



Soup Restaurant Group Limited

UEN 199103597Z

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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		Increase / (Decrease) % Change
	3 Months ended 31 March 2014 S\$'000	2013 S\$'000	
Revenue	10,302	9,662	6.6
<i>Other items of income</i>			
Interest income	3	4	(25.0)
Other income	208	176	18.2
<i>Other items of expenses</i>			
Changes in inventories	3	21	(85.7)
Purchases and other consumables	(2,332)	(2,360)	(1.2)
Employee benefits expenses	(3,500)	(3,371)	3.8
Depreciation and amortisation expenses	(415)	(418)	(0.7)
Other expenses	(3,477)	(3,676)	(5.4)
Finance costs	-	-	-
Profit before tax	792	38	N.M.
Income tax expense	(148)	(37)	300.0
Profit for the financial period	644	1	N.M.
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translating foreign operation	-	10	(100.0)
Other comprehensive income for the financial period	-	10	(100.0)
Total comprehensive income for the financial period	644	11	N.M.

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:-

	Group		Increase / (Decrease) % Change
	3 Months ended 31 March 2014 S\$'000	2013 S\$'000	
Advertising expense	25	131	(80.9)
Cleaning services	241	254	(5.1)
Credit card commission charges	115	119	(3.4)
Foreign exchange loss	-	1	(100.0)
Government grant	(179)	(80)	123.8
Loss on disposal of fixed assets	-	36	(100.0)
Operating lease expenses	1,937	1,942	(0.3)
Packing materials	80	96	(16.7)
Plant and equipment written off	-	59	(100.0)
Professional fees	114	76	50.0
Utilities	534	467	14.3

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	
	31.3.2014	31.12.2013	31.3.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Plant and equipment	4,365	4,736	310	344
Investments in subsidiaries	-	-	1,700	1,700
Intangible assets	144	158	144	158
	4,509	4,894	2,154	2,202
Current assets				
Inventories	93	90	-	-
Trade and other receivables	4,113	3,658	3,438	2,844
Cash and cash equivalents	10,617	10,948	6,251	6,684
	14,823	14,696	9,689	9,528
<i>Less:</i>				
Current liabilities				
Trade and other payables	3,731	4,163	2,546	1,842
Provisions	702	679	36	36
Current income tax payable	459	337	30	24
	4,892	5,179	2,612	1,902
Net current assets	9,931	9,517	7,077	7,626
Non-current liability				
Deferred tax liability	(237)	(237)	(16)	(16)
Net assets	14,203	14,174	9,215	9,812
Equity				
Share capital	6,593	6,593	6,593	6,593
Treasury shares	(2,470)	(1,855)	(2,470)	(1,855)
Translation reserve	(5)	(5)	-	-
Accumulated profits	10,085	9,441	5,092	5,074
Total equity	14,203	14,174	9,215	9,812

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	
	3 Months ended 31 March	
	2014	2013
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	792	38
<i>Adjustments for:</i>		
Amortisation of intangible assets	14	-
Depreciation of plant and equipment	401	418
Interest income	(3)	(4)
Gain on disposal of plant and equipment	-	(3)
Loss on disposal of plant and equipment	-	36
Plant and equipment written off	-	59
Provision for utilised annual leave	-	(12)
Unrealised foreign exchange loss	-	5
Operating profit before working capital changes	1,204	537
<i>Working capital changes:</i>		
Inventories	(3)	(21)
Trade and other receivables	(456)	(287)
Trade and other payables	(432)	(1,033)
Cash generated from/(used in) operations	313	(804)
Income taxes paid	(26)	(53)
Interest received	3	4
Net cash from/(used in) operating activities	290	(853)
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	-	7
Purchases of plant and equipment	(6)	(339)
Net cash used in investing activities	(6)	(332)
Cash flows from financing activities		
Purchase of treasury shares, representing net cash used in financing activities	(615)	-
Net change in cash and cash equivalents	(331)	(1,185)
Cash and cash equivalents at the beginning of the financial period	10,948	16,496
Cash and cash equivalents at the end of the financial period	10,617	15,311

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 01.01.2014	6,593	(1,855)	(5)	9,441	14,174
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	644	644
<u>Distributions to owners</u>					
Purchase of treasury shares	-	(615)	-	-	(615)
Balance as at 31.03.2014	6,593	(2,470)	(5)	10,085	14,203
Balance as at 01.01.2013	6,593	-	(13)	12,406	18,986
Profit for the financial period	-	-	-	1	1
<u>Other comprehensive income for the financial period</u>					
Exchange difference on translating foreign operation	-	-	10	-	10
Total comprehensive income for the financial period	-	-	10	1	11
Balance as at 31.3.2013	6,593	-	(3)	12,407	18,997

1(d)(i)

Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits S\$'000	Total S\$'000
Balance as at 01.01.2014	6,593	(1,855)	5,074	9,812
Profit for the financial period, representing total comprehensive income for the financial period	-	-	18	18
<u>Distributions to owners</u>				
Purchase of treasury shares	-	(615)	-	(615)
Balance as at 31.03.2014	6,593	(2,470)	5,092	9,215
Balance as at 01.01.2013	6,593	-	7,528	14,121
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(42)	(42)
Balance as at 31.03.2013	6,593	-	7,486	14,079

- 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.**

	Number of shares	
	3 Months ended 31 March	
	2014	2013
Balance as at the beginning of the financial period	8,900,000	-
Purchased during the financial period	2,412,000	-
Balance as at the end of the financial period	<u>11,312,000</u>	<u>-</u>

During the financial period ended 31 March 2014, the Company purchased a total of 2,412,000 (31 March 2013: Nil) of its ordinary shares by way of on-market purchase for a total consideration of S\$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	
	31.3.2014	31.12.2013
Total number of issued shares	298,500,000	298,500,000
Less: Treasury shares	(11,312,000)	(8,900,000)
Total number of issued shares, excluding treasury shares	<u>287,188,000</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.**

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 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	
	3 Months ended 31 March	
	2014	2013
(a) Basic earnings per share (cents)	0.22	0.00
(b) Diluted earnings per share (cents)	0.22	0.00
(i) Weighted average number of ordinary shares	294,929,681	298,500,000
(ii) Adjusted weighted average number of ordinary shares	294,929,681	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	
	31.03.2014	31.12.2013	31.03.2014	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	4.95 cents	4.89 cents	3.21 cents	3.39 cents
Total number of issued shares excluding treasury shares at the end of the financial period reported on	287,188,000	289,600,000	287,188,000	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

The Group's revenue for the financial period ended 31 March 2014 ("1Q2014") was \$10.3 million, an increase of \$0.6 million or 6.6% as compared to \$9.7 million for the financial period ended 31 March 2013 ("1Q2013"). This was largely attributable to the additional contributions from four new outlets which commenced operations in mid or after 1Q2013 amounted to \$1 million, partially offset by the loss of revenue from the closure of two outlets when their leases expired during 1Q2013.

Purchases and other consumables were lower by 1.8 percentage point at 22.6% of revenue attributable to the absence of higher food costs for a new product introduced in 1Q2013, but were offset by the higher food costs for the new brands

Employee benefits expenses increased by \$0.1 million in 1Q2014 as a result of wage revision, higher CPF contribution and foreign worker levies. In terms of percentage of revenue, employee benefits expenses were lower by 0.9 percentage point at 34.0% of revenue.

Other operating expenses decreased by \$0.2 million to \$3.5 million in 1Q2014 as compared to \$3.7 million in 1Q2013, mainly due to a decrease in advertising expenses of \$0.1 million as well as the absence of plant and equipment written off and loss on disposal of plant and equipment associated with the closure of outlets in 1Q2013.

As a result, the profit before tax increased by \$0.8 million in 1Q2014 compared to 1Q2013. Earnings per share also increased to 0.22 cent in 1Q2014.

(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

The Group's total assets decreased by \$0.3 million from \$19.6 million as at 31 December 2013 ("FY2013") to \$19.3 million as at 1Q2014. The decrease in total assets was mainly attributable to:

- a. an increase in trade and other receivables by \$0.4 million mainly due to an increase in prepayments for renovation costs and purchases of equipment for the new "Soup Restaurant" outlet at Jaya Shopping Centre in Malaysia.

The above was partially offset by:

- b. a decrease of net carrying value of plant and equipment by \$0.4 million mainly due to depreciation charges on existing plant and equipment; and
- c. a decrease in cash and bank balances of \$0.3 million.

Liabilities

The Group's total liabilities decreased by \$0.3 million from \$5.4 million as at FY2013 to \$5.1 million as at 1Q2014. The decrease in total liabilities was mainly due to a decrease in accrued staff bonuses amounting to \$0.4 million which was paid in 1Q2014, partially offset by an increase in tax payable by \$0.1 million.

Equity

Total equity remained the same at \$14.2 million. The profit achieved during the period was offset by an increase of treasury shares held by the Company amounting to \$0.6 million. The Group's net asset value per share stood at 4.95 cents as at 1Q2014 compared to 4.89 cents as at FY2013.

Review of Cash Flow Position

The Group generated operating cash flow of \$0.3 million in 1Q2014. Net cash used in financing activities of \$0.6 million is attributable mainly to the purchase of treasury shares. As a result of the above, cash and cash equivalents decreased by \$0.3 million, from \$10.9 million as at FY2013 to \$10.6 million as at 1Q2014.

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 business environment for food and beverage (F&B) companies is expected to remain challenging with continuing manpower shortages and rising operating costs such as rental, utilities and food costs.

The Group will continue to aggressively reduce overheads and costs by vertical integration of the supply chain.

The Group has entered into a Collaboration Framework Agreement through a group company with the Movement for the Intellectually Disabled of Singapore (MINDS) on 1 May 2014 with the aim to provide suitable employment opportunities for MINDS' beneficiaries. One such project involves MINDS' beneficiaries providing warehousing services as well as de-bulking and re-packaging services to the Group. The Group will also be working with MINDS to re-package products to be distributed to third parties under a new joint brand incorporating both the Group's and MINDS' logos and names. The Group will also supply food materials to MINDS so as to help lower its operation costs.

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 first quarter financial period ended 31 March 2014.

13. Interested person transactions.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Nil	Nil	Nil

The company has not obtained a general mandate from shareholders for interested person transactions.

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 first quarter results for the financial period ended 31 March 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
2 May 2014