



# Soup Restaurant Group Limited

UEN 199103597Z

## THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

### 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 2017		Increase/ (Decrease) %	9 Months ended 30 September 2017		Increase/ (Decrease) %
	SS'000	2016 SS'000		SS'000	2016 SS'000	
Revenue	9,778	9,033	8.2	30,386	28,163	7.9
<i>Other items of income</i>						
Interest income	7	8	(12.5)	21	24	(12.5)
Other income	98	113	(13.3)	426	533	(20.1)
<i>Items of expense</i>						
Changes in inventories	56	21	N.M.	128	12	N.M.
Purchases and other consumables	(2,154)	(2,082)	3.5	(6,674)	(6,444)	3.6
Employee benefits expense	(3,467)	(3,092)	12.1	(10,935)	(10,135)	7.9
Depreciation and amortisation expenses	(390)	(378)	3.2	(1,152)	(1,172)	(1.7)
Other expenses	(3,572)	(3,533)	1.1	(10,998)	(10,249)	7.3
Finance costs	-	-	-	(1)	-	100.0
<b>Profit before income tax</b>	<b>356</b>	<b>90</b>	<b>295.6</b>	<b>1,201</b>	<b>732</b>	<b>64.1</b>
Income tax expense	(38)	(23)	65.2	(206)	(142)	45.1
<b>Profit for the financial period attributable to owners of the Company</b>	<b>318</b>	<b>67</b>	<b>374.6</b>	<b>995</b>	<b>590</b>	<b>68.6</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)	6	N.M.	-	-	-
<b>Other comprehensive income for the financial period</b>	<b>(2)</b>	<b>6</b>	<b>N.M.</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the financial period attributable to owners of the Company</b>	<b>316</b>	<b>73</b>	<b>332.9</b>	<b>995</b>	<b>590</b>	<b>68.6</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>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>	
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Advertising expense	59	72	(18.1)	224	167	34.1
Cleaning services	234	215	8.8	707	610	15.9
Credit card commission charges	105	92	14.1	328	283	15.9
Foreign exchange loss/(gain), net	-	11	(100.0)	4	(1)	(500.0)
Government grant	(30)	(72)	(58.3)	(242)	(438)	(44.7)
Loss on disposal of plant and equipment	-	-	-	12	4	200.0
Operating lease expenses	2,186	2,089	4.6	6,598	6,020	9.6
Plant and equipment written off	20	38	(47.4)	49	73	(32.9)
Professional fees	61	47	29.8	149	125	19.2
Repair and maintenance	98	140	(30.0)	257	354	(27.4)
Utilities	470	408	15.2	1,411	1,235	14.3

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.**

	<b>Group</b>		<b>Company</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>	<b>30.9.2017</b>	<b>31.12.2016</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	3,795	3,551	34	65
Investments in subsidiaries	-	-	1,600	1,600
Intangible assets	61	58	41	25
	<b>3,856</b>	<b>3,609</b>	<b>1,675</b>	<b>1,690</b>
<b>Current assets</b>				
Inventories	311	183	-	-
Trade and other receivables	3,225	3,510	3,434	3,174
Current income tax recoverable	-	5	-	-
Cash and cash equivalents	6,796	7,622	4,259	4,203
	<b>10,332</b>	<b>11,320</b>	<b>7,693</b>	<b>7,377</b>
<i>Less:</i>				
<b>Current liabilities</b>				
Trade and other payables	3,452	4,429	601	577
Provisions	906	1,042	40	40
Finance lease payable	5	5	-	-
Current income tax payable	199	118	27	16
	<b>4,562</b>	<b>5,594</b>	<b>668</b>	<b>633</b>
<b>Net current assets</b>	<b>5,770</b>	<b>5,726</b>	<b>7,025</b>	<b>6,744</b>
<i>Less:</i>				
<b>Non-current liabilities</b>				
Finance lease payable	18	22	-	-
Deferred tax liabilities	240	240	12	12
	<b>258</b>	<b>262</b>	<b>12</b>	<b>12</b>
<b>Net assets</b>	<b>9,368</b>	<b>9,073</b>	<b>8,688</b>	<b>8,422</b>
<b>Equity</b>				
Share capital	6,593	6,593	6,593	6,593
Treasury shares	(3,939)	(3,939)	(3,939)	(3,939)
Translation reserve	16	16	-	-
Retained Earnings	6,698	6,403	6,034	5,768
<b>Total equity</b>	<b>9,368</b>	<b>9,073</b>	<b>8,688</b>	<b>8,422</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

	<b>30.09.2017</b>	<b>31.12.2016</b>
	<b>SS'000</b>	<b>SS'000</b>
Finance lease payable		
- Repayable within 1 year	5	5
- Repayable after 1 year	18	22

Details of collateral:

The finance lease liability of the Group is secured by the rights to the leased printers.

**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 2017 S\$'000	2016 S\$'000	9 Months ended 30 September 2017 S\$'000	2016 S\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	356	90	1,201	732
<i>Adjustments for:</i>				
Amortisation of intangible assets	10	13	24	51
Depreciation of plant and equipment	380	365	1,128	1,121
Interest expense	-	-	1	-
Interest income	(7)	(8)	(21)	(24)
Loss on disposal of plant and equipment	-	-	12	4
Plant and equipment written off	20	38	49	73
Unrealised foreign exchange loss	(2)	7	-	(2)
<b>Operating cash flow before working capital changes</b>	<b>757</b>	<b>505</b>	<b>2,394</b>	<b>1,955</b>
<i>Working capital changes:</i>				
Inventories	(56)	(21)	(128)	(12)
Trade and other receivables	337	51	285	235
Trade and other payables	(1)	402	(134)	(695)
<b>Cash generated from operations</b>	<b>1,037</b>	<b>937</b>	<b>2,417</b>	<b>1,483</b>
Income taxes paid	(50)	(100)	(120)	(158)
Interest received	7	8	21	24
<b>Net cash from operating activities</b>	<b>994</b>	<b>845</b>	<b>2,318</b>	<b>1,349</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of plant and equipment	-	-	8	3
Purchase of intangible assets	(27)	(9)	(36)	(23)
Purchase of plant and equipment	(1,086)	(740)	(2,411)	(1,090)
<b>Net cash used in investing activities</b>	<b>(1,113)</b>	<b>(749)</b>	<b>(2,439)</b>	<b>(1,110)</b>
<b>Cash flows from financing activities</b>				
Dividends paid	-	-	(700)	(920)
Interest paid	-	-	(1)	-
Purchase of treasury shares	-	(585)	-	(611)
Repayment of finance lease payable	(1)	-	(4)	-
<b>Net cash used in financing activities</b>	<b>(1)</b>	<b>(585)</b>	<b>(705)</b>	<b>(1,531)</b>
Net change in cash and cash equivalents	(120)	(489)	(826)	(1,292)
Cash and cash equivalents at the beginning of the financial period	6,916	7,516	7,622	8,319
<b>Cash and cash equivalents at the end of the financial period</b>	<b>6,796</b>	<b>7,027</b>	<b>6,796</b>	<b>7,027</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 S\$'000	Treasury shares S\$'000	Translation reserve S\$'000	Retained Earnings S\$'000	Total equity S\$'000
<b>Balance as at 01.01.2017</b>	<b>6,593</b>	<b>(3,939)</b>	<b>16</b>	<b>6,403</b>	<b>9,073</b>
Profit for the financial period	-	-	-	995	995
<u>Other comprehensive income for the financial period</u>					
Exchange difference on translating foreign operation	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	995	995
<u>Distributions to owners</u>					
Dividends	-	-	-	(700)	(700)
<b>Balance as at 30.09.2017</b>	<b>6,593</b>	<b>(3,939)</b>	<b>16</b>	<b>6,698</b>	<b>9,368</b>
<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	-	-	-	590	590
<u>Other comprehensive income for the financial period</u>					
Exchange difference on translating foreign operation	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	590	590
<u>Distributions to owners</u>					
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>

1(d)(i)

Company	Share capital S\$'000	Treasury shares S\$'000	Retained Earnings S\$'000	Total S\$'000
<b>Balance as at 01.01.2017</b>	<b>6,593</b>	<b>(3,939)</b>	<b>5,768</b>	<b>8,422</b>
Profit for the financial period, representing total comprehensive income for the financial period	-	-	966	966
<u>Distributions to owners</u>				
Dividends	-	-	(700)	(700)
<b>Balance as at 30.09.2017</b>	<b>6,593</b>	<b>(3,939)</b>	<b>6,034</b>	<b>8,688</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 comprehensive income for the financial period	-	-	923	923
<u>Distributions to owners</u>				
Dividends	-	-	(920)	(920)
Purchase of treasury shares	-	(611)	-	(611)
	-	(611)	(920)	(1,531)
<b>Balance as at 30.09.2016</b>	<b>6,593</b>	<b>(3,939)</b>	<b>6,140</b>	<b>8,794</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 the number of share that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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	
	2017	2016	2017	2016
Balance as at the beginning of the financial period	18,387,100	15,507,700	18,387,100	15,368,200
Purchased during the financial period	-	2,879,400	-	3,018,900
Balance as at the end of the financial period	<u>18,387,100</u>	<u>18,387,100</u>	<u>18,387,100</u>	<u>18,387,100</u>

During the financial period ended 30 September 2016, the Company purchased a total of 3,018,900 of its ordinary shares by way of on-market purchase for a total consideration of \$0.6 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	
	30.09.2017	31.12.2016
Total number of issued shares	298,500,000	298,500,000
Less: Treasury shares	<u>(18,387,100)</u>	<u>(18,387,100)</u>
Total number of issued shares, excluding treasury shares	<u>280,112,900</u>	<u>280,112,900</u>

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

**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 2016, 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 2017. 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 30 September</b>		<b>9 Months ended 30 September</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
(a) Basic earnings per share (cents)	0.11	0.02	0.36	0.21
(b) Diluted earnings per share (cents)	0.11	0.02	0.36	0.21
(i) Weighted average number of ordinary shares	280,112,900	281,493,902	280,112,900	282,526,864
(ii) Adjusted weighted average number of ordinary shares	280,112,900	281,493,902	280,112,900	282,526,864

**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>30.09.2017</b>	<b>31.12.2016</b>	<b>30.09.2017</b>	<b>31.12.2016</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 (cents)	3.34	3.24	3.10	3.01
Total number of issued shares excluding treasury shares at the end of the financial period reported on	280,112,900	280,112,900	280,112,900	280,112,900

**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 2017 ("9M2017") was \$30.4 million, an increase of \$2.2 million or 7.9% as compared to \$28.2 million for the financial period ended 30 September 2016 ("9M2016"). The increase was attributable to revenue from new outlets of \$6.0 million, offset by a decrease in revenue from existing outlets and closure of outlets of \$3.6 million. Revenue for the food processing, distribution and procurement services segment has decreased by \$0.2 million due to rescheduling of promotional events.

Other income decreased by \$0.1 million mainly related to government grants received for the Wage Credit Scheme and Special Employment Credit.

Purchases and other consumables saw an improvement of 0.9 percentage point at 22.0% of revenue as compared to 9M2016 due to tightening of cost controls.

Employee benefits expense increased by \$0.8 million or 7.9% in 9M2017 mainly due to an increase in employee benefits expenses for the new outlets and related staff costs for existing outlets of \$1.7 million, offset by a decrease in employee benefits expenses due to closure of outlets of \$0.9 million.

Other expenses increased by \$0.7 million or 7.3% in 9M2017 mainly due to a net increase as a result of the opening and closure of outlets.

As a result, the profit before income tax increased by \$0.5 million or 64.1% as compared to 9M2016. Earnings per share stood at 0.36 cents in 9M2017.

**(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 increased by \$0.2 million from \$3.6 million as at 31 December 2016 (“FY2016”) to \$3.8 million as at 30 September 2017 (“3Q2017”). The additions of plant and equipment of \$1.4 million was offset by the depreciation and amortisation expenses of \$1.1 million as well as disposal and write-off of plant and equipment of \$0.1 million.

Current assets decreased by \$1.0 million as compared to FY2016 mainly due to a decrease in cash and cash equivalents of \$0.8 million and decrease in trade and other receivables of \$0.3 million, offset against increase in inventories of \$0.1 million. The decrease in cash and cash equivalents was attributable mainly to payments made for purchases of plant and equipment and payments made to contractors of \$2.4 million and payment of final dividend of \$0.7 million, offset by net cash from operating activities of \$2.3 million. Trade and other receivables decreased mainly due to refund of security deposits as a result of utilisation of bank guarantees and closure of outlets.

Current liabilities decreased by \$1.0 million mainly due to a decrease in trade and other payables as a result of payments for purchases of plant and equipment recorded as at FY 2016.

Total equity amounted to \$9.4 million and net asset value per share stood at 3.34 cents as at 3Q2017.

**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 continues to focus on strengthening our brands with an intention to increase product offerings, while tapping on the online delivery trend through partnership with a service provider. The Group is also taking the opportunity to consolidate and streamline processes to achieve economies of scale through its central processing resources to increase its distribution capacity, tightened costs control and improved 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 ready meals to be supplied to nursing homes and VWOs across Singapore. As part of the effort, a central kitchen located in Changi Prison Complex has been set up, equipped with advanced facilities and technologies.

**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 third quarter financial period ended 30 September 2017.

**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 2017 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  
14 November 2017