



SHENG SIONG GROUP LTD

First Quarter Financial Statement

PART 1- INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | GROUP | | +/- (-)% |
|--------------------------------------------------|-------------------------------------------|-----------------|-------------|
| | 1 st Quarter ended 31 March | | |
| | 2014 S\$'000 | 2013 S\$'000 | |
| Revenue | 189,704 | 179,390 | 5.7 |
| Cost of sales | (144,647) | (138,981) | 4.1 |
| Gross profit | 45,057 | 40,409 | 11.5 |
| Other income | 1,500 | 1,567 | (4.3) |
| Distribution expenses | (991) | (1,059) | (6.4) |
| Administrative expenses | (30,011) | (28,033) | 7.1 |
| Other expenses | (500) | (468) | 6.8 |
| Results from operating activities | 15,055 | 12,416 | 21.3 |
| Finance income | 174 | 202 | (13.9) |
| Profit before tax | 15,229 | 12,618 | 20.7 |
| Tax expense | (2,697) | (2,115) | 27.5 |
| Profit for the period | 12,532 | 10,503 | 19.3 |
| Other comprehensive income | - | - | n.m |
| Total comprehensive income for the period | 12,532 | 10,503 | 19.3 |

n.m denotes not meaningful.



SHENG SIONG GROUP LTD

First Quarter Financial Statement

1(a)(ii) Notes to the income statement

| | | GROUP | |
|---------------------------------------------------|------|-------------------------------|--------------|
| | | 1 st Quarter ended | |
| | | 31 March | |
| | Note | 2014 | 2013 |
| | | S\$'000 | S\$'000 |
| Depreciation of property, plant and equipment | (1) | 2,692 | 2,383 |
| Exchange (gain)/ loss net | (2) | (2) | 25 |
| Loss on disposal of property, plant and equipment | | - | 2 |
| Other income: | | | |
| Rental income | (2) | 351 | 300 |
| Sale of scrap materials | | 256 | 243 |
| Government grants | (3) | 633 | 724 |
| Miscellaneous income | | 260 | 300 |
| | | <u>1,500</u> | <u>1,567</u> |
| Finance income: | | | |
| Interest income | (4) | <u>174</u> | <u>202</u> |

Notes

- (1) The increase in depreciation expense for the period was mainly due to the capital expenditure incurred in FY2013.
- (2) Rental income arose from leasing out retail space to external parties. It was higher during the period mainly because of increase in rental rates.
- (3) The government grants were primarily received for various productivity improvement projects as well as grants under the wage credit and special employment credit schemes.
- (4) The interest income was derived from fixed deposits denominated in S\$ placed with banks in Singapore.



SHENG SIONG GROUP LTD

First Quarter Financial Statement

1(b)(i) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | GROUP | | COMPANY | |
|-------------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 31 Mar 2014 S\$'000 | 31 Dec 2013 S\$'000 | 31 Mar 2014 S\$'000 | 31 Dec 2013 S\$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 88,259 | 90,756 | - | - |
| Investment in subsidiaries | - | - | 78,234 | 78,234 |
| | <u>88,259</u> | <u>90,756</u> | <u>78,234</u> | <u>78,234</u> |
| Current assets | | | | |
| Inventories | 35,776 | 45,566 | - | - |
| Trade and other receivables | 7,292 | 12,247 | 86,726 | 67,888 |
| Cash and cash equivalents | 111,770 | 99,678 | 15,253 | 33,973 |
| | <u>154,838</u> | <u>157,491</u> | <u>101,979</u> | <u>101,861</u> |
| Total assets | <u>243,097</u> | <u>248,247</u> | <u>180,213</u> | <u>180,095</u> |
| Equity attributable to equity holders of the Company | | | | |
| Share capital | 156,349 | 156,349 | 156,349 | 156,349 |
| Merger reserve | (68,234) | (68,234) | - | - |
| Accumulated profits | 74,188 | 61,656 | 23,462 | 23,381 |
| Total equity | <u>162,303</u> | <u>149,771</u> | <u>179,811</u> | <u>179,730</u> |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 2,885 | 2,292 | - | - |
| | <u>2,885</u> | <u>2,292</u> | <u>-</u> | <u>-</u> |
| Current liabilities | | | | |
| Trade and other payables | 68,558 | 88,243 | 393 | 336 |
| Current tax payable | 9,351 | 7,941 | 9 | 29 |
| | <u>77,909</u> | <u>96,184</u> | <u>402</u> | <u>365</u> |
| Total liabilities | <u>80,794</u> | <u>98,476</u> | <u>402</u> | <u>365</u> |
| Total equity and liabilities | <u>243,097</u> | <u>248,247</u> | <u>180,213</u> | <u>180,095</u> |

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

The Group had no borrowings as at 31 March 2014 and 31 December 2013 respectively.



SHENG SIONG GROUP LTD

First Quarter Financial Statement

I(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOW

| | Group | |
|------------------------------------------------------------------------|-------------------------------------|----------------|
| | 1st Quarter ended | |
| | 31 March | |
| | 2014 | 2013 |
| | S\$'000 | S\$'000 |
| Operating activities | | |
| Profit for the period | 12,532 | 10,503 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 2,692 | 2,383 |
| Loss on disposal of property, plant and equipment | - | 2 |
| Unrealised exchange (gain)/loss | (17) | 25 |
| Interest income | (174) | (202) |
| Tax expense | 2,697 | 2,115 |
| | 17,730 | 14,826 |
| Changes in inventories | 9,790 | 5,843 |
| Changes in trade and other receivables | 4,955 | (1,671) |
| Changes in trade and other payables | (19,685) | (12,959) |
| Cash generated from operations | 12,790 | 6,039 |
| Taxes paid | (694) | (2,172) |
| Cash flows from operating activities | 12,096 | 3,867 |
| Investing activities | | |
| Purchase of property, plant and equipment | (195) | (1,323) |
| Interest received | 174 | 202 |
| Cash flows used in investing activities | (21) | (1,121) |
| Net increase in cash and cash equivalents | 12,075 | 2,746 |
| Cash and cash equivalents at beginning of the period | 99,678 | 120,399 |
| Effect of exchange rate changes on balances held in foreign currencies | 17 | (25) |
| Cash and cash equivalents at end of the period | 111,770 | 123,120 |



SHENG SIONG GROUP LTD

First Quarter Financial Statement

1(d)(i) A statement (for the issuer and group) showing (i) all change in equity or (ii) change in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.

| Group | Share capital S\$'000 | Merger reserve S\$'000 | Accumulated profits S\$'000 | Total equity S\$'000 |
|--------------------------------------------------|----------------------------------|-----------------------------------|----------------------------------------|---------------------------------|
| As at 1 January 2013 | 156,349 | (68,234) | 63,563 | 151,678 |
| Total comprehensive income for the period | | | | |
| Profit for the period | - | - | 10,503 | 10,503 |
| At 31 March 2013 | 156,349 | (68,234) | 74,066 | 162,181 |

| Group | Share capital S\$'000 | Merger reserve S\$'000 | Accumulated profits S\$'000 | Total equity S\$'000 |
|--------------------------------------------------|----------------------------------|-----------------------------------|----------------------------------------|---------------------------------|
| As at 1 January 2014 | 156,349 | (68,234) | 61,656 | 149,771 |
| Total comprehensive income for the period | | | | |
| Profit for the period | - | - | 12,532 | 12,532 |
| As at 31 March 2014 | 156,349 | (68,234) | 74,188 | 162,303 |

| Company | Share capital S\$'000 | Accumulated profits S\$'000 | Total equity S\$'000 |
|--------------------------------------------------|----------------------------------|----------------------------------------|---------------------------------|
| As at 1 January 2013 | 156,349 | 26,323 | 182,672 |
| Total comprehensive income for the period | | | |
| Profit for the period | - | 179 | 179 |
| At 31 March 2013 | 156,349 | 26,502 | 182,851 |

| Company | Share capital S\$'000 | Accumulated profits S\$'000 | Total equity S\$'000 |
|--------------------------------------------------|----------------------------------|----------------------------------------|---------------------------------|
| As at 1 January 2014 | 156,349 | 23,381 | 179,730 |
| Total comprehensive income for the period | | | |
| Profit for the period | - | 81 | 81 |
| At 31 March 2014 | 156,349 | 23,462 | 179,811 |



SHENG SIONG GROUP LTD

First Quarter Financial Statement

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 option 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 shares 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.

There were no changes to the Company's share capital since the end of the previous period reported on. There were no outstanding convertibles which may be converted into ordinary shares. There were no treasury shares held.

1(d)(iii) To show the total number of issued shares as at the end of the current financial period and as at the end of the immediately preceding year.

| Company | As at | |
|-------------------------------|---------------------|---------------------|
| | 31 Mar 2014 | 31 Dec 2013 |
| | No of shares | No of shares |
| Total number of issued shares | 1,383,537,000 | 1,383,537,000 |

1(d)(iv) A statement showing all sales, transfer, 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.

3. *Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 has applied the same accounting policies and computation methods used in the preparation of the financial statements for the current reporting period as compared with the audited financial statements as at 31 December 2013, except for the adoption of the new and revised Financial Reporting Standards (FRS) which become effective for the financial year beginning on or after 1 January 2014. The adoption of these new and revised accounting standards did not give rise to any material impact to the Group's financial statements.

5. *If there 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.*

Please refer to paragraph 4.



SHENG SIONG GROUP LTD

First Quarter Financial Statement

6. *Earning per ordinary share of the group for the current 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 Mar 2014 31 Mar 2013

Earning per ordinary share of the group for the financial period based on net profit attributable to shareholders:

| | | |
|---------------------------------------------------------------------|------------|------------|
| - based on weighted number of shares in issue | 0.91 cents | 0.76 cents |
| Number of shares as at 31 March ('000) | 1,383,537 | 1,383,537 |
| Weighted average number of shares in issue during the period ('000) | 1,383,537 | 1,383,537 |

Note:-

There were no potentially dilutive shares.

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 period reported on and (b) immediately preceding financial year.*

| | GROUP | | COMPANY | |
|-------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 31 Mar 2014 | 31 Dec 2013 | 31 Mar 2014 | 31 Dec 2013 |
| | cents | cents | cents | cents |
| Net asset value per ordinary share based on issued share capital at the end of the period reported on | 11.73 | 10.83 | 13.00 | 12.99 |

8. *A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.*

INCOME STATEMENT

OVERVIEW

| | 1Q2014 | 1Q2013 |
|------------------------------|---------------------|---------------------|
| Number of stores | 33 | 33 |
| Retail area at end of period | 400,000 square feet | 400,000 square feet |
| Revenue | \$189.7m | \$179.4m |



SHENG SIONG GROUP LTD

First Quarter Financial Statement

The Group did not open any new stores in FY2013 and 1Q2014 as no suitable retail space could be found. For the purpose of computing comparable same store sales, the eight new stores which were opened in 2012 were considered as new stores and were excluded.

Revenue

Revenue increased year on year by a net 5.7% of which 2.7% was contributed by the eight new stores which were opened in 2012, and 3.0% by comparable same store sales. Comparable same store sales would have increased by 3.9% if the stores at Bedok Central and The Verge, which were affected by construction work in the vicinity, were excluded. The increase in comparable same store sales was the result of longer operating hours for most of the stores and marketing initiatives.

Cost of sales

Gross margin

| 1Q2013 | 1Q2014 | 4Q2013 | FY2013 |
|--------|--------|--------|--------|
| 22.5% | 23.8% | 23.2% | 23.0% |

The effects of lower input costs derived from the distribution centre, higher selling prices and adjustment to rebates received from suppliers resulted in gross margin improving to 23.8% in 1Q2014 compared with 22.5% in 1Q2013. Sequentially, on a quarter on quarter basis, gross margin improved from 23.2% to 23.8% partially due to adjustment to rebates received.

Other Income

Please refer to the notes on page 2 explaining the changes in Other Income.

Administrative Expenses

Administrative expenses increased by \$2.0m mainly because of:-

| | 1Q2014 vs 1Q2013 \$'m |
|-----------------------|--------------------------|
| Staff costs | 1.4 |
| Depreciation | 0.3 |
| Utilities | 0.2 |
| Others | 0.1 |
| Total increase | 2.0 |

The increase in staff cost was mainly due to higher provision for bonus arising from better financial performance of the Group in 1Q2014 compared with 1Q2013. Operating costs were tightly controlled and administrative expenses as a percentage of revenue was 15.8% in 1Q2014 compared with 15.6% in 1Q2013 and 16.2% for the whole of FY2013.

Finance Income

Interest income was slightly lower for 1Q2014 mainly because lower amounts of cash were placed in fixed deposits, compared to 1Q2013.

Tax

The effective tax rate for 1Q2014 of 17.7% was close to the statutory tax rate of 17%.



SHENG SIONG GROUP LTD

First Quarter Financial Statement

Net profit

Net profit of \$12.5m in 1Q2014 was \$2.0m or 19.3% higher than 1Q2013, mainly because of the higher turnover, leading to higher gross profit which was augmented by improved gross margin, but was offset by higher operating expenses arising mainly from higher provision for bonus.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Property, plant and equipment decreased by \$2.5m mainly because of depreciation charges during the period.

Inventories decreased by \$9.8m as goods which were purchased at the end of FY2013 for Chinese New Year sales in January 2014 were sold.

Trade and other receivables decreased by \$5.0m mainly because of the reduction in trade receivables which was attributable mainly to the reduction in the amounts owing by credit card companies. The payment of purchases for stocks for Chinese New Year sales and the resumption of purchases back to the normal level was the main reason for the reduction in trade and other payables by \$19.7m.

CASH FLOW

Sales are principally made on a cash basis and there were no significant changes to the payment cycle. Cash flow generated from operating activities before working capital changes for the 1Q2014 was \$17.7m compared with \$14.8m in 1Q2013, which was in line with the higher operating profits. The net cash used in funding working capital changes in 1Q2014 of \$4.9m, was lower than the \$8.8m in 1Q2013, due to trade and other payables being affected by the change in the timing of bonus payment in the previous quarter. There were no significant cash flow movements in investing activities, and cash and cash equivalents increased by \$12.1m to \$111.8m as at 31 March 2014.

9. *Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.*

Not applicable.

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 industry is expected to remain competitive. Besides competitive pressures, gross margin would be affected if input cost is increased because of food inflation, which could be caused by disruption to the supply chain. The government's restriction on the supply of foreign labor and the impending increase in foreign workers' levy would put upward pressure on manpower cost and increase operating expenses.

The Group did not find suitable retail space to open stores in 1Q2014 and finding new retail space continued to be challenging. Our plan to open new stores in areas where we do not have a presence could be hampered if we cannot find suitable retail space.

All the eight new stores which were opened in different months in FY2012 should, barring unforeseen circumstances, continue to grow and contribute positively to the Group's financial performance. The Group will continue to seek improvement in comparable same store sales.



11. Dividend

(a) Current Financial Period Reported On

No.

(b) Corresponding Period of the immediately Preceding Financial Year

Nil

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

The Company has not declared a dividend for the quarter ended 31 March 2014.



SHENG SIONG GROUP LTD

First Quarter Financial Statement

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 did not obtain a mandate under Rule 920(1). The interested party transactions during the period were:-

INTERESTED PERSON TRANSACTIONS

From 1 January 2014 to 31 March 2014

| Name of Interested Person(s) | Description of Interested Person Transactions | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (\$'000) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) |
|---------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| F M Food Court Pte. Ltd./ Lim Hock Eng Lim Hock Chee Lim Hock Leng | Sale of goods by F M Food Court Pte. Ltd. ^{See Note (1)} to Sheng Siong Group Ltd. | 106 | - |
| | Purchase of goods by F M Food Court Pte. Ltd. ^{See Note (1)} from Sheng Siong Group Ltd. | - | - |
| | Lease of operation space by F M Food Court Pte. Ltd. from Sheng Siong Group Ltd. | 125 | - |
| E Land Properties Pte. Ltd./ Lim Hock Eng Lim Hock Chee Lim Hock Leng | Rent and utilities paid by Sheng Siong Group Ltd. to E Land Properties Pte. Ltd. ^{See Note (1)} for lease and license of operations space | 404 | - |

Note:

- (1) These entities are associates of Messrs Lim Hock Eng, Lim Hock Chee and Lim Hock Leng, the executive directors and controlling shareholders of Sheng Siong Group Ltd.



14. An update on the use of net proceeds from the issue of new shares for the IPO.

USE OF PROCEEDS FROM IPO

| Purpose | Estimated amount (\$ m) | Estimated percentage of gross proceeds raised from the issue of New Shares | Amount utilised (\$ m) | Percentage of gross proceeds raised from the issue of New Shares |
|---------------------------------------------------------------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------|-------------------------------|-------------------------------------------------------------------------|
| Repayment of the Term Loan | 30.0 | 39.3% | 26.3 | 34.4% |
| Development and expansion of grocery retailing business and operations in Singapore and overseas | 20.0 | 26.2% | 20.0 ⁽¹⁾ | 26.2% |
| Working capital purposes | 22.2 | 29.0% | - | - |
| Expenses incurred in connection with the issue of New Shares | 4.2 | 5.5% | 4.0 | 5.2% |
| Total | 76.4 ⁽²⁾ | 100.0% | 50.3 | 65.8% |

Notes:

- (1) Relates to the opening of our new stores in Singapore and the purchase of retail space for our supermarket operations.
- (2) Includes net proceeds from the exercise of the Over-allotment Option of \$13.5m.

NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

The Board of Directors has confirmed that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

LIM HOCK CHEE
CEO
24 April 2014