



Soup Restaurant Group Limited

UEN 199103597Z

SECOND QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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		
	2nd Quarter ended 30 June		Increase/ (Decrease) %	6 Months ended 30 June		Increase/ (Decrease) %
	2015 S\$'000	2014 S\$'000		2015 S\$'000	2014 S\$'000	
Revenue	9,836	9,510	3.4	20,596	19,812	4.0
<i>Items of income</i>						
Interest income	5	2	150.0	9	5	80.0
Other income	102	97	5.2	434	305	42.3
<i>Items of expense</i>						
Changes in inventories	(16)	33	N.M.	11	36	N.M.
Purchases and other consumables	(2,175)	(2,252)	(3.4)	(4,776)	(4,584)	4.2
Employee benefits expense	(3,616)	(3,538)	2.2	(7,564)	(7,038)	7.5
Depreciation and amortisation expenses	(427)	(406)	5.2	(854)	(821)	4.0
Other expenses	(3,687)	(3,386)	8.9	(7,363)	(6,863)	7.3
Finance costs	-	-	-	-	-	-
Profit before income tax	22	60	(63.3)	493	852	(42.1)
Income tax expense	3	(23)	(113.0)	(109)	(171)	(36.3)
Profit for the financial period attributable to owners of the Company	25	37	(32.4)	384	681	(43.6)
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange difference on translating foreign operation	2	2	-	1	2	(50.0)
Other comprehensive income for the financial period	2	2	-	1	2	(50.0)
Total comprehensive income for the financial period attributable to owners of the Company	27	39	(30.8)	385	683	(43.6)

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>2nd Quarter ended</u>		<u>Increase / (Decrease)</u>	<u>6 Months ended</u>		<u>Increase / (Decrease)</u>
	<u>30 June</u>			<u>30 June</u>		
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>	
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Advertising expense	77	23	234.8	194	48	304.2
Cleaning services	189	223	(15.2)	401	464	(13.6)
Credit card commission charges	98	102	(3.9)	202	217	(6.9)
Foreign exchange loss/(gain), net	23	(2)	N.M.	35	(2)	N.M.
Government grant	(80)	-	100.0	(388)	(179)	116.8
Operating lease expenses	2,061	1,965	4.9	4,090	3,902	4.8
Packing materials	29	40	(27.5)	72	120	(40.0)
Plant and equipment written off	-	1	(100.0)	3	1	200.0
Professional fees	189	79	139.2	344	193	78.2
Utilities	471	522	(9.8)	990	1,056	(6.3)

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	
	30.6.2015 S\$'000	31.12.2014 S\$'000	30.6.2015 S\$'000	31.12.2014 S\$'000
Non-current assets				
Plant and equipment	3,291	3,904	165	222
Investments in subsidiaries	-	-	1,600	1,600
Intangible assets	107	127	97	116
	3,398	4,031	1,862	1,938
Current assets				
Inventories	175	164	-	-
Trade and other receivables	4,286	4,214	3,569	2,393
Current income tax recoverable	69	134	-	-
Cash and cash equivalents	7,290	9,125	3,939	6,511
	11,820	13,637	7,508	8,904
<i>Less:</i>				
Current liabilities				
Trade and other payables	3,743	4,538	1,163	1,193
Provisions	731	734	38	38
Current income tax payable	239	126	9	12
	4,713	5,398	1,210	1,243
Net current assets	7,107	8,239	6,298	7,661
Non-current liability				
Deferred tax liability	(302)	(302)	(40)	(40)
Net assets	10,203	11,968	8,120	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	(3)	(4)	-	-
Accumulated profits	6,442	8,200	4,356	5,787
Total equity	10,203	11,968	8,120	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	
	2nd Quarter ended 30 June		6 Months ended 30 June	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Cash flows from operating activities				
Profit before income tax	22	60	493	852
<i>Adjustments for:</i>				
Amortisation of intangible assets	18	16	34	30
Depreciation of plant and equipment	409	390	820	791
Interest income	(5)	(2)	(9)	(5)
Plant and equipment written off	-	1	3	1
Unrealised foreign exchange loss	14	1	21	1
Operating profit before working capital changes	458	466	1,362	1,670
<i>Working capital changes:</i>				
Inventories	16	(33)	(11)	(36)
Trade and other receivables	(88)	108	(72)	(348)
Trade and other payables	(105)	(144)	(871)	(576)
Cash generated from operations	281	397	408	710
Income taxes (paid)/received	(131)	(148)	69	(174)
Interest received	5	2	9	5
Net cash from operating activities	155	251	486	541
Cash flows from investing activities				
Purchases of intangible assets	(8)	(7)	(8)	(7)
Purchases of plant and equipment	(71)	(288)	(163)	(294)
Net cash used in investing activities	(79)	(295)	(171)	(301)
Cash flows from financing activities				
Dividends paid	(2,142)	(2,151)	(2,142)	(2,151)
Purchase of treasury shares	-	(87)	(8)	(702)
Net cash used in financing activities	(2,142)	(2,238)	(2,150)	(2,853)
Net change in cash and cash equivalents	(2,066)	(2,282)	(1,835)	(2,613)
Cash and cash equivalents as at the beginning of the financial period	9,356	10,617	9,125	10,948
Cash and cash equivalents as at the end of the financial period	7,290	8,335	7,290	8,335

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 period	-	-	-	384	384
<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	384	385
<u>Distributions to owners</u>					
Dividends	-	-	-	(2,142)	(2,142)
Purchase of treasury shares	-	(8)	-	-	(8)
	-	(8)	-	(2,142)	(2,150)
Balance as at 30.06.2015	6,593	(2,829)	(3)	6,442	10,203
Balance as at 01.01.2014	6,593	(1,855)	(5)	9,441	14,174
Profit for the financial period	-	-	-	681	681
<u>Other comprehensive income for the financial period</u>					
Exchange difference on translating foreign operation	-	-	2	-	2
Total comprehensive income for the financial period	-	-	2	681	683
<u>Distributions to owners</u>					
Dividends	-	-	-	(2,151)	(2,151)
Purchase of treasury shares	-	(702)	-	-	(702)
	-	(702)	-	(2,151)	(2,853)
Balance as at 30.6.2014	6,593	(2,557)	(3)	7,971	12,004

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 period, representing total comprehensive income for the financial period	-	-	711	711
<u>Distributions to owners</u>				
Dividends	-	-	(2,142)	(2,142)
Purchase of treasury shares	-	(8)	-	(8)
	-	(8)	(2,142)	(2,150)
Balance as at 30.06.2015	6,593	(2,829)	4,356	8,120
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	-	-	1,603	1,603
<u>Distribution to owners</u>				
Dividends	-	-	(2,151)	(2,151)
Purchase of treasury shares	-	(702)	-	(702)
	-	(702)	(2,151)	(2,853)
Balance as at 30.06.2014	6,593	(2,557)	4,526	8,562

- 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			
	2nd Quarter ended 30 June		6 months ended 30 June	
	2015	2014	2015	2014
Balance as at the beginning of the financial period	12,893,000	11,312,000	12,853,000	8,900,000
Purchased during the financial period	-	347,000	40,000	2,759,000
Balance as at the end of the financial period	<u>12,893,000</u>	<u>11,659,000</u>	<u>12,893,000</u>	<u>11,659,000</u>

During the financial period ended 30 June 2015, the Company purchased a total of 40,000 (30 June 2014: 2,759,000) of its ordinary shares by way of on-market purchase for a total consideration of approximately \$8,000 (30 June 2014: \$0.7 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	
	30.6.2015	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.**

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 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	
	2nd Quarter ended		6 Months ended	
	30 June		30 June	
	2015	2014	2015	2014
(a) Basic earnings per share	0.01 cents	0.01 cents	0.13 cents	0.24 cents
(b) Diluted earnings per share	0.01 cents	0.01 cents	0.13 cents	0.24 cents
(i) Weighted average number of ordinary shares	285,607,000	286,896,022	285,610,094	287,766,812
(ii) Adjusted weighted average number of ordinary shares	285,607,000	286,896,022	285,610,094	287,766,812

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	
	30.06.2015	31.12.2014	30.06.2015	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	3.57 cents	4.19 cents	2.84 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 30 June 2015 ("6M2015") was \$20.6 million, an increase of \$0.8 million or 4.0% as compared to \$19.8 million for the financial period ended 30 June 2014 ("6M2014"). This was attributable to the improved sales from both operating segments, operation of restaurants and food processing, distribution and procurement services by \$0.4 million respectively.

Other income increased by \$0.1 million or 42.3% mainly due to government grant received for the Wage Credit Scheme and Special Employment Credit.

Purchases and other consumables were maintained at approximately 23% of revenue. Employee benefits expenses increased by \$0.5 million or 7.5% in 6M2015 as a result of wage revision, increase in headcounts and higher CPF contribution.

Other expenses increased by \$0.5 million or 7.3% in 6M2015 mainly due to increase in operating lease expense of \$0.2 million as well as increase in advertising expenses and professional fees of \$0.3 million.

As a result, the profit before income tax decreased by \$0.4 million or 42.1% as compared to 6M2014. Earnings per share decreased to 0.13 cents in 6M2015.

(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 \$0.6 million from \$4.0 million as at 31 December 2014 (“FY2014”) to \$3.4 million as at 30 June 2015 (“2Q2015”), mainly due to depreciation expense amounting to \$0.8 million, offset by additions of plant and equipment by \$0.2 million.

Current assets decreased by \$1.8 million from \$13.6 million as at FY2014 to \$11.8 million as at 2Q2015 mainly due to decrease in cash and cash equivalents. The decrease was attributable mainly to payment of final dividend of \$2.1 million, partially offset by net cash from operating activities.

Current liabilities decreased by \$0.7 million as compared to FY2014 mainly due to decrease in accrued staff bonuses and outstanding payments to contractors for renovation of existing outlet which were paid in 2Q2015.

Total equity decreased by \$1.8 million from \$12.0 million as at FY2014 to \$10.2 million as at 2Q2015, attributable mainly to payment of final dividend offset by profit reported during the financial period. The Group’s net asset value per share stood at 3.57 cents as at 2Q2015.

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’s revenue has improved for both revenue segments in HY2015 as compared to HY2014. However, the Group continues to operate under challenging operating conditions, with rising operating lease expenses and employee benefits expenses, coupled with the labour crunch in Singapore’s food & beverage industry.

In the second half of the year, the Group will focus on cost management and continue to mitigate the impact of rising manpower costs by increasing productivity. At the same time, the Group will strive to improve revenue through marketing, menu and services enhancement. The Group’s sponsorship of the movie “1965”, scheduled to be released in July 2015, is part of our marketing strategy to appeal to a broader customer base and increase visibility of the brand.

In addition, the Group will continue to grow 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 dividend has been declared or recommended for second quarter financial period ended 30 June 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 second quarter results for the financial period ended 30 June 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

CHONG IN BEE
Company Secretary
6 August 2015