



Soup Restaurant Group Limited

UEN 199103597Z

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

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) %
	3 Months ended 31 March 2017 S\$'000	2016 S\$'000	
Revenue	10,542	10,456	0.8
<i>Other Items of income</i>			
Interest income	7	8	(12.5)
Other income	174	341	(49.0)
<i>Items of expense</i>			
Changes in inventories	8	(25)	N.M.
Purchases and other consumables	(2,295)	(2,353)	(2.5)
Employee benefits expense	(3,838)	(3,783)	1.5
Depreciation and amortisation expenses	(381)	(436)	(12.6)
Other expenses	(3,775)	(3,354)	12.6
Profit before income tax	442	854	(48.2)
Income tax expense	(79)	(151)	(47.7)
Profit for the financial period attributable to owners of the Company	363	703	(48.4)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translating foreign operation	9	(16)	N.M.
Other comprehensive income for the financial period	9	(16)	N.M.
Total comprehensive income for the financial period attributable to owners of the Company	372	687	(45.9)

N.M. – Not meaningful

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

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

	Group		Increase / (Decrease) %
	3 Months ended 31 March 2017 S\$'000	2016 S\$'000	
Advertising expense	87	30	190.0
Cleaning services	238	204	16.7
Credit card commission charges	118	106	11.3
Foreign exchange loss/(gain), net	14	(28)	(150.0)
Government grant	(168)	(316)	(46.8)
Loss on disposal of plant and equipment	12	-	100.0
Operating lease expenses	2,204	1,965	12.2
Packing materials	26	46	(43.5)
Plant and equipment written off	29	1	N.M.
Professional fees	35	39	(10.3)
Repair and maintenance	83	120	(30.8)
Utilities	462	431	7.2

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	
	31.3.2017	31.12.2016	31.3.2017	31.12.2016
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Plant and equipment	3,495	3,551	50	65
Investments in subsidiaries	-	-	1,600	1,600
Intangible assets	51	58	22	25
	3,546	3,609	1,672	1,690
Current assets				
Inventories	191	183	-	-
Trade and other receivables	3,588	3,510	2,984	3,174
Current income tax recoverable	35	5	-	-
Cash and cash equivalents	7,208	7,622	4,444	4,203
	11,022	11,320	7,428	7,377
<i>Less:</i>				
Current liabilities				
Trade and other payables	3,677	4,429	578	577
Provisions	954	1,042	40	40
Finance lease payable	5	5	-	-
Current income tax payable	227	118	14	16
	4,863	5,594	632	633
Net current assets	6,159	5,726	6,796	6,744
<i>Less:</i>				
Non-current liabilities				
Finance lease payable	20	22	-	-
Deferred tax liabilities	240	240	12	12
	260	262	12	12
Net assets	9,445	9,073	8,456	8,422
Equity				
Share capital	6,593	6,593	6,593	6,593
Treasury shares	(3,939)	(3,939)	(3,939)	(3,939)
Translation reserve	25	16	-	-
Accumulated profits	6,766	6,403	5,802	5,768
Total equity	9,445	9,073	8,456	8,422

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

	31.03.2017	31.12.2016
	SS'000	SS'000
Finance lease payable		
- Repayable within 1 year	5	5
- Repayable after 1 year	20	22

Details of collateral:

The finance lease liability of the Group is secured by the rights to the leased printers.

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 31 March	
	2017	2016
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before income tax	442	854
<i>Adjustments for:</i>		
Amortisation of intangible assets	7	19
Depreciation of plant and equipment	374	417
Interest income	(7)	(8)
Loss on disposal of plant and equipment	12	-
Plant and equipment written off	29	1
Unrealised foreign exchange loss	11	(23)
Operating cash flow before working capital changes	868	1,260
<i>Working capital changes:</i>		
Inventories	(8)	25
Trade and other receivables	(78)	194
Trade and other payables	(291)	(929)
Cash generated from operations	491	550
Income taxes (paid)/refunded	(1)	98
Interest received	7	8
Net cash from operating activities	497	656
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	8	-
Purchase of plant and equipment	(913)	(307)
Purchase of intangible assets	(4)	-
Net cash used in investing activities	(909)	(307)
Cash flows from financing activities		
Purchase of treasury shares	-	(26)
Repayment of finance lease payable	(2)	-
Net cash used in financing activities	(2)	(26)
Net change in cash and cash equivalents	(414)	323
Cash and cash equivalents at the beginning of the financial period	7,622	8,319
Cash and cash equivalents at the end of the financial period	7,208	8,642

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 01.01.2017	6,593	(3,939)	16	6,403	9,073
Profit for the financial period	-	-	-	363	363
<u>Other comprehensive income for the financial period</u>					
Exchange difference on translating foreign operation	-	-	9	-	9
Total comprehensive income for the financial period	-	-	9	363	372
Balance as at 31.03.2017	6,593	(3,939)	25	6,766	9,445
Balance as at 01.01.2016	6,593	(3,328)	6	7,025	10,296
Profit for the financial period	-	-	-	703	703
<u>Other comprehensive income for the financial period</u>					
Exchange difference on translating foreign operation	-	-	(16)	-	(16)
Total comprehensive income for the financial period	-	-	(16)	703	687
<u>Distributions to owners</u>					
Purchase of treasury shares	-	(26)	-	-	(26)
Balance as at 31.3.2016	6,593	(3,354)	(10)	7,728	10,957

1(d)(i)

Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits S\$'000	Total S\$'000
Balance as at 01.01.2017	6,593	(3,939)	5,768	8,422
Profit for the financial period, representing total comprehensive income for the financial period	-	-	34	34
Balance as at 31.03.2017	6,593	(3,939)	5,802	8,456
Balance as at 01.01.2016	6,593	(3,328)	6,137	9,402
Profit for the financial period, representing total comprehensive income for the financial period	-	-	42	42
<u>Distributions to owners</u>				
Purchase of treasury shares	-	(26)	-	(26)
Balance as at 31.03.2016	6,593	(3,354)	6,179	9,418

- 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	
	3 Months ended 31 March	
	2017	2016
Balance as at the beginning of the financial period	18,387,100	15,368,200
Purchased during the financial period	-	139,500
Balance as at the end of the financial period	<u>18,387,100</u>	<u>15,507,700</u>

During the financial period ended 31 March 2016, the Company purchased a total of 139,500 of its ordinary shares by way of on-market purchase for a total consideration of \$26,000. 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	
	31.3.2017	31.12.2016
Total number of issued shares	298,500,000	298,500,000
Less: Treasury shares	(18,387,100)	(18,387,100)
Total number of issued shares, excluding treasury shares	<u>280,112,900</u>	<u>280,112,900</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 compared with the most recently audited financial statements for the financial year ended 31 December 2016, 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 2017. 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	
	2017	2016
(a) Basic earnings per share (cents)	0.13	0.25
(b) Diluted earnings per share (cents)	0.13	0.25
(i) Weighted average number of ordinary shares	280,112,900	283,105,740
(ii) Adjusted weighted average number of ordinary shares	280,112,900	283,105,740

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	
	31.03.2017	31.12.2016	31.03.2017	31.12.2016
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	3.37 cents	3.24 cents	3.02 cents	3.01 cents
Total number of issued shares excluding treasury shares at the end of the financial period reported on	280,112,900	280,112,900	280,112,900	280,112,900

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 2017 ("3M2017") was maintained at \$10.5 million, a marginal increase of 0.8% as compared to financial period ended 31 March 2016 ("3M2016"). While the revenue from new outlets has increased by \$2.2 million, it was offset by a decrease in revenue from existing outlets and closure of outlets. Revenue for the food processing, distribution and procurement services segment has decreased by \$0.1 million due to rescheduling of promotional events.

Other income decreased by \$0.1 million mainly related to government grants received for the Wage Credit Scheme and Special Employment Credit.

Purchases and other consumables saw an improvement of 0.7 percentage point at 21.8% of revenue as compared to 3M2016 due to tightening of cost controls. Employee benefits expense increased by \$0.1 million or 1.5% in 3M2016 mainly due to a net increase from opening and closure of outlets, offset by a reduction in headcount and related staff costs for existing outlets.

Other expenses increased by \$0.4 million or 12.6% in 3M2017 mainly due to a net increase in operating lease expenses and utilities of \$0.3 million as a result of the opening and closure of outlets as well as an increase in advertising expenses and contract workers of \$0.1 million.

As a result, the profit before income tax decreased by \$0.4 million or 48.2% as compared to 3M2016. Earnings per share stood at 0.13 cents in 3M2017.

(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

Non-current assets decreased by \$0.1 million from \$3.6 million as at 31 December 2016 (“FY2016”) to \$3.5 million as at 31 March 2017 (“1Q2017”) mainly due to depreciation expenses of \$0.4 million and the disposal and writing off of plant and equipment amounting to \$0.1 million. This was offset by additions of plant and equipment of \$0.4 million.

Current assets decreased by \$0.3 million as compared to FY2016 mainly due to a decrease in cash and cash equivalents of \$0.4 million, offset against an increase in trade and other receivables of \$0.1 million. The decrease in cash and cash equivalents was attributable mainly to payments to contractors for renovation costs of \$0.9 million, partially offset by net cash from operating activities of \$0.5 million.

Current liabilities decreased by \$0.7 million mainly due to a decrease in trade and other payables as a result of payments for purchases of plant and equipment recorded as at FY 2016.

Total equity increased by \$0.4 million and net asset value per share stood at 3.37 cents as at 1Q2017.

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 has completed the evaluation of under-performing outlets, retaining and re-focusing those with the potential to turnaround and exiting those which are no longer in line with the Group’s targets. The Group will now focus on strengthening our brands with an intention to increase product offerings, while looking for prime locations within Singapore and overseas for expansion and taking the opportunity to consolidate and streamline processes to achieve economies of scale.

At the same time, the Group has plans to increase its central processing resources to increase its distribution capacity, tighten costs control and improve its productivity. The food processing and distribution business remains focused on its core strategies to assist the Group through procurement sourcing and management, as well as widening its distribution networks for its fast-moving consumer goods and ready meals.

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 2017.

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, Wong Wei Teck and Wong Chi Keong, 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 2017 to be false or misleading in any material aspects.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).

The Company confirmed that it has procured undertakings from all its directors and executive officer under Rule 720(1).

On behalf of the Board of Directors

Wong Wei Teck
Managing Director

Wong Chi Keong
Executive Director

BY ORDER OF THE BOARD

CHONG IN BEE
Company Secretary
12 May 2017