

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		+/- (%)
	1st Quarter ended 31 March		
	2013	2012	
	S\$'000	S\$'000	
Revenue	179,390	159,796	12.3
Cost of sales	(138,981)	(126,507)	9.9
Gross profit	40,409	33,289	21.4
Other income	1,567	11,243	n.m
Distribution expenses	(1,059)	(931)	13.7
Administrative expenses	(28,033)	(23,266)	20.5
Other expenses	(468)	(409)	14.4
Results from operating activities	12,416	19,926	(37.7)
Net finance income	202	214	(5.6)
Profit before tax	12,618	20,140	(37.3)
Tax expense	(2,115)	(3,302)	(35.9)
Profit for the period	10,503	16,838	(37.6)
Other comprehensive income	-	-	n.m
Total comprehensive income	10,503	16,838	(37.6)

n.m denotes not meaningful.

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

	Note	GROUP	
		1st Quarter ended 31 March	
		2013 S\$'000	2012 S\$'000
Depreciation of property, plant and equipment	1	2,383	1,882
Exchange loss, net		25	37
Loss on disposal of property, plant and equipment		2	5
Other income:			
Rental received		300	263
Sale of scrap materials		243	244
Government grants	2	724	54
Gain on disposal of Leasehold Property	3	-	10,465
Miscellaneous income		300	217
		1,567	11,243
Net finance income	4	202	214
Tax:			
Under provision in respect of prior years	5	-	1,626

Notes

1. The increase in depreciation came mainly from capital expenditure incurred in opening new stores subsequent to 1Q2012.
2. Grants were from Government agencies in partial support of an IT related productivity improvement program as well as grants under the Special Employment Credit scheme.
3. The gain in 1Q2012 was related to the sale of the old warehouse at 3000 Marsiling Road, ("Leasehold Property") which was no longer needed after the Group moved to the new distribution centre in July 2011.
4. The interest income was derived from fixed deposits denominated in Singapore Dollar placed with banks in Singapore. The interest earned was lower in 1Q2013 mainly because of the lower level of cash and cash equivalents.
5. This was related to the tax on the gain on disposal of available for sale investment in FY2010, which was previously deemed as capital in nature.

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

	GROUP		COMPANY	
	31 Mar 2013	31 Dec 2012	31 Mar 2013	31 Dec 2012
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	73,562	74,624	-	-
Investment in subsidiaries	-	-	78,234	78,234
	73,562	74,624	78,234	78,234
Current assets				
Inventories	34,144	39,987	-	-
Trade and other receivables	8,355	6,684	53,208	73,805
Cash and cash equivalents	123,120	120,399	51,763	31,057
	165,619	167,070	104,971	104,862
Total assets	239,181	241,694	183,205	183,096
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	74,066	63,563	26,502	26,323
Total equity	162,181	151,678	182,851	182,672
Non-current liabilities				
Deferred tax liabilities	1,651	1,630	-	-
	1,651	1,630	-	-
Current liabilities				
Trade and other payables	66,748	79,707	365	413
Current tax payable	8,601	8,679	(11)	11
	75,349	88,386	354	424
Total liabilities	77,000	90,016	354	424
Total equity and liabilities	239,181	241,694	183,205	183,096

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

The Group has no borrowing as at 31 March 2013 and 31 December 2012 respectively.

1(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	
	2013	2012
	S\$'000	S\$'000
Operating activities		
Profit for the period	10,503	16,838
Adjustments for:		
Depreciation of property, plant and equipment	2,383	1,882
Loss on disposal of property, plant and equipment	2	5
Gain on disposal of leasehold property	-	(10,465)
Unrealised exchange loss	25	26
Interest income	(202)	(214)
Tax expense	2,115	3,302
	14,826	11,374
Changes in inventories	5,843	5,604
Changes in trade and other receivables	(1,671)	501
Changes in trade and other payables	(12,959)	(1,959)
Cash generated from operations	6,039	15,520
Taxes paid	(2,172)	(2,003)
Cash flows from operating activities	3,867	13,517
Investing activities		
Proceeds from disposal of leasehold property	-	14,050
Proceeds from disposal of property, plant and equipment	-	4
Purchase of property, plant and equipment	(1,323)	(792)
Interest received	202	214
Cash flows (used in)/from investing activities	(1,121)	13,476
Net increase in cash and cash equivalents	2,746	26,993
Cash and cash equivalents at beginning of the year	120,399	122,120
Effect of exchange rate changes on balances held in foreign currencies	(25)	(26)
Cash and cash equivalents at end of the period	123,120	149,087

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 2012	156,349	(68,234)	60,210	148,325
Total comprehensive income for the period				
Profit for the period	-	-	16,838	16,838
Transactions with owners recorded directly in equity:				
Contributions by and distribution to owners	-	-	-	-
As at 31 March 2012	156,349	(68,234)	77,048	165,163
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
Transactions with owners recorded directly in equity:				
Contributions by and distribution to owners	-	-	-	-
As at 31 March 2013	156,349	(68,234)	74,066	162,181

Company	Share capital S\$'000	Accumulated profits S\$'000	Total equity S\$'000
As at 1 January 2012	156,349	25,595	181,944
Total comprehensive income for the period			
Profit for the period	-	175	175
Transactions with owners recorded directly in equity:			
Contributions by and distribution to owners	-	-	-
As at 31 March 2012	156,349	25,770	182,119
As at 1 January 2013	156,349	26,323	182,672
Total comprehensive income for the period			
Profit for the period	-	179	179
Transactions with owners recorded directly in equity:			
Contributions by and distribution to owners	-	-	-
As at 31 March 2013	156,349	26,502	182,851

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 in the Company's share capital arising from rights issue, bonus issue, share-buybacks, 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 purposes since the end of the previous period reported on.

There were no outstanding convertibles which may be converted to 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 March 2013 No of shares	31 Dec 2012 No of shares
Total number of issued shares	<u>1,383,537,000</u>	<u>1,383,537,000</u>

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 combined financial statements as at 31 December 2012.

New standards, amendments to standards and interpretations that have become effective during the year are not expected to have a significant effect on the current year financial statements of the Group.

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.

6. *Earnings 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 2013	31 Mar 2012
Earnings per ordinary share of the group for the financial period based on net profit attributable to shareholders:		
- based on weighted average number of shares in issue (cents)	0.76	1.22
Number of shares as at 31 March	1,383,537,000	1,383,537,000
Weighted average number of shares in issue during the period	<u>1,383,537,000</u>	<u>1,383,537,000</u>

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 2013	31 Dec 2012	31 Mar 2013	31 Dec 2012
	cents	cents	cents	cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	11.72	10.96	13.22	13.20
Number of shares as at	<u>1,383,537,000</u>	<u>1,383,537,000</u>	<u>1,383,537,000</u>	<u>1,383,537,000</u>

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 - Core Profit

On a year on year basis, net profit declined by 37.6% to \$10.5m. However, included in the net profit for 1Q2012 was the profit of \$10.5m arising from the sale of our old warehouse and a provision of \$1.6m for prior year's tax. If these items were excluded, 1Q2012 net profit derived from core operation was \$8.0m. Compared with the net profit of \$10.5m in 1Q2013, there was an improvement of 31.3%.

Sales Revenue

	Quarter ended 31 Mar 2013	Quarter ended 31 Mar 2012	Quarter ended 31 Dec 2012
Number of outlets	33	25	33
Retail area	400,000 square feet	348,000 square feet	400,000 square feet
Revenue	\$179.4m	\$159.8m	\$160.9m

Revenue increased by about 12.3% to \$179.4m mainly because of contribution from new outlets of 14.2%, which was off-set by a contraction in comparable same store sales of 2%. Out of the 33 outlets, 11 outlets which were opened in 2011 and 2012 were classified as 'new outlets' as there was no full 12 months comparable turnover. Contribution from new outlets was slightly lower than the 15.9% achieved in 4Q2012, but this may not be strictly comparable because of seasonality, i.e. Chinese New Year sales. Comparable same store sales was affected by the closure of our Teban outlet in March 2013 for a major renovation and declining sales in our Bedok Central outlet as the car park in the vicinity was closed to facilitate the construction of a new neighbourhood hub. The Teban outlet re-opened for business in early April 2013, whereas construction work in Bedok Central may continue for the next two years. If these two stores were excluded, comparable same store sales were flat.

Cost of sales
Gross margin

1Q2013	4Q2012	1Q2012
22.5%	23.4%*	20.8%

* after adjusting for stock count write-off

Comparing on a year on year basis, 1Q2013 was higher mainly because 1Q2012 margin was depressed by aggressive competitive pressures which started in 4Q2011. Gross margin recovered during 2012 as aggressive competitive pressures abated. However, sequentially, 1Q2013 gross margin was lower than 4Q2012 mainly because of higher input costs which could not be passed on to the customers and lower selling prices during the Chinese New Year period, which traditionally is the time of the year for aggressive promotions.

Other income

Other income declined by \$9.7m mainly because of the absence of the one-time gain arising from the sale of old warehouse at 3000 Marsiling Road (“Leasehold Property”), which netted a gain of \$10.5m. Sequentially, other income was slightly higher than 4Q2012’s \$1.4m.

Distribution expenses

Distribution expenses in 1Q2013 increased by 13.7%, or \$0.13m over 1Q2012 mainly because of the higher sales volume. Sequentially, distribution expenses remained stable when compared with 4Q2012.

Administrative expenses

Quarter ended 31 Mar 2013	Quarter ended 31 Mar 2012	Quarter ended 31 Dec 2012
\$28.0m	\$23.3m	\$26.8m

1Q2013 vs 1Q2012

Increase in staff costs and rent by \$3.9m and \$0.9m respectively, were the main reasons for the increase in administrative expenses by \$4.8m. Staff costs increased mainly due to the higher headcount to man the new outlets as well as the increase in bonus provision, which varies directly with the level of core operating profit. Rental expenses increased mainly because of the new outlets. As a % of revenue, administrative expenses went up by 1% to 15.6% in 1Q2013.

1Q2013 vs 4Q2012

Administrative expenses increased by \$1.2m when compared with 4Q2012, out of which \$0.9m was attributable to higher provision for bonus, as the core operating profit for 1Q2013 was higher than 4Q2012. The other \$0.3m increase was due to rental for the new outlets. As a % of turnover, administrative expenses decreased by approximately 1% compared with 4Q2012 as sales gradually improved at the new outlets.

Other expenses

Other expenses increased by \$0.1m in 1Q2013 compared with 1Q2012, mainly because of exchange differences.

Interest income

The interest income of \$0.2m was derived from fixed deposits denominated in S\$ placed with banks in Singapore.

Tax

Tax expense in 1Q2013 approximates the statutory tax rate of 17%. Tax expense in 1Q2012 was affected by the gain of \$10.5m from the sale of the Leasehold Property which was not taxable as it was deemed to be capital in nature, and the provision in respect of prior year's tax of \$1.6m relating to gain on the disposal of available for sale investments in FY2010.

Net profit

Net profit decreased by 37.6% in 1Q2013 compared with 1Q2012 mainly because of the absence of the one time gain arising from the sale of the Leasehold Property. However, net profit on core operation improved by 31.3%, compared with \$8.0m in 1Q2012 mainly because of higher revenue and better gross margin.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Purchases of new plant and machinery amounted to \$1.3m, but this was off-set by depreciation charged in the quarter of \$2.4m, resulting in a net decrease of \$1.1m in plant and machinery at the end of 1Q2013. The run-down of inventory, stocked up in December 2012 for Chinese New Year sale in February 2013 was the main reason for the reduction in inventory of \$5.8m.

The bulk of the Group's sales is on a cash basis. Trade and other receivables increased by \$1.7m mainly because of higher trade receivables due from NETS and credit card companies. The reduction in trade and other payables of \$13.0m, came from lower trade payables, (decrease of \$10.0m) arising from a lower level of inventory purchases, and lower accrued expenses (decrease of \$1.6m), as accrual for bonus as at the end of 1Q2013 was only for three months, compared with six months at the end of FY2012.

CASH FLOW

Cash and cash equivalents increased by \$2.7m as cash inflow generated from operating profit was used to fund a reduction in working capital, the largest element being the reduction of payables by \$13.0m. The increase was less than the \$27m generated in 1Q2012 mainly because of the change in timing in paying staff bonus. Staff bonus for FY2011 was paid in June 2012, which remained in accruals at the end of 1Q2012, whereas almost all the bonuses for FY2012 were paid by the end of 1Q2013. The change in the timing for payment of bonuses was to improve staff retention in light of a tight labour market. Other than the change in the timing for the payment of bonuses, there were no significant changes to the Group's receipt and payment cycle. Cash and cash equivalents of \$123.1m at the end of 1Q2013 was lower than the \$149.1m as at the end of 1Q2012 mainly because of the payment of staff bonuses.

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.**

Competition in the supermarket industry is likely to remain keen. One of our competitors has announced a re-branding of some of their supermarkets. They have also announced a store expansion plan to increase their store-count to 100. The Group will continue to look for new retail space, particularly in areas where the Group does not have a presence. Competition for retail space will remain keen and bidding interest from the major supermarket players may create upward pressure on rent.

In FY2013, all the eight new stores which were opened in different months in FY2012 would have operated for a full calendar year and barring unforeseen circumstances, should contribute positively to the Group's financial performance.

Labour will remain tight in Singapore and with the Government clamping down on the employment of foreign labour, the Group expects to see pressure on labour supply and manpower costs.

Food inflation remains a threat and as food prices are susceptible to sudden disruption in supply caused by weather, diseases or other unforeseen events. The Group could be affected if increases in input costs cannot be passed on in full to the customers.

11. Dividend

- (a) Current Financial Period Reported On*

No.

- (b) Corresponding Period of the immediately Preceding Financial Year*

Not applicable.

- (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.**

No dividend has been declared.

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 general mandate from shareholders for IPT pursuant to Rule 920.

INTERESTED PERSON TRANSACTIONS

From 1 January 2013 to 31 March 2013

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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		(\$'000)	(\$'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 Notes (1), (2)} to Sheng Siong Group Ltd	79	-
	Purchase of goods by F M Food Court Pte Ltd ^{See Notes (1), (2)} from Sheng Siong Group Ltd	95	-
	Lease of operation space by F M Food Court Pte Ltd from Sheng Siong Group Ltd	124	-
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	401	-

Notes:

- (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.
- (2) F M Food Court Pte Ltd was formerly known as Sheng Siong Food Court Pte 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%	6.1 ⁽¹⁾	8.0%
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%	36.4	47.6%

Notes:

- (1) Relates to the opening of our new stores in Singapore.
- (2) Includes net proceeds from the exercise of the Over-allotment Option of \$13.5m.
- (3) There was no use of proceeds in 1Q2013 as no new stores were opened, and renovation of our Teban store was only completed in April 2013.

**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
25 April 2013

The initial public offering of Sheng Siong Group Ltd was sponsored by Oversea-Chinese Banking Corporation Limited ("OCBC").

OCBC assumes no responsibility for the contents of this announcement.
