



# Soup Restaurant Group Limited

UEN 199103597Z

## THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

### 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		
	3rd Quarter ended 30 September 2016		Increase/ (Decrease) %	9 Months ended 30 September 2016		Increase/ (Decrease) %
	SS'000	2015 SS'000		SS'000	2015 SS'000	
Revenue	9,033	10,147	(11.0)	28,163	30,743	(8.4)
<i>Other items of income</i>						
Interest income	8	5	60.0	24	14	71.4
Other income	113	115	(1.7)	533	549	(2.9)
<i>Items of expense</i>						
Changes in inventories	21	3	N.M.	12	14	N.M.
Purchases and other consumables	(2,082)	(2,319)	(10.2)	(6,444)	(7,095)	(9.2)
Employee benefits expense	(3,092)	(3,860)	(19.9)	(10,135)	(11,424)	(11.3)
Depreciation and amortisation expenses	(378)	(431)	(12.3)	(1,172)	(1,285)	(8.8)
Other expenses	(3,533)	(3,623)	(2.5)	(10,249)	(10,986)	(6.7)
<b>Profit before income tax</b>	<b>90</b>	<b>37</b>	<b>143.2</b>	<b>732</b>	<b>530</b>	<b>38.1</b>
Income tax expense	(23)	(19)	21.1	(142)	(128)	10.9
<b>Profit for the financial period attributable to owners of the Company</b>	<b>67</b>	<b>18</b>	<b>272.2</b>	<b>590</b>	<b>402</b>	<b>46.8</b>
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange difference on translating foreign operation	6	15	(60.0)	-	16	(100.0)
<b>Other comprehensive income for the financial period</b>	<b>6</b>	<b>15</b>	<b>(60.0)</b>	<b>-</b>	<b>16</b>	<b>(100.0)</b>
<b>Total comprehensive income for the financial period attributable to owners of the Company</b>	<b>73</b>	<b>33</b>	<b>121.2</b>	<b>590</b>	<b>418</b>	<b>41.1</b>

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:-

	<u>Group</u>			<u>Group</u>		
	<u>3rd Quarter ended</u>		<u>Increase / (Decrease)</u>	<u>9 Months ended</u>		<u>Increase / (Decrease)</u>
	<u>30 September</u>			<u>30 September</u>		
	<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>	
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Advertising expense	72	127	(43.3)	167	321	(48.0)
Cleaning services	215	214	0.5	610	615	(0.8)
Credit card commission charges	92	96	(4.2)	283	298	(5.0)
Foreign exchange loss/(gain), net	11	60	(81.7)	(1)	95	(101.1)
Government grant	(72)	(93)	(22.6)	(438)	(481)	(8.9)
Operating lease expenses	2,089	2,080	(0.4)	6,020	6,170	(2.4)
Plant and equipment written off	38	2	N.M.	73	5	N.M.
Professional fees	47	36	30.6	125	380	(67.1)
Repair and maintenance	140	101	38.6	354	275	28.7
Utilities	408	494	(17.4)	1,235	1,484	(16.8)

N.M. – Not meaningful

**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	
	30.9.2016 S\$'000	31.12.2015 S\$'000	30.9.2016 S\$'000	31.12.2015 S\$'000
<b>Non-current assets</b>				
Plant and equipment	2,967	2,905	81	132
Investments in subsidiaries	-	-	1,600	1,600
Intangible assets	64	87	27	68
	<b>3,031</b>	<b>2,992</b>	<b>1,708</b>	<b>1,800</b>
<b>Current assets</b>				
Inventories	217	204	-	-
Trade and other receivables	4,056	4,291	3,343	2,855
Current income tax recoverable	3	5	-	-
Cash and cash equivalents	7,027	8,319	4,579	5,647
	<b>11,303</b>	<b>12,819</b>	<b>7,922</b>	<b>8,502</b>
<i>Less:</i>				
<b>Current liabilities</b>				
Trade and other payables	3,821	4,425	762	813
Provisions	784	698	40	40
Current income tax payable	94	112	14	27
	<b>4,699</b>	<b>5,235</b>	<b>816</b>	<b>880</b>
<b>Net current assets</b>	<b>6,604</b>	<b>7,584</b>	<b>7,106</b>	<b>7,622</b>
<b>Non-current liability</b>				
Deferred tax liability	(280)	(280)	(20)	(20)
<b>Net assets</b>	<b>9,355</b>	<b>10,296</b>	<b>8,794</b>	<b>9,402</b>
<b>Equity</b>				
Share capital	6,593	6,593	6,593	6,593
Treasury shares	(3,939)	(3,328)	(3,939)	(3,328)
Translation reserve	6	6	-	-
Accumulated profits	6,695	7,025	6,140	6,137
<b>Total equity</b>	<b>9,355</b>	<b>10,296</b>	<b>8,794</b>	<b>9,402</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.**

	Group		Group	
	3rd Quarter ended 30 September 2016 S\$'000	2015 S\$'000	9 Months ended 30 September 2016 S\$'000	2015 S\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	90	37	732	530
<i>Adjustments for:</i>				
Amortisation of intangible assets	13	18	51	52
Depreciation of plant and equipment	365	413	1,121	1,233
Interest income	(8)	(5)	(24)	(14)
Loss on disposal of plant and equipment	-	-	4	-
Plant and equipment written off	38	2	73	5
Unrealised foreign exchange loss	7	39	(2)	60
<b>Operating profit before working capital changes</b>	<b>505</b>	<b>504</b>	<b>1,955</b>	<b>1,866</b>
<i>Working capital changes:</i>				
Inventories	(21)	(3)	(12)	(14)
Trade and other receivables	51	(150)	235	(222)
Trade and other payables	402	465	(695)	(406)
<b>Cash generated from operations</b>	<b>937</b>	<b>816</b>	<b>1,483</b>	<b>1,224</b>
Income taxes paid	(100)	(128)	(158)	(59)
Interest received	8	5	24	14
<b>Net cash from operating activities</b>	<b>845</b>	<b>693</b>	<b>1,349</b>	<b>1,179</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of plant and equipment	-	-	3	-
Purchases of intangible assets	(9)	(4)	(23)	(12)
Purchases of plant and equipment	(740)	(175)	(1,090)	(338)
<b>Net cash used in investing activities</b>	<b>(749)</b>	<b>(179)</b>	<b>(1,110)</b>	<b>(350)</b>
<b>Cash flows from financing activities</b>				
Dividends paid	-	-	(920)	(2,142)
Purchase of treasury shares	(585)	(426)	(611)	(434)
<b>Net cash used in financing activities</b>	<b>(585)</b>	<b>(426)</b>	<b>(1,531)</b>	<b>(2,576)</b>
Net change in cash and cash equivalents	(489)	88	(1,292)	(1,747)
Cash and cash equivalents as at the beginning of the financial period	7,516	7,290	8,319	9,125
<b>Cash and cash equivalents as at the end of the financial period</b>	<b>7,027</b>	<b>7,378</b>	<b>7,027</b>	<b>7,378</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.**

<b>Group</b>	<b>Share capital S\$'000</b>	<b>Treasury shares S\$'000</b>	<b>Translation reserve S\$'000</b>	<b>Accumulated profits S\$'000</b>	<b>Total equity S\$'000</b>
<b>Balance as at 1.1.2016</b>	<b>6,593</b>	<b>(3,328)</b>	<b>6</b>	<b>7,025</b>	<b>10,296</b>
Profit for the financial period	-	-	-	590	590
<u>Other comprehensive income for the financial period</u>					
Exchange difference on translating foreign operation	-	-	-	-	-
<b>Total comprehensive income for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>590</b>	<b>590</b>
<b><u>Distributions to owners</u></b>					
Dividends	-	-	-	(920)	(920)
Purchase of treasury shares	-	(611)	-	-	(611)
	-	(611)	-	(920)	(1,531)
<b>Balance as at 30.9.2016</b>	<b>6,593</b>	<b>(3,939)</b>	<b>6</b>	<b>6,695</b>	<b>9,355</b>
<b>Balance as at 1.1.2015</b>	<b>6,593</b>	<b>(2,821)</b>	<b>(4)</b>	<b>8,200</b>	<b>11,968</b>
Profit for the financial period	-	-	-	402	402
<u>Other comprehensive income for the financial period</u>					
Exchange difference on translating foreign operation	-	-	16	-	16
<b>Total comprehensive income for the financial period</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>402</b>	<b>418</b>
<b><u>Distributions to owners</u></b>					
Dividends	-	-	-	(2,142)	(2,142)
Purchase of treasury shares	-	(434)	-	-	(434)
	-	(434)	-	(2,142)	(2,576)
<b>Balance as at 30.9.2015</b>	<b>6,593</b>	<b>(3,255)</b>	<b>12</b>	<b>6,460</b>	<b>9,810</b>

**1(d)(i)**

<b>Company</b>	<b>Share capital S\$'000</b>	<b>Treasury shares S\$'000</b>	<b>Accumulated profits S\$'000</b>	<b>Total equity S\$'000</b>
<b>Balance as at 1.1.2016</b>	<b>6,593</b>	<b>(3,328)</b>	<b>6,137</b>	<b>9,402</b>
Profit for the financial period, representing total comprehensive income for the financial period	-	-	923	923
<b><u>Distributions to owners</u></b>				
Dividends	-	-	(920)	(920)
Purchase of treasury shares	-	(611)	-	(611)
	-	(611)	(920)	(1,531)
<b>Balance as at 30.9.2016</b>	<b>6,593</b>	<b>(3,939)</b>	<b>6,140</b>	<b>8,794</b>
<b>Balance as at 1.1.2015</b>	<b>6,593</b>	<b>(2,821)</b>	<b>5,787</b>	<b>9,559</b>
Profit for the financial period, representing total comprehensive income for the financial period	-	-	1,012	1,012
<b><u>Distribution to owners</u></b>				
Dividends	-	-	(2,142)	(2,142)
Purchase of treasury shares	-	(434)	-	(434)
	-	(434)	(2,142)	(2,576)
<b>Balance as at 30.9.2015</b>	<b>6,593</b>	<b>(3,255)</b>	<b>4,657</b>	<b>7,995</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.**

**Treasury Shares**

	Number of shares			
	3rd Quarter ended		9 months ended	
	30 September		30 September	
	2016	2015	2016	2015
Balance as at the beginning of the financial period	15,507,700	12,893,000	15,368,200	12,853,000
Purchased during the financial period	2,879,400	2,084,200	3,018,900	2,124,200
Balance as at the end of the financial period	<u>18,387,100</u>	<u>14,977,200</u>	<u>18,387,100</u>	<u>14,977,200</u>

During the financial period ended 30 September 2016, the Company purchased a total of 3,018,900 (30 September 2015: 2,124,200) of its ordinary shares by way of on-market purchase for a total consideration of approximately \$0.6 million (30 September 2015: \$0.4 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	
	30.09.2016	30.09.2015
Total number of issued shares	298,500,000	298,500,000
Less: Treasury shares	(18,387,100)	(14,977,200)
Total number of issued shares, excluding treasury shares	<u>280,112,900</u>	<u>283,522,800</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 2015, 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 2016. 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.**

	<b>Group</b>		<b>Group</b>	
	<b>3rd Quarter ended</b>		<b>9 Months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
(a) Basic earnings per share (cents)	0.02	0.01	0.21	0.14
(b) Diluted earnings per share (cents)	0.02	0.01	0.21	0.14
(i) Weighted average number of ordinary shares	281,493,902	284,602,986	282,526,864	285,270,702
(ii) Adjusted weighted average number of ordinary shares	281,493,902	284,602,986	282,526,864	285,270,702



**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	
	30.09.2016	31.12.2015	30.09.2016	31.12.2015
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 (cents)	3.34	3.64	3.14	3.32
Total number of issued shares excluding treasury shares at the end of the financial period reported on	280,112,900	283,131,800	280,112,900	283,131,800

**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 30 September 2016 ("9M2016") was \$28.2 million, a decrease of \$2.6 million or 8.4% as compared to \$30.7 million for the financial period ended 30 September 2015 ("9M2015"). This was mainly due to the loss of revenue from the closure of three outlets in the second and third quarters. Nevertheless, the revenue from the existing and additional four new outlets has increased by \$1.0 million. Revenue for the food processing, distribution and procurement services segment has also increased by \$0.2 million or 19.4%.

Other income was mainly related to government grants received for the Wage Credit Scheme and Special Employment Credit.

Purchases and other consumables were maintained at approximately 23.0% of revenue as compared to 9M2015.

Employee benefits expenses decreased by \$1.3 million or 11.3% in 9M2016 mainly due to the closure of three outlets and a reduction in headcount and related staff costs for existing outlets of approximately \$1.6 million, offset by an increase in employee benefits expenses for the new outlets.

Other expenses decreased by \$0.7 million or 6.7% in 9M2016 mainly due to a net decrease in operating expenses of \$0.3 million as a result of closure of the three outlets and opening of four new outlets as well as a decrease in advertising expenses of \$0.1 million and professional fees of \$0.3 million.

As a result, the profit before income tax increased by \$0.2 million or 38.1% as compared to 9M2015. Earnings per share increased from 0.14 to 0.21 cents in 9M2016.

**(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 amounted to \$3.0 million as at 30 September 2016 (“3Q2016”) and 31 December 2015 (“FY2015”). The additions of plant and equipment of \$1.3 million was offset by the depreciation and amortisation expense of \$1.2 million and plant and equipment written off of \$0.1 million.

Current assets decreased by \$1.5 million as compared to FY2015 mainly due to decrease in cash and cash equivalents of \$1.3 million. The decrease was attributable mainly to purchases of plant and equipment of \$1.1 million, payment of final dividend of \$0.9 million and purchases of treasury shares of \$0.6 million, offset by net cash from operating activities.

Current liabilities decreased by \$0.5 million mainly due to decrease in trade and other payables of \$0.6 million as a result of decrease in accrued staff bonuses and payment for accrued professional fees as at FY2015, offset by increase in outstanding payments to contractors for renovation of new outlets.

Total equity decreased by \$0.9 million from \$10.3 million as at FY2015 to \$9.4 million as at 3Q2016, attributable mainly to payment of final dividend of \$0.9 million and purchases of treasury shares of \$0.6 million, offset by profit reported during the financial period. The Group’s net asset value per share stood at 3.34 cents as at 3Q2016.

**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 exploring new retail concepts and taking the opportunity to consolidate and streamline our brands while looking for prime locations within Singapore and overseas for expansion. As part of the effort, the Group has carried out an 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 open an outlet with the new “Teahouse” or “茶楼” concept at Changi Airport Terminal 1 in the fourth quarter.

The Group has been informed that the lease for the Soup Restaurant outlet at Raffles Hotel will be terminated in the first quarter of next year due to the hotel undergoing massive renovations.

At the same time, the Group will continue to 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.

**11. Dividend.**

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

<b>Name of dividend</b>	Special
<b>Dividend type</b>	Cash
<b>Dividend per ordinary share</b>	0.25 cent per ordinary share
<b>Tax rate</b>	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?**

No.

- (c) date payable; and**

The special dividend will be payable on 15 December 2016.

- (d) books closure date.**

The Share Transfer Books and Register of Members of the Company will be closed on 1 December 2016 for the purpose of determining shareholders' entitlements to a special (tax exempt one-tier) dividend of 0.25 cent per ordinary share for the financial year ending 31 December 2016 (the "Dividend").

Duly completed and stamped registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 30 November 2016 will be registered to determine shareholders' entitlement to the Dividend.

Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 30 November 2016 will be entitled to the Dividend.

**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).

**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 third quarter results for the financial period ended 30 September 2016 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  
10 November 2016