



Soup Restaurant Group Limited

UEN 199103597Z

FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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		
	4th Quarter ended 31 December		Increase/ (Decrease) %	Financial year ended 31 December		Increase/ (Decrease) %
	2018	2017		2018	2017	
	SS'000	SS'000		SS'000	SS'000	
Revenue	11,270	10,194	10.6	43,878	40,580	8.1
<i>Other Items of income</i>						
Interest income	12	8	50.0	41	29	41.4
Other income	61	139	(56.1)	432	565	(23.5)
<i>Items of expense</i>						
Changes in inventories	(94)	2	N.M.	(47)	130	N.M.
Purchases and other consumables	(2,382)	(2,080)	14.5	(9,425)	(8,754)	7.7
Employee benefits expense	(3,670)	(3,454)	6.3	(14,837)	(14,389)	3.1
Depreciation and amortisation expenses	(398)	(407)	(2.2)	(1,622)	(1,559)	4.0
Other expenses	(4,207)	(3,436)	22.4	(15,816)	(14,434)	9.6
Finance costs	(19)	(19)	-	(20)	(20)	-
Profit before income tax	573	947	(39.5)	2,584	2,148	20.3
Income tax (expense)/credit	(58)	4	N.M.	(394)	(202)	95.0
Profit for the financial period/year attributable to owners of the Company	515	951	(45.8)	2,190	1,946	12.5
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange difference on translating foreign operation	-	(13)	N.M.	(4)	(13)	N.M.
Other comprehensive income for the financial period/year	-	(13)	N.M.	(4)	(13)	N.M.
Total comprehensive income for the financial period/year attributable to owners of the Company	515	938	(45.1)	2,186	1,933	13.1

N.M. – Not meaningful

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

Profit before income tax for the financial period/year is arrived at after charging/(crediting) the following:-

	Group			Group		
	4th Quarter ended		Increase / (Decrease)	31 December		Increase / (Decrease)
	2018	2017		2018	2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Advertising expense	56	63	(11.1)	213	287	(25.8)
Cleaning services	276	245	12.7	1,093	952	14.8
Credit card commission charges	126	107	17.8	478	435	9.9
Foreign exchange loss/(gain), net	4	(19)	(121.1)	8	(15)	(153.3)
Government grant	(4)	(26)	(84.6)	(243)	(268)	(9.3)
Loss on disposal of plant and equipment	-	4	N.M.	-	16	N.M.
Impairment loss on plant and equipment	31	-	N.M.	31	-	N.M.
Operating lease expenses	2,321	2,158	7.6	8,850	8,756	1.1
Packing materials	30	30	-	189	109	73.4
Plant and equipment written off	5	7	(28.6)	17	56	(69.6)
Repair and maintenance	134	102	31.4	447	359	24.5
Sales commissions	220	103	N.M.	728	126	N.M.
Utilities	555	459	20.9	2,047	1,870	9.5

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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	SS'000	SS'000	SS'000	SS'000
Non-current assets				
Plant and equipment	3,173	3,630	28	28
Investments in subsidiaries	-	-	1,765	1,732
Intangible assets	133	138	63	38
Other receivables	-	-	769	643
	3,306	3,768	2,625	2,441
Current assets				
Inventories	266	313	-	-
Trade and other receivables	3,419	3,281	2,276	2,145
Current income tax recoverable	5	4	-	-
Cash and cash equivalents	10,039	8,128	5,902	5,341
	13,729	11,726	8,178	7,486
<i>Less:</i>				
Current liabilities				
Trade and other payables	4,260	3,706	585	363
Provisions	1,031	969	40	40
Finance lease payable	5	5	-	-
Current income tax payable	404	233	33	39
	5,700	4,913	658	442
Net current assets	8,029	6,813	7,5	7,044
Non-current liabilities				
Finance lease payable	11	17	-	-
Deferred tax liabilities	259	258	12	12
	270	275	12	12
Net assets	11,065	10,306	10,133	9,473
Equity				
Share capital	6,593	6,593	6,593	6,593
Treasury shares	(3,966)	(3,939)	(3,966)	(3,939)
Translation reserve	(1)	3	-	-
Retained earnings	8,439	7,649	7,506	6,819
Total equity	11,065	10,306	10,133	9,473

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

	31.12.2018	31.12.2017
	S\$'000	S\$'000
Finance lease payable		
- Repayable within 1 year	5	5
- Repayable after 1 year	11	17

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	
	4th Quarter ended		Financial year ended	
	31 December		31 December	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before income tax	573	947	2,584	2,148
<i>Adjustments for:</i>				
Amortisation of intangible assets	16	9	55	33
Amortisation of discount on provision	19	19	19	19
Reversal of provision for reinstatement costs not utilised	-	(39)	-	(39)
Depreciation of plant and equipment	382	398	1,567	1,526
Impairment loss on plant and equipment	31	-	31	-
Interest expense	-	-	1	1
Interest income from bank deposits	(12)	(8)	(41)	(29)
Loss on disposal of plant and equipment	-	4	-	16
Plant and equipment written off	5	7	17	56
Accrued unutilised annual leave	90	(15)	90	(15)
Unrealised foreign exchange gain	(1)	(14)	(5)	(14)
Operating cash flow before working capital changes	1,103	1,308	4,318	3,702
<i>Working capital changes:</i>				
Inventories	94	(2)	47	(130)
Trade and other receivables	142	(57)	(115)	228
Trade and other payables	231	(829)	373	(963)
Cash generated from operations	1,570	420	4,623	2,837
Income taxes (paid)/refunded	(6)	51	(222)	(69)
Interest received	12	8	41	29
Net cash from operating activities	1,576	479	4,442	2,797
Cash flows from investing activities				
Proceeds from disposal of plant and equipment	-	4	-	12
Purchase of plant and equipment	(191)	883	(986)	(1,528)
Purchase of intangible assets	(18)	(33)	(32)	(69)
Net cash used in investing activities	(209)	854	(1,018)	(1,585)
Cash flows from financing activities				
Dividends paid	-	-	(1,400)	(700)
Interest paid	-	-	(1)	(1)
Purchase of treasury shares	(107)	-	(107)	-
Repayment of finance lease payable	(1)	(1)	(5)	(5)
Net cash used in financing activities	(108)	(1)	(1,513)	(706)
Net change in cash and cash equivalents	1,259	1,332	1,911	506
Cash and cash equivalents at the beginning				
Of the financial period/year	8,780	6,796	8,128	7,622
Cash and cash equivalents at the end of the financial period/year	10,039	8,128	10,039	8,128

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	Accumulated profits S\$'000	Total equity S\$'000
Balance as at 1.1.2018	6,593	(3,939)	3	7,649	10,306
Profit for the financial year	-	-	-	2,190	2,190
<i>Other comprehensive income for the financial year, net of tax</i>					
Exchange difference on translating foreign operation	-		(4)	-	(4)
Total comprehensive income for the financial year	-	-	(4)	2,190	2,186
<u>Distributions to owners</u>					
Dividends	-	-	-	(1,400)	(1,400)
Performance shares granted	-	80	-	-	80
Purchase of treasury shares	-	(107)	-	-	(107)
	-	(27)	-	(1,400)	(1,427)
Balance as at 31.12.2018	6,593	(3,966)	(1)	8,439	11,065
Balance as at 1.1.2017	6,593	(3,939)	16	6,403	9,073
Profit for the financial year	-	-	-	1,946	1,946
<i>Other comprehensive income for the financial year, net of tax</i>					
Exchange difference on translating foreign operation	-	-	(13)	-	(13)
Total comprehensive income for the financial year	-	-	(13)	1,946	1,933
<u>Distributions to owners</u>					
Dividends	-	-	-	(700)	(700)
Balance as at 31.12.2017	6,593	(3,939)	3	7,649	10,306

1(d)(i)

Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits S\$'000	Total equity S\$'000
Balance as at 1.1.2018	6,593	(3,939)	6,819	9,473
Profit for the financial year, representing total comprehensive income for the financial year	-	-	2,087	2,087
<u>Distribution to owners</u>				
Dividends	-	-	(1,400)	(1,400)
Performance shares granted	-	80	-	80
Purchase of treasury shares	-	(107)	-	(107)
	-	(27)	(1,400)	(1,427)
Balance as at 31.12.2018	6,593	(3,966)	7,506	10,133
Balance as at 1.1.2017	6,593	(3,939)	5,768	8,422
Profit for the financial year, representing total comprehensive income for the financial year	-	-	1,751	1,751
<u>Distributions to owners</u>				
Dividends	-	-	(700)	(700)
Balance as at 31.12.2017	6,593	(3,939)	6,819	9,473

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 shares 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			
	4th Quarter ended		Financial year ended	
	31 December		31 December	
	2018	2017	2018	2017
Balance as at the beginning of the financial period/year	18,387,100	18,387,100	18,387,100	18,387,100
Performance shares granted	(518,000)	-	(518,000)	-
Purchased during the financial period/year	683,200	-	683,200	-
Balance as at the end of the financial period/year	<u>18,552,300</u>	<u>18,387,100</u>	<u>18,552,300</u>	<u>18,387,100</u>
Percentage (%) of treasury shares against total number of shares outstanding	<u>6.6%</u>	<u>6.6%</u>	<u>6.6%</u>	<u>6.6%</u>

There was no change in the issued and paid up capital of the Company during the financial period/year.

There were no subsidiary holdings and outstanding convertible instruments which may be converted to shares as at 31 December 2018 and 31 December 2017.

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	
	31.12.2018	31.12.2017
Total number of issued shares	298,500,000	298,500,000
Less: Treasury shares	<u>(18,552,300)</u>	<u>(18,387,100)</u>
Total number of issued shares, excluding treasury shares	<u>279,947,700</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.

As at 31 December 2018, 518,000 treasury shares were transferred pursuant to the vesting of share awards under the Soup Restaurant Performance Share Plan.

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 reporting period compared with the audited financial statements as at 31 December 2017 except as disclosed in Note 5.

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.

The Group has adopted SFRS(I) on 1 January 2018 and has prepared its first set of financial information under SFRS(I) for the financial year ended 31 December 2018. The Group has consistently applied the same accounting policies in its opening SFRS(I) statement of financial position as at 1 January 2017 and throughout the comparable periods presented, as if these policies had always been in effect. In adopting SFRS(I), the Group is required to apply all the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) and new SFRS(I), amendments to and interpretation of SFRS(I) that are effective from 1 January 2018. The transition to SFRS(I) did not have any significant impact to the Group.

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	
	4th Quarter ended 31 December		Financial year ended 31 December	
	2018	2017	2018	2017
(a) Basic earnings per share (cents)	0.18	0.34	0.78	0.70
(b) Diluted earnings per share (cents)	0.18	0.34	0.78	0.70
(i) Weighted average number of ordinary shares	280,079,270	280,112,900	280,104,423	280,112,900
(ii) Adjusted weighted average number of ordinary shares	280,079,270	280,112,900	280,104,423	280,112,900

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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
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)	3.95	3.68	3.62	3.38
Total number of issued shares excluding treasury shares at the end of the financial period reported on	279,947,700	280,112,900	279,947,700	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**

The Group's revenue for the financial year ended 31 December 2018 ("FY2018") was \$43.9 million, an increase of \$3.3 million or 8.1% as compared to \$40.6 million for the financial year ended 31 December 2017 ("FY2017"). The increase was attributable to an increase in revenue from restaurant operation and online delivery services of \$2.8 million, offset by a decrease in revenue from the closure of outlets of \$0.6 million in the first quarter of FY2017. Revenue for the food processing, distribution and procurement services segment has also increased by \$1.1 million.

Other income decreased by \$0.1 million or 23.5% mainly due to a decrease in cash sponsorship income and an absence of a write back for expired vouchers.

Purchases and other consumables were maintained at approximately 21.5% of revenue.

Employee benefits expense increased by \$0.4 million or 3.1% in FY2018 mainly due to an increase in directors' performance bonus of \$0.3 million and an increase of \$0.1 million which is associated with the increased business activities for the supply of ready meals.

Other expenses increased by \$1.4 million or 9.7% in FY2018 mainly due to an increase in sales commissions of \$0.6 million and packing materials of \$0.1 million, which are associated with online delivery and meal supply services, an increase in the cost of contract workers of \$0.1 million for the central kitchen operations as well as an increase in professional fees of \$0.1 million due to an absence of a write back in FY2017. Utilities and repair and maintenance increased by \$0.3 million in line with higher business activities.

As a result, the profit before income tax increased by \$0.4 million or 20.3% in FY2018 as compared to FY2017. Earnings per share stood at 0.78 cents in FY2018.

(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 \$0.5 million from \$3.8 million, as at 31 December 2017 ("FY2017"), to \$3.3 million as at 31 December 2018 ("FY2018"), mainly due to additions of plant and equipment of \$1.1 million and intangible assets of \$0.1 million, offset by depreciation and amortisation expenses of \$1.6 million.

Current assets increased by \$2.0 million or 17.1% as compared to FY2017 mainly due to an increase in trade and other receivables of \$0.1 million and an increase in cash and cash equivalents of \$1.9 million. Trade and other receivables increased mainly as a result of the increased revenue. The increase in cash and cash equivalents was attributable mainly to net cash from operating activities of \$4.4 million, offset by payments made for purchases of plant and equipment of \$1.0 million, payment for the final dividend of \$1.4 million and purchase of treasury shares of \$0.1 million.

Current liabilities increased by \$0.8 million mainly due to an increase in trade and other payables related to accrued staff related costs and directors' performance bonus of \$0.4 million, increase in deferred income and provision for the reinstatement costs of a new outlet collectively at \$0.1 million, increase in other payables related to purchases of plant and equipment of \$0.1 million, and an increase in the current income tax payable of \$0.2 million.

Total equity increased by \$0.7 million from \$10.3 million, as at FY2017, to \$11.0 million as at FY2018. The Group's net asset value per share stood at 3.95 cents as at FY2018.

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 plans for a cautious expansion of our portfolio of outlets in Singapore. The Group will open a new outlet located at Jewel Changi Airport in the first half of 2019. The Group will also continue to bring our food offerings to more customers through online delivery platforms from all our outlets. At the same time, the Group will continue to manage the operations of our restaurants more effectively with productivity measures with the intention to better serve our customers.

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 consumer goods and ready meals through the central kitchen located in Changi Prison Complex and a new catering kitchen located at Enabling Village which started operations in November 2018.

11. Dividend.

**(a) current financial period reported on;
any dividend declared for the current financial period reported on?**

Name of dividend	Final
Dividend type	Cash
Dividend per ordinary share	0.65 cent per ordinary share
Tax rate	Tax exempt (one-tier)

**(b) corresponding period of the immediately preceding financial year;
any dividend declared for the corresponding period of the immediately preceding financial year?**

Name of dividend	Final
Dividend type	Cash
Dividend per ordinary share	0.50 cent per ordinary share
Tax rate	Tax exempt (one-tier)

(c) date payable; and

The date of payment of the proposed dividend, if approved at the forthcoming Annual General Meeting, will be announced at a later date.

(d) books closure date.

The books closure date of the proposed dividend, if approved at the forthcoming Annual General Meeting, will be announced at a later date.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

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 has not obtained a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii).

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officer under Rule 720(1).

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results for business or geographical segments of the group in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Operation of Restaurants		Food Processing, Distribution and Procurement Services		Others		Total	
	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total segment revenue	41,650	39,424	12,851	10,185	-	-	54,501	49,609
Inter-segment revenue	(7)	(12)	(10,616)	(9,017)	-	-	(10,623)	(9,029)
Revenue from external customers	41,643	39,412	2,235	1,168	-	-	43,878	40,580
Segment profit	2,209	2,063	128	24	(188)	(170)	2,149	1,917
Depreciation and amortisation	1,363	1,368	259	191	-	-	1,622	1,559
Impairment loss on plant and equipment	31	-	-	-	-	-	31	-
Segment assets/ total assets	13,114	11,844	3,818	3,503	103	147	17,035	15,494
Segment liabilities/ total liabilities	4,281	3,665	1,433	1,268	256	255	5,970	5,188
Capital expenditure								
- on plant and equipment	945	677	211	1,011	-	-	1,156	1,688
- on intangible assets	42	107	9	6	-	-	51	113

A reconciliation of the total segment profits for the financial year is as follows:

	Group	
	FY2018	FY2017
	S\$'000	S\$'000
Segment profit	2,149	1,917
Interest income	41	29
Profit for the financial year	2,190	1,946

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Business Segment

The Group's principal business is in the operation of restaurants which accounted for 94.9% or \$41.6 million of the Group's revenue in FY2018. The increase in revenue of \$2.2 million for the operation of restaurants was mainly due to an increase in revenue from online delivery services.

The Group's food processing and distribution business accounted for 5.1% or \$2.2 million of the Group's revenue in FY2018. This segment is in line with the Group's strategy to reduce overheads and costs through a vertical integration of its supply chain. The revenue increased significantly by 91.4% due to an increase in the supply of ready meals. A new catering kitchen set up in November 2018 is part of the effort to widen the Group's distribution networks for its ready meals supply across Singapore.

Others refer to investment holding companies.

Please refer to paragraph 8 for a detailed commentary of the Group's financial performance in FY2018.

Geographical Segments

The Group's operations are mainly located in Singapore except for Malaysia which is considered insignificant in the current and prior financial year.

17. A breakdown of sales.

	Group		
	Financial Year Ended		Increase/ (Decrease)
	31.12.2018	31.12.2017	
	S\$'000	S\$'000	%
(a) Sales reported for first half year	21,621	20,608	7.7
(b) Operating profit after income tax before deducting minority interests reported for first half year	1,129	677	29.4
(c) Sales reported for second half year	22,257	19,972	3.9
(d) Operating profit after tax before deducting minority interests reported for second half year	1,061	1,269	163.9

18. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	Total annual dividend	
	Financial Year Ended	
	31 December	
	2018	2017
	S\$	S\$
Ordinary shares		
Final *	1,819,600	1,400,565
Total	1,819,600	1,400,565

* Proposed final dividend for FY2018 is estimated based on the number of shares (excluding treasury shares) outstanding as at the end of the financial year.

19. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.**

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

CHONG IN BEE
Company Secretary
26 February 2019