



# Soup Restaurant Group Limited

UEN 199103597Z

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

|  | <b>Group</b>  |                         | <b>Increase /<br/>(Decrease)<br/>% Change</b> |
|--|---|-------------------------|---|
|  | <b>3 Months ended 31 March<br/>2016<br/>S\$'000</b> | <b>2015<br/>S\$'000</b> |   |
| Revenue  | 10,456  | 10,760                  | (2.8)   |
| <i>Items of income</i>   |   |                         |   |
| Interest income  | 8   | 4                       | 100.0   |
| Other income   | 341   | 332                     | 2.7   |
| <i>Items of expense</i>  |   |                         |   |
| Changes in inventories   | (25)  | 27                      | N.M.  |
| Purchases and other consumables  | (2,353)   | (2,601)                 | (9.5)   |
| Employee benefits expense  | (3,783)   | (3,948)                 | (4.2)   |
| Depreciation and amortisation expenses   | (436)   | (427)                   | 2.1   |
| Other expenses   | (3,354)   | (3,676)                 | (8.8)   |
| Finance costs  | -   | -                       | -   |
| <b>Profit before income tax</b>  | <b>854</b>  | <b>471</b>              | <b>81.3</b>                                   |
| Income tax expense   | (151)   | (112)                   | 34.8  |
| <b>Profit for the financial period<br/>attributable to owners of the<br/>Company</b>                     | <b>703</b>  | <b>359</b>              | <b>95.8</b>                                   |
| <b>Other comprehensive income:</b>   |   |                         |   |
| <i>Items that may be reclassified<br/>subsequently to profit or loss:</i>                                |   |                         |   |
| Exchange difference on translating<br>foreign operation  | (16)  | (1)                     | N.M.  |
| <b>Other comprehensive income for the<br/>financial period</b>   | <b>(16)</b>   | <b>(1)</b>              | <b>N.M.</b>                                   |
| <b>Total comprehensive income for the<br/>financial period attributable to<br/>owners of the Company</b> | <b>687</b>  | <b>358</b>              | <b>91.9</b>                                   |

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:-

|                                   | <b>Group</b>  |                         | <b>Increase /<br/>(Decrease)<br/>% Change</b> |
|-----------------------------------|---|-------------------------|---|
|                                   | <b>3 Months ended 31 March<br/>2016<br/>S\$'000</b> | <b>2015<br/>S\$'000</b> |   |
| Advertising expense               | 30  | 117                     | (74.4)  |
| Cleaning services                 | 204   | 212                     | (3.8)   |
| Credit card commission charges    | 106   | 104                     | 1.9   |
| Foreign exchange (gain)/loss, net | (28)  | 12                      | (333.3)                                       |
| Government grant                  | (316)   | (308)                   | 2.6   |
| Operating lease expenses          | 1,965   | 2,029                   | (3.2)   |
| Packing materials                 | 46  | 43                      | 7.0   |
| Plant and equipment written off   | 1   | 3                       | (66.7)  |
| Professional fees                 | 39  | 155                     | (74.8)  |
| Repair and maintenance            | 120   | 83                      | 44.6  |
| Utilities                         | 431   | 519                     | (17.0)  |

**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.**

|                                | <b>Group</b>     |                   | <b>Company</b>   |                   |
|--------------------------------|------------------|-------------------|------------------|-------------------|
|                                | <b>31.3.2016</b> | <b>31.12.2015</b> | <b>31.3.2016</b> | <b>31.12.2015</b> |
|                                | <b>S\$'000</b>   | <b>S\$'000</b>    | <b>S\$'000</b>   | <b>S\$'000</b>    |
| <b>Non-current assets</b>      |                  |                   |                  |                   |
| Plant and equipment            | 2,522            | 2,905             | 111              | 132               |
| Investments in subsidiaries    | -                | -                 | 1,600            | 1,600             |
| Intangible assets              | 68               | 87                | 52               | 68                |
|                                | <b>2,590</b>     | <b>2,992</b>      | <b>1,763</b>     | <b>1,800</b>      |
| <b>Current assets</b>          |                  |                   |                  |                   |
| Inventories                    | 179              | 204               | -                | -                 |
| Trade and other receivables    | 4,097            | 4,291             | 3,270            | 2,855             |
| Current income tax recoverable | 45               | 5                 | -                | -                 |
| Cash and cash equivalents      | 8,642            | 8,319             | 5,328            | 5,647             |
|                                | <b>12,963</b>    | <b>12,819</b>     | <b>8,598</b>     | <b>8,502</b>      |
| <i>Less:</i>                   |                  |                   |                  |                   |
| <b>Current liabilities</b>     |                  |                   |                  |                   |
| Trade and other payables       | 3,255            | 4,425             | 844              | 813               |
| Provisions                     | 660              | 698               | 40               | 40                |
| Current income tax payable     | 401              | 112               | 39               | 27                |
|                                | <b>4,316</b>     | <b>5,235</b>      | <b>923</b>       | <b>880</b>        |
| <b>Net current assets</b>      | <b>8,647</b>     | <b>7,584</b>      | <b>7,675</b>     | <b>7,622</b>      |
| <b>Non-current liability</b>   |                  |                   |                  |                   |
| Deferred tax liability         | (280)            | (280)             | (20)             | (20)              |
| <b>Net assets</b>              | <b>10,957</b>    | <b>10,296</b>     | <b>9,418</b>     | <b>9,402</b>      |
| <b>Equity</b>                  |                  |                   |                  |                   |
| Share capital                  | 6,593            | 6,593             | 6,593            | 6,593             |
| Treasury shares                | (3,354)          | (3,328)           | (3,354)          | (3,328)           |
| Translation reserve            | (10)             | 6                 | -                | -                 |
| Accumulated profits            | 7,728            | 7,025             | 6,179            | 6,137             |
| <b>Total equity</b>            | <b>10,957</b>    | <b>10,296</b>     | <b>9,418</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.**

|  | <b>Group</b>                   |                |
|--|--------------------------------|----------------|
|  | <b>3 Months ended 31 March</b> |                |
|  | <b>2016</b>                    | <b>2015</b>    |
|  | <b>S\$'000</b>                 | <b>S\$'000</b> |
| <b>Cash flows from operating activities</b>  |                                |                |
| Profit before income tax   | 854                            | 471            |
| <i>Adjustments for:</i>  |                                |                |
| Amortisation of intangible assets  | 19                             | 16             |
| Depreciation of plant and equipment  | 417                            | 411            |
| Interest income  | (8)                            | (4)            |
| Plant and equipment written off  | 1                              | 3              |
| Unrealised foreign exchange loss   | (23)                           | 7              |
| <b>Operating cash flow before working capital changes</b>                            | <b>1,260</b>                   | <b>904</b>     |
| <i>Working capital changes:</i>  |                                |                |
| Inventories  | 25                             | (27)           |
| Trade and other receivables  | 194                            | 16             |
| Trade and other payables   | (929)                          | (766)          |
| <b>Cash generated from operations</b>  | <b>550</b>                     | <b>127</b>     |
| Income taxes refunded  | 98                             | 200            |
| Interest received  | 8                              | 4              |
| <b>Net cash from operating activities</b>  | <b>656</b>                     | <b>331</b>     |
| <b>Cash flows from investing activities</b>  |                                |                |
| Purchases of plant and equipment, representing net cash used in investing activities | <b>(307)</b>                   | <b>(92)</b>    |
| <b>Cash flows from financing activities</b>  |                                |                |
| Purchase of treasury shares, representing net cash used in financing activities      | <b>(26)</b>                    | <b>(8)</b>     |
| Net change in cash and cash equivalents  | 323                            | 231            |
| Cash and cash equivalents as at the beginning of the financial period                | 8,319                          | 9,125          |
| <b>Cash and cash equivalents as at the end of the financial period</b>               | <b>8,642</b>                   | <b>9,356</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 Company |                            |                                |                                |                         |
|--|--|----------------------------|--------------------------------|--------------------------------|-------------------------|
|  | Share capital<br>S\$'000                     | Treasury shares<br>S\$'000 | Translation reserve<br>S\$'000 | Accumulated profits<br>S\$'000 | Total equity<br>S\$'000 |
| <b>Balance as at 01.01.2016</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                            | -  | -                          | -                              | 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)                    |
| <b>Balance as at 31.03.2016</b>                            | <b>6,593</b>                                 | <b>(3,354)</b>             | <b>(10)</b>                    | <b>7,728</b>                   | <b>10,957</b>           |
| <b>Balance as at 01.01.2015</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                            | -  | -                          | -                              | 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)                     |
| <b>Balance as at 31.3.2015</b>                             | <b>6,593</b>                                 | <b>(2,829)</b>             | <b>(5)</b>                     | <b>8,559</b>                   | <b>12,318</b>           |

**1(d)(i)**

| <b>Company</b>   | <b>Share<br/>capital<br/>S\$'000</b> | <b>Treasury<br/>shares<br/>S\$'000</b> | <b>Accumulated<br/>profits<br/>S\$'000</b> | <b>Total<br/>S\$'000</b> |
|--|--------------------------------------|--|--|--------------------------|
| <b>Balance as at 01.01.2016</b>  | <b>6,593</b>                         | <b>(3,328)</b>                         | <b>6,137</b>                               | <b>9,402</b>             |
| Profit for the financial period, representing total<br>comprehensive income for the financial period | -                                    | -                                      | 42   | 42                       |
| <u>Distributions to owners</u>   |                                      |  |  |                          |
| Purchase of treasury shares  | -                                    | (26)                                   | -  | (26)                     |
| <b>Balance as at 31.03.2016</b>  | <b>6,593</b>                         | <b>(3,354)</b>                         | <b>6,179</b>                               | <b>9,418</b>             |
| <b>Balance as at 01.01.2015</b>  | <b>6,593</b>                         | <b>(2,821)</b>                         | <b>5,787</b>                               | <b>9,559</b>             |
| Profit for the financial period, representing total<br>comprehensive income for the financial period | -                                    | -                                      | 7  | 7                        |
| <u>Distributions to owners</u>   |                                      |  |  |                          |
| Purchase of treasury shares  | -                                    | (8)                                    | -  | (8)                      |
| <b>Balance as at 31.03.2015</b>  | <b>6,593</b>                         | <b>(2,829)</b>                         | <b>5,794</b>                               | <b>9,558</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**

|   | <b>Number of shares</b>             |                   |
|---|-------------------------------------|-------------------|
|   | <b>3 Months ended 31 March 2016</b> | <b>2015</b>       |
| Balance as at the beginning of the financial period | 15,368,200                          | 12,853,000        |
| Purchased during the financial period               | 139,500                             | 40,000            |
| Balance as at the end of the financial period       | <u>15,507,700</u>                   | <u>12,893,000</u> |

During the financial period ended 31 March 2016, the Company purchased a total of 139,500 (31 March 2015: 40,000) of its ordinary shares by way of on-market purchase for a total consideration of \$26,000 (31 March 2015: \$8,000). 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.**

|  | <b>Number of shares</b> |                    |
|--|-------------------------|--------------------|
|  | <b>31.3.2016</b>        | <b>31.12.2015</b>  |
| Total number of issued shares                            | 298,500,000             | 298,500,000        |
| Less: Treasury shares                                    | (15,507,700)            | (15,368,200)       |
| Total number of issued shares, excluding treasury shares | <u>282,992,300</u>      | <u>283,131,800</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>3 Months ended 31 March</b> |             |
|  | <b>2016</b>                    | <b>2015</b> |
| (a) Basic earnings per share (cents)                     | 0.25                           | 0.13        |
| (b) Diluted earnings per share (cents)                   | 0.25                           | 0.13        |
| (i) Weighted average number of ordinary shares           | 283,105,740                    | 285,613,222 |
| (ii) Adjusted weighted average number of ordinary shares | 283,105,740                    | 285,613,222 |



**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>31.03.2016</b> | <b>31.12.2015</b> | <b>31.03.2016</b> | <b>31.12.2015</b> |
| 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 | 3.87 cents        | 3.64 cents        | 3.33 cents        | 3.32 cents        |
| Total number of issued shares excluding treasury shares at the end of the financial period reported on   | 282,992,300       | 283,131,800       | 282,992,300       | 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 31 March 2016 ("3M2016") was \$10.5 million, a decrease of \$0.3 million or 2.8% as compared to \$10.8 million for the financial period ended 31 March 2015 ("3M2015"). This was mainly due to the loss of revenue from the closure of two outlets, the first due to extensive mall refurbishments and the second was slated for relocation in the second quarter. The revenue from existing outlets, however, has increased by \$0.5 million or 6.0% as compared to 3M2015.

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

Purchases and other consumables saw an improvement of 1.7 percentage point at 22.5% of revenue as compared to 3M2015 due to better control of food costs. Employee benefits expense decreased by \$0.2 million or 4.2% in 3M2016 mainly due to the closure of the two outlets.

Other expenses decreased by \$0.3 million or 8.8% in 3M2016 mainly due to a decrease in utilities and operation lease expenses of \$0.1 million as a result of the closure of the two outlets as well as a decrease in advertising expenses of \$0.1 million and a decrease in professional fees of \$0.1 million.

As a result, the profit before income tax increased by \$0.4 million or 81.3% as compared to 3M2015. Earnings per share increased to 0.25 cents in 3M2016.

**(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 \$0.4 million from \$3.0 million as at 31 December 2015 (“FY2015”) to \$2.6 million as at 31 March 2016 (“1Q2016”) mainly due to a decrease in plant and equipment as a result of depreciation and amortisation expenses.

Current assets increased by \$0.1 million as compared to FY2015 mainly due to an increase in cash and cash equivalents of \$0.3 million as a result of net cash from operating activities of \$0.6 million offset against payments to contractors for renovation cost of \$0.3 million, partially offset by a decrease in trade and other receivables of \$0.2 million.

Current liabilities decreased by \$0.9 million mainly due to a decrease in trade and other payables of \$1.2 million as a result of payments for staff bonuses and professional fees accrued as at FY 2015, partially offset by an increase in current income tax payable of \$0.3 million.

Total equity increased by \$0.7 million and net asset value per share stood at 3.87 cents as at 1Q2016.

**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.

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?**

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 2016.

**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 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  
12 May 2016