-	388	173	124.3
Cleaning services	195	234	(16.7)	810	936	(13.5)
Credit card commission charges	100	91	9.9	398	402	(1.0)
Foreign exchange (gain)/loss, net	(17)	16	(206.2)	78	14	457.1
Government grant	(32)	(46)	(30.4)	(513)	(311)	65.0
Gain on disposal of fixed assets	-	(9)	(100.0)	-	(9)	(100.0)
Impairment on plant and equipment	167	-	100.0	167	-	100.0
Operating lease expenses	2,057	2,012	2.2	8,227	7,842	4.9
Packing materials	26	23	13.0	129	190	(32.1)
Plant and equipment written off	32	19	68.4	37	22	68.2
Professional fees	(283)	134	(311.2)	97	330	(70.6)
Over provision of tax expense in respect of prior years	(51)	(220)	(76.8)	(51)	(221)	(76.9)
Utilities	456	536	(14.9)	1,940	2,138	(9.3)

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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Plant and equipment	2,905	3,904	132	222
Investments in subsidiaries	-	-	1,600	1,600
Intangible assets	87	127	68	116
	2,992	4,031	1,800	1,938
Current assets				
Inventories	204	164	-	-
Trade and other receivables	4,291	4,214	2,855	2,393
Current income tax recoverable	5	134	-	-
Cash and cash equivalents	8,319	9,125	5,647	6,511
	12,819	13,637	8,502	8,904
<i>Less:</i>				
Current liabilities				
Trade and other payables	4,425	4,538	813	1,193
Provisions	698	734	40	38
Current income tax payable	112	126	27	12
	5,235	5,398	880	1,243
Net current assets	7,584	8,239	7,622	7,661
Non-current liability				
Deferred tax liability	(280)	(302)	(20)	(40)
Net assets	10,296	11,968	9,402	9,559
Equity				
Share capital	6,593	6,593	6,593	6,593
Treasury shares	(3,328)	(2,821)	(3,328)	(2,821)
Translation reserve	6	(4)	-	-
Accumulated profits	7,025	8,200	6,137	5,787
Total equity	10,296	11,968	9,402	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		Group	
	4th Quarter ended		Financial year ended	
	31 December		31 December	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	590	86	1,120	981
<i>Adjustments for:</i>				
Amortisation of intangible assets	18	16	70	61
Amortisation of discount on provision	10	15	10	15
Depreciation of plant and equipment	411	397	1,644	1,584
Impairment on plant and equipment	167	-	167	-
Interest income	(7)	(2)	(21)	(10)
Gain on disposal of plant and equipment	-	(9)	-	(9)
Plant and equipment written off	32	19	37	22
Provision for unutilised annual leave	33	(59)	33	(59)
Unrealised foreign exchange loss	(9)	10	51	13
Operating profit before working capital changes	1,245	473	3,111	2,598
<i>Working capital changes:</i>				
Inventories	(26)	5	(40)	(74)
Trade and other receivables	145	45	(77)	(557)
Trade and other payables	(15)	637	(421)	150
Cash generated from operations	1,349	1,160	2,573	2,117
Income taxes paid	(2)	(61)	(61)	(349)
Interest received	7	2	21	10
Net cash from operating activities	1,354	1,101	2,533	1,778
Cash flows from investing activities				
Proceeds from disposal of plant and equipment	-	9	-	9
Purchases of intangible assets	(10)	(11)	(22)	(30)
Purchases of plant and equipment	(330)	(36)	(668)	(463)
Net cash used in investing activities	(340)	(38)	(690)	(484)
Cash flows from financing activities				
Dividends paid	-	-	(2,142)	(2,151)
Purchase of treasury shares	(73)	(162)	(507)	(966)
Net cash used in financing activities	(73)	(162)	(2,649)	(3,117)
Net change in cash and cash equivalents	941	901	(806)	(1,823)
Cash and cash equivalents at the beginning of the financial period/year	7,378	8,224	9,125	10,948
Cash and cash equivalents at the end of the financial period/year	8,319	9,125	8,319	9,125

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	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 year	-	-	-	967	967
<u>Other comprehensive income for the financial year</u>					
Exchange difference on translating foreign operation	-	-	10	-	10
Total comprehensive income for the financial year	-	-	10	967	977
<u>Distributions to owners</u>					
Dividends	-	-	-	(2,142)	(2,142)
Purchase of treasury shares	-	(507)	-	-	(507)
	-	(507)	-	(2,142)	(2,649)
Balance as at 31.12.2015	6,593	(3,328)	6	7,025	10,296
Balance as at 01.01.2014	6,593	(1,855)	(5)	9,440	14,173
Profit for the financial year	-	-	-	911	911
<u>Other comprehensive income for the financial year</u>					
Exchange difference on translating foreign operation	-	-	1	-	1
Total comprehensive income for the financial year	-	-	1	911	912
<u>Distributions to owners</u>					
Dividends	-	-	-	(2,151)	(2,151)
Purchase of treasury shares	-	(966)	-	-	(966)
	-	(966)	-	(2,151)	(3,117)
Balance as at 31.12.2014	6,593	(2,821)	(4)	8,200	11,968

1(d)(i)

Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits S\$'000	Total equity S\$'000
Balance as at 01.01.2015	6,593	(2,821)	5,787	9,559
Profit for the financial year, representing total comprehensive income for the financial year	-	-	2,492	2,492
<u>Distributions to owners</u>				
Dividends	-	-	(2,142)	(2,142)
Purchase of treasury shares	-	(507)	-	(507)
	-	(507)	(2,142)	(2,649)
Balance as at 31.12.2015	6,593	(3,328)	6,137	9,402
Balance as at 01.01.2014	6,593	(1,855)	5,074	9,812
Profit for the financial year, representing total comprehensive income for the financial year	-	-	2,864	2,864
<u>Distribution to owners</u>				
Dividends	-	-	(2,151)	(2,151)
Purchase of treasury shares	-	(966)	-	(966)
	-	(966)	(2,151)	(3,117)
Balance as at 31.12.2014	6,593	(2,821)	5,787	9,559

- 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.**

Treasury Shares

	Number of shares			
	4th Quarter ended 31 December		Financial year ended 31 December	
	2015	2014	2015	2014
Balance as at the beginning of the financial period/year	14,977,200	12,110,000	12,853,000	8,900,000
Purchased during the financial period/year	391,000	743,000	2,515,200	3,953,000
Balance as at the end of the financial period/year	<u>15,368,200</u>	<u>12,853,000</u>	<u>15,368,200</u>	<u>12,853,000</u>

During the financial year ended 31 December 2015, the Company purchased a total of 2,515,200 (31 December 2014: 3,953,000) of its ordinary shares by way of on-market purchase for a total consideration of \$0.5 million (31 December 2014: \$1.0 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/year.

- 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	
	31.12.2015	31.12.2014
Total number of issued shares	298,500,000	298,500,000
Less: Treasury shares	(15,368,200)	(12,853,000)
Total number of issued shares, excluding treasury shares	<u>283,131,800</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.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on.

- 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/year 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		Group	
	4th Quarter ended 31 December		Financial year ended 31 December	
	2015	2014	2015	2014
(a) Basic earnings per share	0.20 cents	0.07 cents	0.34 cents	0.32 cents
(b) Diluted earnings per share	0.20 cents	0.07 cents	0.34 cents	0.32 cents
(i) Weighted average number of ordinary shares	283,505,800	285,961,587	284,825,850	287,036,745
(ii) Adjusted weighted average number of ordinary shares	283,505,800	285,961,587	284,825,850	287,036,745

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	
	31.12.2015	31.12.2014	31.12.2015	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	3.64 cents	4.19 cents	3.32 cents	3.35 cents
Total number of issued shares excluding treasury shares at the end of the financial period reported on	283,131,800	285,647,000	283,131,800	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**

The Group's revenue for the financial year ended 31 December 2015 ("FY2015") was \$41.0 million, an increase of \$1.5 million or 3.7% as compared to \$39.5 million for the financial year ended 31 December 2014 ("FY2014"). This was attributable to the improved sales from both operating segments, operation of restaurants by \$1.0 million and food processing, distribution and procurement services by \$0.5 million.

Other income increased by \$0.1 million or 12.0% in FY2015 mainly due to the government grant of \$0.2 million received for the Wage Credit Scheme, Special Employment Credit and Employment Development Program, partially offset by decrease in franchise fees and sundry income of \$0.1 million.

Purchases and other consumables were maintained at approximately 23% of revenue. Employee benefits expense increased by \$0.8 million or 5.3% to \$15.1 million in FY2015 as a result of wage revision, increase in headcounts and higher CPF contribution.

Other expenses increased by \$0.3 million or 2.3% in FY2015 mainly due to impairment on plant and equipment of \$0.2 million, increase in operating lease expenses of \$0.4 million, increase in repair and maintenance of \$0.2 million and increase in advertising costs of \$0.2 million, partially offset by decrease in professional and consultancy fees of \$0.3 million, decrease in utilities of \$0.2 million and decrease in contract workers of \$0.1 million.

As a result, the profit before income tax increased by \$0.1 million or 14.2% in FY2015 as compared to FY2014. Earnings per share stood at 0.34 cents in FY2015.

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

Non-current assets decreased by \$1.0 million from \$4.0 million as at 31 December 2014 (“FY2014”) to \$3.0 million as at 31 December 2015 (“FY2015”), mainly due to depreciation expense and impairment on plant and equipment amounting to \$1.8 million, partially offset by additions of plant and equipment of \$0.8 million.

Current assets decreased by \$0.8 million from \$13.6 million as at FY2014 to \$12.8 million as at FY2015 mainly due to decrease in cash and cash equivalents. The decrease was attributable to payments made for purchases of plant and equipment of \$0.7 million, payment of final dividend of \$2.1 million and the share buyback of \$0.5 million, offset by net cash from operating activities of \$2.5 million.

Current liabilities decreased by \$0.2 million as compared to FY2014 mainly due to decrease in accrued staff bonuses offset by increase in deferred income for voucher redeemable.

Total equity amounted to \$10.3 million and net asset value per share stood at 3.64 cents as at FY2015.

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 Group is in the process of a restructuring exercise to adopt new strategies and concepts to enhance business fundamentals as well as improve its profitability. The Group will continue to tighten costs control and to improve its productivity.

Food processing and distribution business remains focused on its core strategies to assist the Group through procurement sourcing and management. In addition, the business continues to grow by widening its distribution network for its fast-moving consumer goods business.

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

- (c) date payable; and**

The date of payment of the proposed dividend, if approved at the forthcoming Annual General Meeting, will be announced at a later date.

- (d) books closure date.**

The books closure date of the proposed dividend, if approved at the forthcoming Annual General Meeting, will be announced at a later date.

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

Not applicable.

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).

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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.

	Operation of Restaurants		Food Processing, Distribution and Procurement Services		Others		Total	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total segment revenue	39,847	38,892	10,900	7,186	-	-	50,747	46,078
Inter-segment revenue	(32)	(74)	(9,759)	(6,509)	-	-	(9,791)	(6,583)
Revenue from external customers	39,815	38,818	1,141	677	-	-	40,956	39,495
Segment profits/(loss)	1,139	763	209	316	(249)	(108)	1,099	971
Depreciation and amortisation	1,526	1,469	188	176	-	-	1,714	1,645
Segment assets/ total assets	12,979	14,955	2,672	2,575	160	138	15,811	17,668
Segment liabilities/ total liabilities	3,876	3,950	1,214	1,262	425	488	5,515	5,700
Capital expenditure of property, plant and equipment	880	710	15	76	-	-	895	786
Capital expenditure of intangible assets	26	26	4	4	-	-	30	30

A reconciliation of segment profits to the profit before income tax is as follows:

	Group	
	FY2015 S\$'000	FY2014 S\$'000
Segment profits	1,099	971
Interest income	21	10
Profit before income tax	1,120	981

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

Business Segment

The Group's principal business is in the operation of restaurants which accounted for 97.2% or \$39.8 million of the Group's revenue in FY2015, with an increase in revenue contribution of \$1.0 million as compared to FY2014.

Food processing and distribution business accounted for 2.8% or \$1.1 million of the Group's revenue in FY2015. This segment is in line with the Group's strategy to reduce overheads and costs by vertical integration as well as widen the distribution network for its fast-moving consumer goods business.

Others refer to investment holding companies.

Please refer to paragraph 8 for a detailed commentary of the Group's financial performance in FY2015.

Geographical Segments

The Group's operations are mainly located in Singapore except for the Malaysia which is considered insignificant in the current and prior financial year.

16. A breakdown of sales.

	Group		Increase/ (Decrease) %
	Financial Year Ended 31.12.2015 S\$'000	31.12.2014 S\$'000	
(a) Sales reported for first half year	20,596	19,812	4.0
(b) Operating profit after income tax before deducting minority interests reported for first half year	384	681	(43.6)
(c) Sales reported for second half year	20,360	19,683	3.4
(d) Operating profit after tax before deducting minority interests reported for second half year	583	230	153.5

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

	Total annual dividend	
	Financial Year Ended 31 Dec 2015 S\$	2014 S\$
Ordinary shares		
Final *	920,178	2,142,353
Total	920,178	2,142,353

* Proposed final dividend for FY2015 is estimated based on the number of shares (excluding treasury shares) outstanding as at the end of the financial year.

- 18. 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). If there are no such persons, the issuer must make an appropriate negative statement.**

There is no person occupying a managerial position in the issuer or any of its principal subsidiaries who is relative of a director or chief executive officer or substantial shareholder.

BY ORDER OF THE BOARD

CHONG IN BEE
Company Secretary
22 February 2016