



Soup Restaurant Group Limited

UEN 199103597Z

SECOND QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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		
	2nd Quarter ended		Increase/ (Decrease) %	6 Months ended		Increase/ (Decrease) %
	30 June 2016 S\$'000	2015 S\$'000		30 June 2016 S\$'000	2015 S\$'000	
Revenue	8,674	9,836	(11.8)	19,130	20,596	(7.1)
<i>Other items of income</i>						
Interest income	8	5	60.0	16	9	77.8
Other income	79	102	(22.5)	420	434	(3.2)
<i>Items of expense</i>						
Changes in inventories	16	(16)	N.M.	(9)	11	N.M.
Purchases and other consumables	(2,009)	(2,175)	(7.6)	(4,362)	(4,776)	(8.7)
Employee benefits expense	(3,260)	(3,616)	(9.8)	(7,043)	(7,564)	(6.9)
Depreciation and amortisation expenses	(358)	(427)	(16.2)	(794)	(854)	(7.0)
Other expenses	(3,362)	(3,687)	(8.8)	(6,716)	(7,363)	(8.8)
Finance costs	-	-	-	-	-	-
(Loss)/Profit before income tax	(212)	22	N.M.	642	493	30.2
Income tax expense	32	3	N.M.	(119)	(109)	9.2
(Loss)/Profit for the financial period attributable to owners of the Company	(180)	25	N.M.	523	384	36.2
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange difference on translating foreign operation	10	2	400.0	(6)	1	N.M.
Other comprehensive income for the financial period	10	2	400.0	(6)	1	N.M.
Total comprehensive income for the financial period attributable to owners of the Company	(170)	27	N.M.	517	385	34.3

N.M. – Not meaningful

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

(Loss)/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 /</u> <u>(Decrease)</u>	<u>6 Months ended</u>		<u>Increase /</u> <u>(Decrease)</u>
	<u>30 June</u>			<u>30 June</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	65	77	(15.6)	95	194	(51.0)
Cleaning services	191	189	1.1	395	401	(1.5)
Credit card commission charges	85	98	(13.3)	191	202	(5.4)
Foreign exchange loss/(gain), net	16	23	(30.4)	(12)	35	(134.3)
Government grant	(50)	(80)	(37.5)	(366)	(388)	(5.7)
Operating lease expenses	1,966	2,061	(4.6)	3,931	4,090	(3.9)
Plant and equipment written off	34	-	100.0	35	3	N.M.
Professional fees	39	189	(79.4)	78	344	(77.3)
Repair and maintenance	94	91	3.3	214	174	23.0
Utilities	396	471	(15.9)	827	990	(16.5)

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	
	30.6.2016 S\$'000	31.12.2015 S\$'000	30.6.2016 S\$'000	31.12.2015 S\$'000
Non-current assets				
Plant and equipment	2,394	2,905	86	132
Investments in subsidiaries	-	-	1,600	1,600
Intangible assets	68	87	35	68
	2,462	2,992	1,721	1,800
Current assets				
Inventories	196	204	-	-
Trade and other receivables	4,106	4,291	3,517	2,855
Current income tax recoverable	91	5	-	-
Cash and cash equivalents	7,516	8,319	4,274	5,647
	11,909	12,819	7,791	8,502
<i>Less:</i>				
Current liabilities				
Trade and other payables	3,298	4,425	767	813
Provisions	668	698	40	40
Current income tax payable	258	112	16	27
	4,224	5,235	823	880
Net current assets	7,685	7,584	6,968	7,622
Non-current liability				
Deferred tax liability	(280)	(280)	(20)	(20)
Net assets	9,867	10,296	8,669	9,402
Equity				
Share capital	6,593	6,593	6,593	6,593
Treasury shares	(3,354)	(3,328)	(3,354)	(3,328)
Translation reserve	-	6	-	-
Accumulated profits	6,628	7,025	5,430	6,137
Total equity	9,867	10,296	8,669	9,402

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	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Cash flows from operating activities				
(Loss)/Profit before income tax	(212)	22	642	493
<i>Adjustments for:</i>				
Amortisation of intangible assets	19	18	38	34
Depreciation of plant and equipment	339	409	756	820
Interest income	(8)	(5)	(16)	(9)
Loss on disposal of plant and equipment	4	-	4	-
Plant and equipment written off	34	-	35	3
Unrealised foreign exchange loss	14	14	(9)	21
Operating profit before working capital changes	190	458	1,450	1,362
<i>Working capital changes:</i>				
Inventories	(16)	16	9	(11)
Trade and other receivables	(10)	(88)	184	(72)
Trade and other payables	(168)	(105)	(1,097)	(871)
Cash (used in)/generated from operations	(4)	281	546	408
Income taxes (paid)/refunded	(156)	(131)	(58)	69
Interest received	8	5	16	9
Net cash (used in)/from operating activities	(152)	155	504	486
Cash flows from investing activities				
Proceeds from disposal of plant and equipment	3	-	3	-
Purchases of intangible assets	(14)	(8)	(14)	(8)
Purchases of plant and equipment	(43)	(71)	(350)	(163)
Net cash used in investing activities	(54)	(79)	(361)	(171)
Cash flows from financing activities				
Dividends paid	(920)	(2,142)	(920)	(2,142)
Purchase of treasury shares	-	-	(26)	(8)
Net cash used in financing activities	(920)	(2,142)	(946)	(2,150)
Net change in cash and cash equivalents	(1,126)	(2,066)	(803)	(1,835)
Cash and cash equivalents as at the beginning of the financial period	8,642	9,356	8,319	9,125
Cash and cash equivalents as at the end of the financial period	7,516	7,290	7,516	7,290

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 1.1.2016	6,593	(3,328)	6	7,025	10,296
Profit for the financial period	-	-	-	523	523
<u>Other comprehensive income for the financial period</u>					
Exchange difference on translating foreign operation	-	-	(6)	-	(6)
Total comprehensive income for the financial period	-	-	(6)	523	517
<u>Distributions to owners</u>					
Dividends	-	-	-	(920)	(920)
Purchase of treasury shares	-	(26)	-	-	(26)
	-	(26)	-	(920)	(946)
Balance as at 30.6.2016	6,593	(3,354)	-	6,628	9,867
Balance as at 1.1.2015	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 30.6.2015	6,593	(2,829)	(3)	6,442	10,203

1(d)(i)

Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits S\$'000	Total equity S\$'000
Balance as at 1.1.2016	6,593	(3,328)	6,137	9,402
Profit for the financial period, representing total comprehensive income for the financial period	-	-	213	213
<u>Distributions to owners</u>				
Dividends	-	-	(920)	(920)
Purchase of treasury shares	-	(26)	-	(26)
	-	(26)	(920)	(946)
Balance as at 30.6.2016	6,593	(3,354)	5,430	8,669
Balance as at 1.1.2015	6,593	(2,821)	5,787	9,559
Profit for the financial period, representing total comprehensive income for the financial period	-	-	711	711
<u>Distribution to owners</u>				
Dividends	-	-	(2,142)	(2,142)
Purchase of treasury shares	-	(8)	-	(8)
	-	(8)	(2,142)	(2,150)
Balance as at 30.6.2015	6,593	(2,829)	4,356	8,120

- 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	
	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	-	-	139,500	40,000
Balance as at the end of the financial period	<u>15,507,700</u>	<u>12,893,000</u>	<u>15,507,700</u>	<u>12,893,000</u>

During the financial period ended 30 June 2016, the Company purchased a total of 139,500 (30 June 2015: 40,000) of its ordinary shares by way of on-market purchase for a total consideration of approximately \$26,000 (30 June 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.**

	Number of shares	
	As at	
	30.06.2016	30.06.2015
Total number of issued shares	298,500,000	298,500,000
Less: Treasury shares	(15,507,700)	(12,893,000)
Total number of issued shares, excluding treasury shares	<u>282,992,300</u>	<u>285,607,000</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 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.

	Group		Group	
	2nd Quarter ended		6 Months ended	
	30 June		30 June	
	2016	2015	2016	2015
(a) Basic earnings per share (cents)	(0.06)	0.01	0.18	0.13
(b) Diluted earnings per share (cents)	(0.06)	0.01	0.18	0.13
(i) Weighted average number of ordinary shares	282,992,300	285,607,000	283,049,020	285,610,094
(ii) Adjusted weighted average number of ordinary shares	282,992,300	285,607,000	283,049,020	285,610,094

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	
	30.06.2016	31.12.2015	30.06.2016	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)	3.49	3.64	3.06	3.32
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 30 June 2016 ("6M2016") was \$19.1 million, a decrease of \$1.5 million or 7.1% as compared to \$20.6 million for the financial period ended 30 June 2015 ("6M2015"). 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 at the end of the second quarter. The revenue from existing outlets, however has increased by \$0.5 million or 3.7% as compared to 6M2015.

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

Purchases and other consumables improved slightly by 0.4 percentage point at 22.8% of revenue as compared to 6M2015 due to tightening of costs control. Employee benefits expense decreased by \$0.5 million or 6.9% in 6M2016 mainly due to the closure of the two outlets.

Other expenses decreased by \$0.6 million or 8.8% in 6M2016 mainly due to a decrease in utilities and operating lease expenses of \$0.3 million as a result of closure of the two outlets as well as a decrease in advertising expenses of \$0.1 million and professional fees of \$0.3 million, offset by pre-operating expenses of \$0.1 million for the opening of a new outlet at the end of the second quarter.

As a result, the profit before income tax increased by \$0.1 million or 30.0% as compared to 6M2015. Earnings per share increased from 0.13 to 0.18 cents in 6M2016.

(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 \$0.5 million from \$3.0 million as at 31 December 2015 (“FY2015”) to \$2.5 million as at 30 June 2016 (“2Q2016”), mainly due to depreciation and amortisation expense amounting to \$0.8 million, offset by additions of plant and equipment by \$0.3 million.

Current assets decreased by \$0.9 million as compared to FY2015 mainly due to decrease in cash and cash equivalents of \$0.8 million. The decrease was attributable mainly to purchases of plant and equipment of \$0.3 million and payment of final dividend of \$0.9 million, partially offset by net cash from operating activities.

Current liabilities decreased by \$1.0 million mainly due to decrease in trade and other payables of \$1.1 million as a result of payments for accrued staff bonuses and professional fees accrued as at FY2015, partially offset by an increase in current income tax payable of \$0.1 million.

Total equity decreased by \$0.4 million from \$10.3 million as at FY2015 to \$9.9 million as at 2Q2016, 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 3.49 cents as at 2Q2016.

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.

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 second quarter financial period ended 30 June 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 second quarter results for the financial period ended 30 June 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
5 August 2016