



# Soup Restaurant Group Limited

UEN 199103597Z

## THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

### 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		Increase/ (Decrease) %	9 Months ended 30 September		Increase/ (Decrease) %
2014	2013	2014		2013		
	SS'000	SS'000		SS'000	SS'000	
Revenue	9,517	8,977	6.0	29,329	27,826	5.4
<i>Other items of income</i>						
Interest income	3	3	-	8	10	(20.0)
Other income	173	64	170.3	478	313	52.7
<i>Other items of expenses</i>						
Changes in inventories	43	(16)	N.M.	79	(14)	N.M.
Purchases and other consumables	(2,248)	(2,002)	12.3	(6,832)	(6,480)	5.4
Employee benefits expenses	(3,640)	(3,264)	11.5	(10,678)	(9,920)	7.6
Depreciation and amortization expenses	(411)	(498)	(17.5)	(1,232)	(1,300)	(5.2)
Other expenses	(3,394)	(3,241)	4.7	(10,257)	(10,155)	1.0
Finance costs	-	-	-	-	-	-
<b>Profit before tax</b>	<b>43</b>	<b>23</b>	<b>87.0</b>	<b>895</b>	<b>280</b>	<b>219.6</b>
Income tax expense	(18)	(22)	(18.2)	(189)	(129)	46.5
<b>Profit for the financial period</b>	<b>25</b>	<b>1</b>	<b>N.M.</b>	<b>706</b>	<b>151</b>	<b>367.5</b>
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange difference on translating foreign operation	-	(2)	(100.0)	2	8	(75.0)
<b>Other comprehensive income for the financial period</b>	<b>-</b>	<b>(2)</b>	<b>(100.0)</b>	<b>2</b>	<b>8</b>	<b>(75.0)</b>
<b>Total comprehensive income for the financial period</b>	<b>25</b>	<b>(1)</b>	<b>N.M.</b>	<b>708</b>	<b>159</b>	<b>345.3</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>Group</b>		
	<b>3rd Quarter ended</b>		<b>Increase / (Decrease)</b>	<b>9 Months ended</b>		<b>Increase / (Decrease)</b>
	<b>30 September</b>	<b>2013</b>		<b>30 September</b>	<b>2013</b>	
	<b>2014</b>	<b>2013</b>	<b>(Decrease)</b>	<b>2014</b>	<b>2013</b>	<b>(Decrease)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Advertising expense	58	17	241.2	106	243	(56.4)
Cleaning services	238	233	2.1	702	699	0.4
Credit card commission charges	94	99	(5.1)	311	326	(4.6)
Foreign exchange loss/(gain)	-	16	(100.0)	(2)	18	(111.1)
Government grant	(86)	(37)	132.4	(265)	(117)	126.5
Loss on disposal of fixed assets	-	-	-	-	36	(100.0)
Operating lease expenses	1,928	1,810	6.5	5,830	5,519	5.6
Packing materials	47	62	(24.2)	167	211	(20.9)
Plant and equipment written off	2	2	-	3	61	(95.1)
Professional fees	3	50	(94.0)	196	155	26.5
(Over)/under provision of tax expense in respect of prior years	(1)	25	N.M.	(1)	67	N.M.
Utilities	546	527	3.6	1,602	1,487	7.7

**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	
	30.9.2014 S\$'000	31.12.2013 S\$'000	30.9.2014 S\$'000	31.12.2013 S\$'000
<b>Non-current assets</b>				
Plant and equipment	4,016	4,736	252	344
Investments in subsidiaries	-	-	1,700	1,700
Intangible assets	133	158	131	158
	<b>4,149</b>	<b>4,894</b>	<b>2,083</b>	<b>2,202</b>
<b>Current assets</b>				
Inventories	169	90	-	-
Trade and other receivables	4,259	3,658	2,239	2,844
Cash and cash equivalents	8,224	10,948	5,510	6,684
	<b>12,652</b>	<b>14,696</b>	<b>7,749</b>	<b>9,528</b>
<i>Less:</i>				
<b>Current liabilities</b>				
Trade and other payables	3,696	4,163	1,282	1,842
Provisions	702	679	36	36
Current income tax payable	239	337	47	24
	<b>4,637</b>	<b>5,179</b>	<b>1,365</b>	<b>1,902</b>
<b>Net current assets</b>	<b>8,015</b>	<b>9,517</b>	<b>6,384</b>	<b>7,626</b>
<b>Non-current liability</b>				
Deferred tax liability	(237)	(237)	(16)	(16)
<b>Net assets</b>	<b>11,927</b>	<b>14,174</b>	<b>8,451</b>	<b>9,812</b>
<b>Equity</b>				
Share capital	6,593	6,593	6,593	6,593
Treasury shares	(2,659)	(1,855)	(2,659)	(1,855)
Translation reserve	(3)	(5)	-	-
Accumulated profits	7,996	9,441	4,517	5,074
<b>Total equity</b>	<b>11,927</b>	<b>14,174</b>	<b>8,451</b>	<b>9,812</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		9 Months ended 30 September	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	43	23	895	280
<i>Adjustments for:</i>				
Amortisation of intangible assets	15	1	45	1
Depreciation of plant and equipment	396	497	1,187	1,299
Interest income	(3)	(3)	(8)	(10)
Gain on disposal of plant and equipment	-	-	-	(6)
Loss on disposal of plant and equipment	-	-	-	36
Plant and equipment written off	2	2	3	61
Provision for unutilised annual leave	-	-	-	(12)
Unrealised foreign exchange loss	2	5	3	10
<b>Operating profit before working capital changes</b>	<b>455</b>	<b>525</b>	<b>2,125</b>	<b>1,659</b>
<i>Working capital changes:</i>				
Inventories	(43)	16	(79)	14
Trade and other receivables	(254)	438	(602)	291
Trade and other payables	89	(637)	(487)	(279)
<b>Cash generated from operations</b>	<b>247</b>	<b>342</b>	<b>957</b>	<b>1,685</b>
Income taxes paid	(114)	(127)	(288)	(317)
Interest received	3	3	8	10
<b>Net cash from operating activities</b>	<b>136</b>	<b>218</b>	<b>677</b>	<b>1,378</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of plant and equipment	-	-	-	10
Purchases of intangible assets	(12)	-	(19)	-
Purchases of plant and equipment	(133)	(35)	(427)	(1,967)
<b>Net cash used in investing activities</b>	<b>(145)</b>	<b>(35)</b>	<b>(446)</b>	<b>(1,957)</b>
<b>Cash flows from financing activities</b>				
Dividends paid	-	-	(2,151)	(3,433)
Purchase of treasury shares	(102)	(855)	(804)	(855)
<b>Net cash used in financing activities</b>	<b>(102)</b>	<b>(855)</b>	<b>(2,955)</b>	<b>(4,288)</b>
Net change in cash and cash equivalents	(111)	(672)	(2,724)	(4,867)
Cash and cash equivalents at the beginning of the financial period	8,335	12,301	10,948	16,496
<b>Cash and cash equivalents at the end of the financial period</b>	<b>8,224</b>	<b>11,629</b>	<b>8,224</b>	<b>11,629</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 01.01.2014</b>	<b>6,593</b>	<b>(1,855)</b>	<b>(5)</b>	<b>9,441</b>	<b>14,174</b>
Profit for the financial period	-	-	-	706	706
<u>Other comprehensive income for the financial period</u>					
Exchange difference on translating foreign operation	-	-	2	-	2
<b>Total comprehensive income for the financial period</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>706</b>	<b>708</b>
<b><u>Distributions to owners</u></b>					
Dividends	-	-	-	(2,151)	(2,151)
Purchase of treasury shares	-	(804)	-	-	(804)
	-	(804)	-	(2,151)	(2,955)
<b>Balance as at 30.09.2014</b>	<b>6,593</b>	<b>(2,659)</b>	<b>(3)</b>	<b>7,996</b>	<b>11,927</b>
<b>Balance as at 01.01.2013</b>	<b>6,593</b>	<b>-</b>	<b>(13)</b>	<b>12,406</b>	<b>18,986</b>
Profit for the financial period	-	-	-	151	151
<u>Other comprehensive income for the financial period</u>					
Exchange difference on translating foreign operation	-	-	8	-	8
<b>Total comprehensive income for the financial period</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>151</b>	<b>159</b>
<b><u>Distributions to owners</u></b>					
Dividends	-	-	-	(3,433)	(3,433)
Purchase of treasury shares	-	(855)	-	-	(855)
	-	(855)	-	(3,433)	(4,288)
<b>Balance as at 30.9.2013</b>	<b>6,593</b>	<b>(855)</b>	<b>(5)</b>	<b>9,124</b>	<b>14,857</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 01.01.2014</b>	<b>6,593</b>	<b>(1,855)</b>	<b>5,074</b>	<b>9,812</b>
Profit for the financial period, representing total comprehensive income for the financial period	-	-	1,594	1,594
<b><u>Distributions to owners</u></b>				
Dividends	-	-	(2,151)	(2,151)
Purchase of treasury shares	-	(804)	-	(804)
	-	(804)	(2,151)	(2,955)
<b>Balance as at 30.09.2014</b>	<b>6,593</b>	<b>(2,659)</b>	<b>4,517</b>	<b>8,451</b>
<b>Balance as at 01.01.2013</b>	<b>6,593</b>	<b>-</b>	<b>7,528</b>	<b>14,121</b>
Profit for the financial period, representing total comprehensive income for the financial period	-	-	779	779
<b><u>Distribution to owners</u></b>				
Dividends	-	-	(3,433)	(3,433)
Purchase of treasury shares	-	(855)	-	(855)
	-	(855)	(3,433)	(4,288)
<b>Balance as at 30.09.2013</b>	<b>6,593</b>	<b>(855)</b>	<b>4,874</b>	<b>10,612</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	
	2014	2013	2014	2013
Balance as at the beginning of the financial period	11,659,000	-	8,900,000	-
Purchased during the financial period	451,000	4,735,000	3,210,000	4,735,000
Balance as at the end of the financial period	<u>12,110,000</u>	<u>4,735,000</u>	<u>12,110,000</u>	<u>4,735,000</u>

During the third quarter ended 30 September 2014, the Company purchased a total of 451,000 (30 September 2013: 4,735,000) of its ordinary shares by way of on-market purchase for a total consideration of \$0.1 million (30 September 2013: \$0.9 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	
	30.9.2014	31.12.2013
Total number of issued shares	298,500,000	298,500,000
Less: Treasury shares	(12,110,000)	(8,900,000)
Total number of issued shares, excluding treasury shares	<u>286,390,000</u>	<u>289,600,000</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 2013, 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 2014. 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	
	3rd Quarter ended		9 Months ended	
	30 September		30 September	
	2014	2013	2014	2013
(a) Basic earnings per share	0.01 cents	0.00 cents	0.25 cents	0.05 cents
(b) Diluted earnings per share	0.01 cents	0.00 cents	0.25 cents	0.05 cents
(i) Weighted average number of ordinary shares	286,675,576	297,011,913	287,399,070	297,998,520
(ii) Adjusted weighted average number of ordinary shares	286,675,576	297,011,913	287,399,070	297,998,520



**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	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
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	4.16 cents	4.89 cents	2.95 cents	3.39 cents
Total number of issued shares excluding treasury shares at the end of the financial period reported on	286,390,000	289,600,000	286,390,000	289,600,000

**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 period ended 30 September 2014 ("9M2014") was \$29.3 million, an increase of \$1.5 million or 5.4% as compared to \$27.8 million for the financial period ended 30 September 2013 ("9M2013"). This was largely attributable to the additional contributions from five new outlets which commenced operations between 2013 and 2014 amounting to \$1.3 million as well as improved revenue from the existing outlets. The increase in revenue was partially offset by the loss of revenue from the closure of two outlets when their leases expired during the first half year 2013.

Other income increased by \$0.2 million or 52.7% in 9M2014 mainly due to the government grant of \$0.1 million received for the Wage Credit Scheme and Special Employment Credit.

Purchases and other consumables were maintained at 23.3% of revenue. The absence of higher food costs for a new product introduced in 9M2013 was offset by higher food costs for the new brands and promotions in 9M2014.

Employee benefits expenses increased by \$0.8 million or 7.6% to \$10.7 million in 9M2014 as a result of wage revision, increase in casual workers and foreign worker levies.

Other expenses increased slightly by \$0.1 million or 1.0% to \$10.3 million in 9M2014 mainly due to an increase in rental of \$0.3 million and utilities of \$0.1 million, partially offset by decrease in advertising expenses as well as the absence of plant and equipment written off and loss on disposal of plant and equipment associated with the closure of two outlets in 9M2013.

As a result, the profit before tax increased by \$0.6 million or 219.6% in 9M2014 as compared to 9M2013. Earnings per share also increased to 0.25 cents in 9M2014.

**(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 \$0.8 million from \$4.9 million as at 31 December 2013 (“FY2013”) to \$4.1 million as at 30 September 2014 (“9M2014”), mainly due to depreciation of plant and equipment amounting to \$1.2 million, partially offset by purchases of plant and equipment of \$0.5 million.

Current assets decreased by \$2.0 million from \$14.7 million as at FY2013 to \$12.7 million as at 9M2014 mainly due to decrease of \$2.7 million in cash and cash equivalents attributable mainly to payment of final dividend of \$2.1 million and the share buyback of \$0.8 million, partially offset by an increase in inventories of \$0.1 million and an increase in trade and other receivables of \$0.6 million.

Current liabilities decreased by \$0.5 million to \$4.6 million as at 9M2014 mainly due to the decrease in trade and other payables as a result of an absence of outstanding payments to contractors for renovation of the existing and new outlets as at FY2013 and a drop in accrued expenses.

Total equity decreased by \$2.2 million from \$14.2 million as at FY2013 to \$12.0 million as at 9M2014, attributable mainly to payment of final dividend. The Group’s net asset value per share stood at 4.16 cents as at 9M2014 compared to 4.89 cents as at FY2013.

**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.**

Barring unforeseen circumstances, the Group expects its revenue to improve for the festive seasons and school holidays in the coming months.

Amidst the tight labour market for F&B companies, the Group will continue to mitigate the impact of rising manpower costs by increasing productivity.

The Group will continue to improve on its food supply and fast-moving consumer goods businesses.

**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 for third quarter ended 30 September 2014.

**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 third quarter results for the financial period ended 30 September 2014 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**

**TOH YEN SANG**  
Company Secretary  
12 November 2014