



# Soup Restaurant Group Limited

UEN 199103597Z

## SECOND QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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		
	2nd Quarter ended		Increase/ (Decrease) %	6 Months ended		Increase/ (Decrease) %
	30 June			30 June		
2014	2013		2014	2013		
	SS'000	SS'000		SS'000	SS'000	
Revenue	9,510	9,187	3.5	19,812	18,849	5.1
<i>Other items of income</i>						
Interest income	2	3	(33.3)	5	7	(28.6)
Other income	97	73	32.9	305	249	22.5
<i>Other items of expenses</i>						
Changes in inventories	33	(19)	(273.7)	36	2	N.M.
Purchases and other consumables	(2,252)	(2,118)	6.3	(4,584)	(4,478)	2.4
Employee benefits expenses	(3,538)	(3,285)	7.7	(7,038)	(6,656)	5.7
Depreciation and amortization expenses	(406)	(384)	5.7	(821)	(802)	2.4
Other expenses	(3,386)	(3,238)	4.5	(6,863)	(6,914)	(0.7)
Finance costs	-	-	-	-	-	-
<b>Profit before tax</b>	<b>60</b>	<b>219</b>	<b>(72.6)</b>	<b>852</b>	<b>257</b>	<b>231.5</b>
Income tax expense	(23)	(70)	(67.1)	(171)	(107)	59.8
<b>Profit for the financial period</b>	<b>37</b>	<b>149</b>	<b>(75.2)</b>	<b>681</b>	<b>150</b>	<b>354.7</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	10	(80.0)
<b>Other comprehensive income for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>10</b>	<b>(80.0)</b>
<b>Total comprehensive income for the financial period</b>	<b>37</b>	<b>149</b>	<b>(75.2)</b>	<b>683</b>	<b>160</b>	<b>326.9</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>2nd Quarter ended</b>		<b>Increase / (Decrease)</b>	<b>6 Months ended</b>		<b>Increase / (Decrease)</b>
	<b>30 June</b>			<b>30 June</b>		
	<b>2014</b>	<b>2013</b>		<b>2014</b>	<b>2013</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Advertising expense	23	95	(75.8)	48	226	(78.8)
Cleaning services	223	212	5.2	464	466	(0.4)
Credit card commission charges	102	108	(5.6)	217	227	(4.4)
Foreign exchange (gain)/loss	(2)	1	(300.0)	(2)	2	(200.0)
Government grant	-	-	-	(179)	(80)	123.8
Loss on disposal of fixed assets	-	-	-	-	36	(100.0)
Operating lease expenses	1,965	1,767	11.2	3,902	3,709	5.2
Packing materials	40	53	(24.5)	120	149	(19.5)
Plant and equipment written off	1	-	N.M.	1	59	(98.3)
Professional fees	79	29	172.4	193	105	83.8
Utilities	522	493	5.9	1,056	960	10.0

**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	
	30.6.2014 S\$'000	31.12.2013 S\$'000	30.6.2014 S\$'000	31.12.2013 S\$'000
<b>Non-current assets</b>				
Plant and equipment	4,283	4,736	278	344
Investments in subsidiaries	-	-	1,700	1,700
Intangible assets	135	158	134	158
	<b>4,418</b>	<b>4,894</b>	<b>2,112</b>	<b>2,202</b>
<b>Current assets</b>				
Inventories	126	90	-	-
Trade and other receivables	4,006	3,658	2,264	2,844
Cash and cash equivalents	8,335	10,948	6,168	6,684
	<b>12,467</b>	<b>14,696</b>	<b>8,432</b>	<b>9,528</b>
<i>Less:</i>				
<b>Current liabilities</b>				
Trade and other payables	3,607	4,163	1,884	1,842
Provisions	702	679	36	36
Current income tax payable	335	337	46	24
	<b>4,644</b>	<b>5,179</b>	<b>1,966</b>	<b>1,902</b>
<b>Net current assets</b>	<b>7,823</b>	<b>9,517</b>	<b>6,466</b>	<b>7,626</b>
<b>Non-current liability</b>				
Deferred tax liability	(237)	(237)	(16)	(16)
<b>Net assets</b>	<b>12,004</b>	<b>14,174</b>	<b>8,562</b>	<b>9,812</b>
<b>Equity</b>				
Share capital	6,593	6,593	6,593	6,593
Treasury shares	(2,557)	(1,855)	(2,557)	(1,855)
Translation reserve	(3)	(5)	-	-
Accumulated profits	7,971	9,441	4,526	5,074
<b>Total equity</b>	<b>12,004</b>	<b>14,174</b>	<b>8,562</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	
	2nd Quarter ended 30 June		6 Months ended 30 June	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	60	219	852	257
<i>Adjustments for:</i>				
Amortisation of intangible assets	16	-	30	-
Depreciation of plant and equipment	390	384	791	802
Interest income	(2)	(3)	(5)	(7)
Gain on disposal of plant and equipment	-	(3)	-	(6)
Loss on disposal of plant and equipment	-	-	-	36
Plant and equipment written off	1	-	1	59
Provision for unutilised annual leave	-	-	-	(12)
Unrealised foreign exchange loss	1	-	1	5
<b>Operating profit before working capital changes</b>	<b>466</b>	<b>597</b>	<b>1,670</b>	<b>1,134</b>
<i>Working capital changes:</i>				
Inventories	(33)	19	(36)	(2)
Trade and other receivables	108	140	(348)	(147)
Trade and other payables	(144)	1,391	(576)	358
<b>Cash generated from operations</b>	<b>397</b>	<b>2,147</b>	<b>710</b>	<b>1,343</b>
Income taxes paid	(148)	(137)	(174)	(190)
Interest received	2	3	5	7
<b>Net cash from operating activities</b>	<b>251</b>	<b>2,013</b>	<b>541</b>	<b>1,160</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of plant and equipment	-	3	-	10
Purchases of intangible assets	(7)	-	(7)	-
Purchases of plant and equipment	(288)	(1,593)	(294)	(1,932)
<b>Net cash used in investing activities</b>	<b>(295)</b>	<b>(1,590)</b>	<b>(301)</b>	<b>(1,922)</b>
<b>Cash flows from financing activities</b>				
Dividends paid	(2,151)	(3,433)	(2,151)	(3,433)
Purchase of treasury shares	(87)	-	(702)	-
<b>Net cash used in financing activities</b>	<b>(2,238)</b>	<b>(3,433)</b>	<b>(2,853)</b>	<b>(3,433)</b>
Net change in cash and cash equivalents	(2,282)	(3,010)	(2,613)	(4,195)
Cash and cash equivalents at the beginning of the financial period	10,617	15,311	10,948	16,496
<b>Cash and cash equivalents at the end of the financial period</b>	<b>8,335</b>	<b>12,301</b>	<b>8,335</b>	<b>12,301</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	-	-	-	681	681
<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>681</b>	<b>683</b>
<b><u>Distributions to owners</u></b>					
Dividends	-	-	-	(2,151)	(2,151)
Purchase of treasury shares	-	(702)	-	-	(702)
	-	(702)	-	(2,151)	(2,853)
<b>Balance as at 30.06.2014</b>	<b>6,593</b>	<b>(2,557)</b>	<b>(3)</b>	<b>7,971</b>	<b>12,004</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	-	-	-	150	150
<u>Other comprehensive income for the financial period</u>					
Exchange difference on translating foreign operation	-	-	10	-	10
<b>Total comprehensive income for the financial period</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>150</b>	<b>160</b>
<b><u>Distributions to owners</u></b>					
Dividends	-	-	-	(3,433)	(3,433)
<b>Balance as at 30.6.2013</b>	<b>6,593</b>	<b>-</b>	<b>(3)</b>	<b>9,123</b>	<b>15,713</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	-	-	1,603	1,603
<b><u>Distributions to owners</u></b>				
Dividends	-	-	(2,151)	(2,151)
Purchase of treasury shares	-	(702)	-	(702)
	-	(702)	(2,151)	(2,853)
<b>Balance as at 30.06.2014</b>	<b>6,593</b>	<b>(2,557)</b>	<b>4,526</b>	<b>8,562</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	-	-	888	888
<b><u>Distribution to owners</u></b>				
Dividends	-	-	(3,433)	(3,433)
<b>Balance as at 30.06.2013</b>	<b>6,593</b>	<b>-</b>	<b>4,983</b>	<b>11,576</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			
	2nd Quarter ended 30 June		6 months ended 30 June	
	2014	2013	2014	2013
Balance as at the beginning of the financial period	11,312,000	-	8,900,000	-
Purchased during the financial period	347,000	-	2,759,000	-
Balance as at the end of the financial period	<u>11,659,000</u>	-	<u>11,659,000</u>	-

During the second quarter ended 30 June 2014, the Company purchased a total of 347,000 (30 June 2013: Nil) of its ordinary shares by way of on-market purchase for a total consideration of S\$0.1 million (30 June 2013: Nil). 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	
	30.6.2014	31.12.2013
Total number of issued shares	298,500,000	298,500,000
Less: Treasury shares	(11,659,000)	(8,900,000)
Total number of issued shares, excluding treasury shares	<u>286,841,000</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 adoptions 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>2<sup>nd</sup> Quarter ended</b>		<b>6 Months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
(a) Basic earnings per share	0.01 cents	0.05 cents	0.24 cents	0.05 cents
(b) Diluted earnings per share	0.01 cents	0.05 cents	0.24 cents	0.05 cents
(i) Weighted average number of ordinary shares	286,896,022	298,500,000	287,766,812	298,500,000
(ii) Adjusted weighted average number of ordinary shares	286,896,022	298,500,000	287,766,812	298,500,000



**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	
	30.06.2014	31.12.2013	30.06.2014	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	4.18 cents	4.89 cents	2.98 cents	3.39 cents
Total number of issued shares excluding treasury shares at the end of the financial period reported on	286,841,000	289,600,000	286,841,000	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**

**Revenue and Profitability**

*Second Quarter Ended 30 June 2014 vs Second Quarter Ended 30 June 2013*

For the 3 months ended 30 June 2014 ("2Q2014"), the Group's revenue rose by \$0.3 million or 3.5% to \$9.5 million, as compared to \$9.2 million for the 3 months ended 30 June 2013 ("2Q2013"). This was largely attributable to the additional contributions from four new outlets which commenced operations in mid or after 1Q2013 and one new outlet in Malaysia which commenced operations in mid 2Q2014 amounted to \$0.2 million. The remaining revenue increment was mainly attributable to contributions from existing outlets.

Purchases and other consumables increased by 0.6 percentage point at 23.7% of revenue, largely due to higher food costs for the new brands.

Employee benefits expenses increased by \$0.3 million or 7.7% to \$3.5 million in 2Q2014 as a result of wage revision, increase in casual workers, higher CPF contributions and foreign worker levies. In terms of percentage of revenue, employee benefits expenses increased by 1.4 percentage point at 37.2% of revenue.

Other expenses increased by \$0.1 million to \$3.4 million in 2Q2014 mainly due to an increase in operating lease expenses of \$0.2 million for new outlets and revised higher rental for existing outlets, partially offset by a decrease in advertising expenses of \$0.1 million.

As a result, the profit before tax decreased by \$0.1 million or 72.6% in 2Q2014 compared to 2Q2013. The Group registered earnings per share of 0.01 cents in 2Q2014.

### 6 Months Ended 30 June 2014 vs 6 Months Ended 30 June 2013

The Group's revenue for the financial period ended 30 June 2014 ("HY2014") was \$19.8 million, an increase of \$1 million or 5.1% as compared to \$18.8 million for the financial period ended 30 June 2013 ("HY2013"). This was largely attributable to the additional contributions from four new outlets in Singapore which commenced operations during HY2013 and one new outlet in Malaysia which commenced operations in HY2014 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 HY2013.

Purchases and other consumables were lower by 0.6 percentage point at 23.1% of revenue attributable to the absence of higher food costs for a new product introduced in HY2013, but offset by the higher food costs for the new brands.

Employee benefits expenses increased by \$0.4 million or 5.7% to \$7.0 million in HY2014 as a result of wage revision, increase in casual workers, higher CPF contributions and foreign worker levies. In terms of percentage of revenue, employee benefits expenses increased by 0.2 percentage point at 35.5% of revenue.

Other expenses recorded a marginal decrease in HY2014. The 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 HY2013 were partially offset by the increase in operating lease expenses of \$0.2 million and utilities of \$0.1 million.

As a result, the profit before tax increased by \$0.6 million or 231.5% in HY2014 compared to HY2013. Earnings per share also increased to 0.24 cents in HY2014.

**(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 Position

#### *Assets*

Non-current assets decreased by \$0.5 million from \$4.9 million as at 31 December 2013 ("FY2013") to \$4.4 million as at 30 June 2014 ("HY2014"), mainly due to depreciation of plant and equipment amounting to \$0.8 million, partially offset by additions of \$0.3 million during the HY2014.

Current assets decreased by \$2.2 million from \$14.7 million as at FY2013 to \$12.5 million as at HY2014 mainly due to decrease of \$2.6 million in cash and bank balances, partially offset by an increase of \$0.3 million in trade and other receivables.

#### *Liabilities*

Current liabilities decreased by \$0.6 million from \$5.2 million as at FY2013 to \$4.6 million as at HY2014, mainly due to the payment of \$0.4 million for staff bonuses in February 2014, partially offset by additional accrued operating expenses for HY2014.

## ***Equity***

Total equity decreased by \$2.2 million from \$14.2 million as at FY2013 to \$12.0 million as at HY2014, attributable mainly to payment of final dividend. The Group's net asset value per share stood at 4.18 cents as at HY2014 compared to 4.89 cents as at FY2013.

## **Review of Cash Flow Position**

### **Second Quarter Ended 30 June 2014 vs Second Quarter Ended 30 June 2013**

Net cash generated from operating activities decreased by \$1.7 million from \$2.0 million in 2Q2013 to \$0.3 million in 2Q2014, mainly due to absence of trade and other payables in relation to outstanding payments to contractors for renovation of the existing and new outlets as at 2Q2013.

Net cash used in investing activities decreased by \$1.3 million from \$1.6 million due to absence of purchases of plant and equipment in 2Q2013 for existing and new outlets which underwent renovation.

Net cash used in financing activities decreased by \$1.2 million from \$3.4 million in 2Q2013 as a payment of special dividend was made in 2Q2013.

### **6 Months Ended 30 June 2014 vs 6 Months Ended 30 June 2013**

Net cash generated from operating activities decreased by \$0.6 million from \$1.1 million in HY2013 to \$0.5 million in HY2014, mainly due to absence of trade and other payables in relation to outstanding payments to contractors for renovation of the existing and new outlets as at HY2013.

Net cash used in investing activities decreased by \$1.6 million from \$1.9 million due to additional plant and equipment acquired in HY2013 for existing and new outlets which underwent renovation.

Net cash used in financing activities decreased by \$0.5 million from \$3.4 million since there was no payment of special dividend in HY2014, offset by the purchases of treasury shares.

## **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 expects to focus on widening the distribution network for its FMCG business, in particular for its Samsui Ginger Sauce.

Amidst the challenging business environment for F&B companies, the Group is looking to streamline and improve its operational efficiencies, including leveraging on innovation and technology.

In addition, the Group continues with its push to reduce overheads and costs by vertical integration of the supply chain.

The Group has commenced its food supply business to various voluntary welfare organizations in Singapore. The food supply includes fresh produce, chilled cooked food and dry goods with an emphasis on healthy food.

**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 second quarter ended 30 June 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 second quarter results for the financial period ended 30 June 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  
1 August 2014