



Soup Restaurant Group Limited
Annual Report 2008





02	Corporate Profile	14	Chairman's Message
04	Corporate Structure	16	Business Review
05	Our Footprint	18	Board of Directors
07	Our Brands	20	Key Executives
10	Corporate Information	21	Corporate Governance
11	Financial Highlights	31	Financial Contents
12	Delectable Cuisines		



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SOUP RESTAURANT

03-16/17



Flavours

Simple, quality ingredients hold
the key to the finest dishes.

Corporate Profile

Incorporated on 20 July 1991 and listed on the SGX-Catalist on 28 May 2007, Soup Restaurant Group Limited (“the Company” or “the Group”) owns and operates a chain of niche restaurants that serve traditional, home-cooked dishes which originated from family recipes.

The Group currently has 21 outlets island-wide under two major brand names – 13 “Soup Restaurant” and 8 “Dian Xiao Er” restaurants – that are strategically located across Singapore to reach a wider base of customers.

Established in 1991, “Soup Restaurant” focuses on traditional and home-cooked dishes. It serves traditional “Chinatown Heritage Cuisine” originated from its Managing Director, Mok Yip Peng’s family recipes. Its signature dishes include “Samsui Ginger Chicken” and various traditional Chinese double-boiled herbal soups.

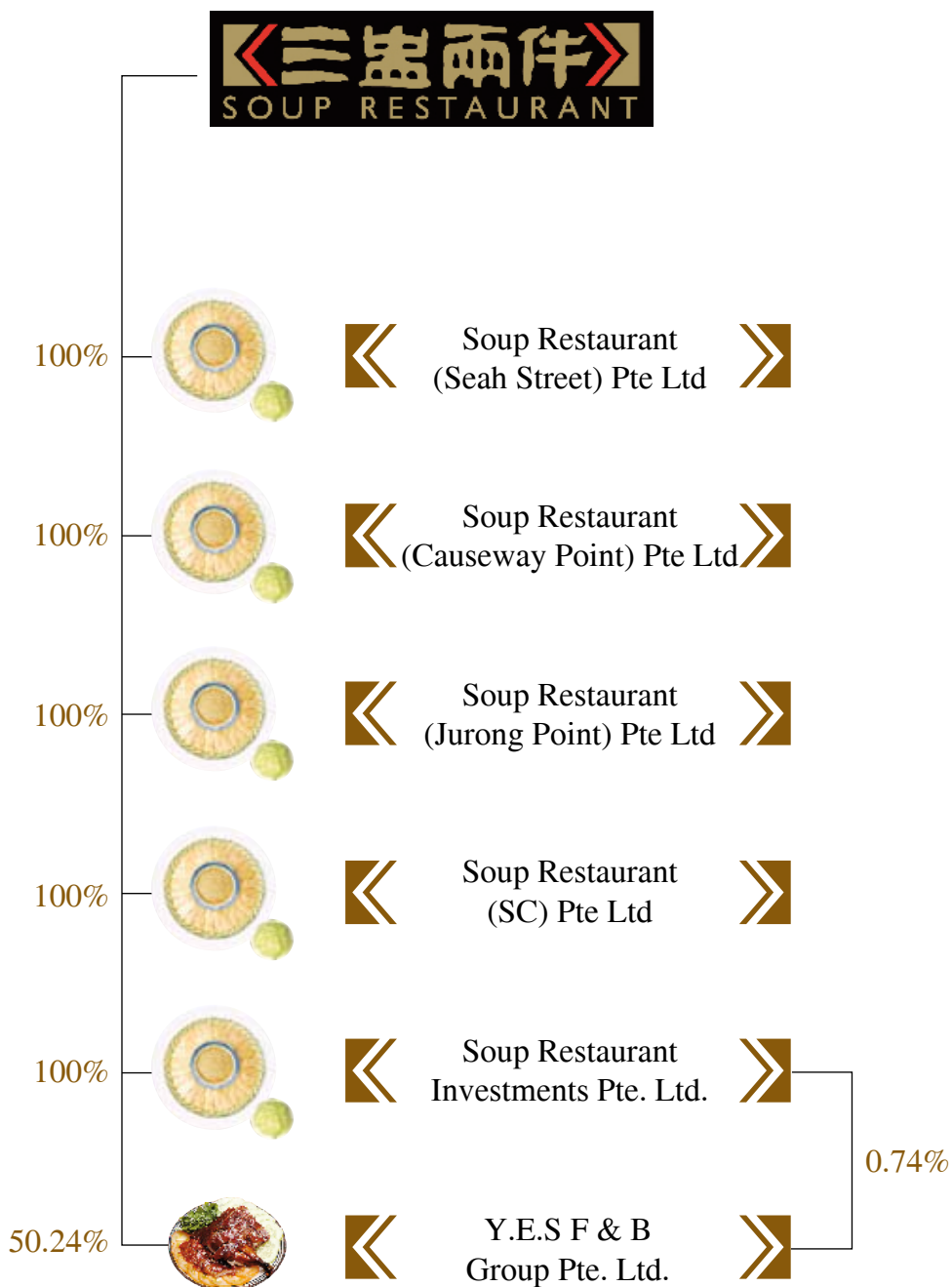
“Dian Xiao Er” group of restaurants specialises in serving herbal roasted ducks and Chinese cuisines. It was acquired through the purchase of a 50.98% equity interest in Y.E.S F & B Group Pte. Ltd. in November 2006.

Passion

Let our culinary
passions bring
individual elements
into perfect harmony.



Corporate Structure



Our Footprint



Soup Restaurant

- AMK Hub
- Causeway Point
- Century Square
- Changi Airport T2
- Compass Point
- Hougang Mall
- Jurong Point
- Paragon
- Scottswalk
- Seah Street
- Suntec City
- The Centrepont
- United Square

Dian Xiao Er

- AMK Hub
- Causeway Point
- Changi Airport T3
- Jurong Point
- Lot One
- Marina Square
- VivoCity
- West Coast Plaza

Experiences

An amalgamation of
authentic flavours for
all to share and enjoy.



Our Brands



Soup Restaurant

“Soup Restaurant” meets at the junction of East and West, becoming a place where diners can enjoy traditional Asian home-cooked meals in modern Western comfort. The food has its roots in the rich cultural heritage found in Singapore’s early 20th century Chinatown, tapping into well-loved recipes that has stood the test of time.

We invite you to come to one of the 13 “Soup Restaurant” outlets located in Singapore to try our signature dish, the “Samsui Ginger Chicken”. This dish is a tribute to the hard-working Samsui women who would make this dish to celebrate Chinese New Year. Soup Restaurant faithfully recreates the traditional way of preparing this dish, thus preserving the authentic taste of this dish for you to savour.

Our outlets serve traditional “Chinatown Heritage Cuisine” originating from our Managing Director, Mok Yip Peng’s family recipes. Our signature dishes includes “Samsui Ginger Chicken”, “Ah Por Fan Shu Leaves”, “Ah Kon Fan Shu Leaves”, “Beggar Bowl Tofu” and various Herbal Soups such as “Double Boiled Dried Scallop with Black Chicken Soup”, “Double Boiled Waisan & Ginseng Root Chicken Soup” and others. Focusing on simple yet delicious recipes and maintaining a unique ambience at each outlet helps to create nostalgic memories.



Dian Xiao Er

“Dian Xiao Er” offers a range of Chinese cuisines specialising in serving herbal roasted ducks. The signature dishes are “Herbal Roasted Duck with Angelica Herb”, “Herbal Roasted Duck with Ten Wonder Herb” and “Herbal Roasted Duck with Wild Ginseng”. “Dian Xiao Er” operates with a total of eight outlets which include Marina Square, Vivocity and AMK Hub.

Our Brands



Our Signature Dish

The Story of “Samsui Ginger Chicken”

Chinatown Heritage Cuisine

Our most famous dish is the signature “Samsui Ginger Chicken”, which celebrates the frugality and diligence of the Samsui women. These women lived on a subsistence level and only got to eat their specially prepared chicken during Chinese New Year as a treat. Soup Restaurant prepares the “Samsui Ginger Chicken” in the traditional way, cooking the chicken at just the right time and temperature, thus creating a rich chicken aroma and taste.



The History & Culture of Duck Roasting

The history of duck roasting can be traced back to as early as the Yuan Dynasty when it was listed among the imperial dishes. It gained widespread acclaim as a prized delicacy during the Ming and Qing dynasties. Emperor Qian Long and Dowager CiXi have always enjoyed a vast variety of roasted duck. The premier Zhou En Lai, a great fan of roasted duck, never failed to introduce this delicacy to his foreign counterparts. Till today, this delicacy has won praises from former US president Bill Clinton and the Bush presidential family during their visits to China.

The Origin of Herbal Roasted Duck

The applications of Chinese Herbs have evolved over thousands of years. In fact, it has become a distinctive culture heritage of the Chinese. It was said that combining herbs with roasted duck was the brainchild of a Xiao Er (Waiter) in a roasted duck restaurant. It started out as an attempt to help his bedridden master on the route to recovery. After a few feeding sessions, the master showed remarkable improvements in his condition, making a speedy recovery and even emerged stronger than before. From then on, Herbal Roasted Duck became the specialty of the restaurant.

Corporate Information

Board of Directors

Chairman	Mok Yip Peng <i>(Executive Chairman and Managing Director)</i>
Members	Wong Wei Teck <i>(Executive Director)</i>
	Then Khek Koon <i>(Non-Executive Director)</i>
	Professor Cham Tao Soon <i>(Lead Independent Director)</i>
	Chua Koh Ming <i>(Independent Director)</i>
	Jong Voon Hoo <i>(Independent Director)</i>
	Saw Meng Tee <i>(Independent Director)</i>

Board Committees

Audit Committee

Chairman	Professor Cham Tao Soon
Members	Chua Koh Ming Jong Voon Hoo Saw Meng Tee

Nominating Committee

Chairman	Chua Koh Ming
Members	Professor Cham Tao Soon Jong Voon Hoo Mok Yip Peng Saw Meng Tee

Remuneration Committee

Chairman	Saw Meng Tee
Members	Professor Cham Tao Soon Chua Koh Ming Jong Voon Hoo

Company Secretary

Toh Yen Sang, CPA

Share Registrar

Boardroom Corporate & Advisory Services Pte Ltd
3 Church Street
#08-01 Samsung Hub
Singapore 049483

Auditors

BDO Raffles
Certified Public Accountants
19 Keppel Road
#02-01 Jit Poh Building
Singapore 089058
Lew Wan Ming (Partner-in-charge)
(Appointed since financial year ended
31 December 2008)

Internal Auditor

Horwath First Trust Risk Advisory Pte Ltd
7 Temasek Boulevard
#11-01 Suntec Tower One
Singapore 038987

Registered Office

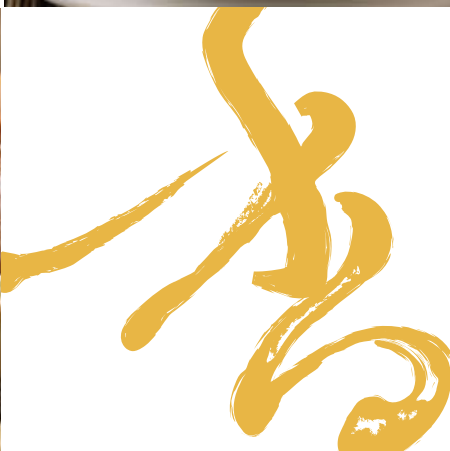
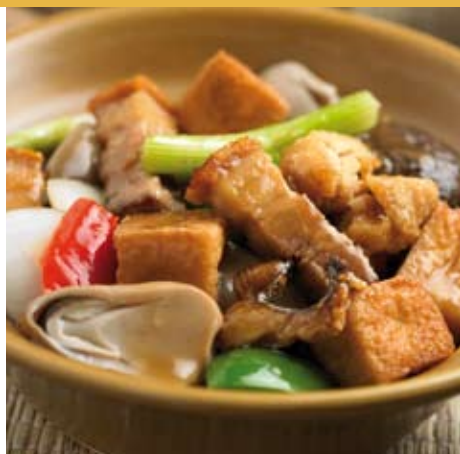
171 Kampong Ampat
#03-11 KA FoodLink
Singapore 368330
Tel: 6222 4668
Fax: 6222 4667
Email: email@souprestarant.com.sg
Website: www.souprestarant.com.sg

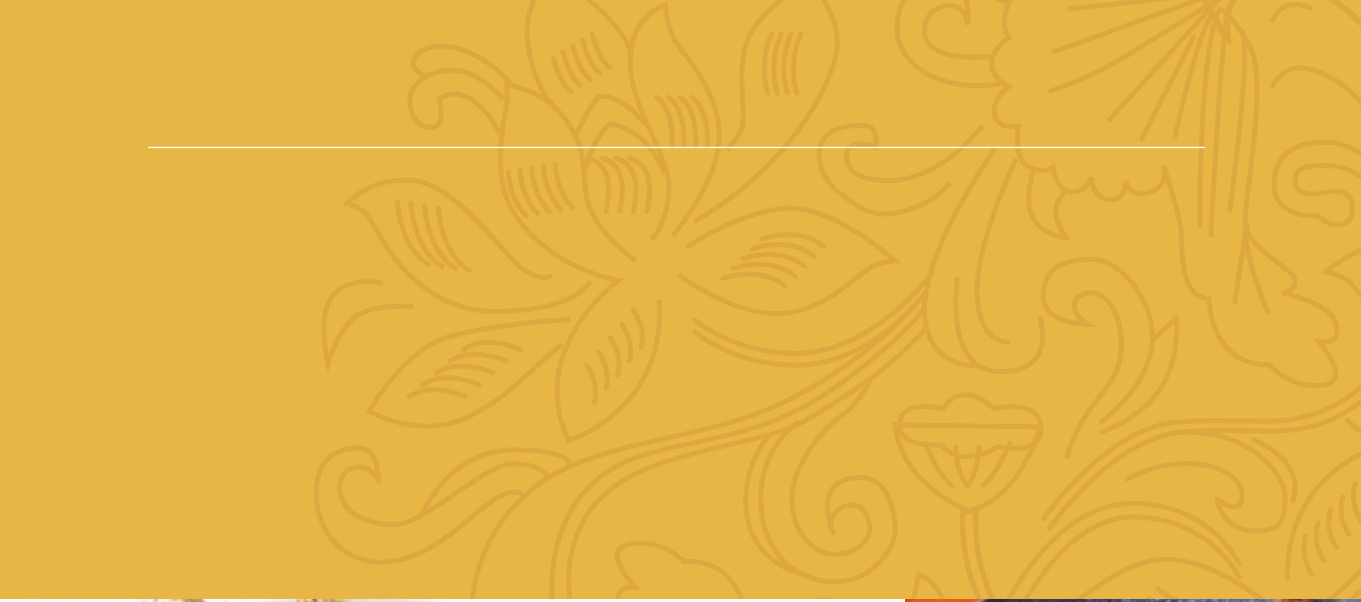
Financial Highlights

	FY2004	FY2005	FY2006	FY2007	FY2008
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue and Profitability					
Revenue	16,847	19,963	21,893	33,985	39,953
Profit before income tax	1,061	1,855	2,857	4,570	5,520
Profit after income tax	839	1,371	2,320	3,931	4,343
Profit attributable to equity holders	839	1,371	2,208	3,226	3,410
Profit margin (%)	6.3	9.3	13.0	13.4	13.8
Earnings per share (cents)*	0.84	1.38	2.22	3.24	3.43
Financial Position					
Trade and other receivables	1,319	1,296	2,375	2,763	3,161
Trade and other payables	1,689	2,722	2,537	3,556	3,899
Total assets	6,340	6,911	8,672	17,563	21,660
Total liabilities	2,785	3,485	3,690	4,769	6,514
Equity attributable to equity holders	3,555	3,426	4,634	11,912	13,331
Net asset value (cents)*	3.57	3.44	4.66	11.97	13.40
Cash Flow Position					
Net cash flows from operating activities	1,402	3,690	2,008	5,952	5,860
Net cash flows used in investing activities	(1,607)	(87)	(688)	(1,965)	(2,169)
Net cash flows from / (used in) financing activities	(413)	(2,140)	(158)	3,824	(1,001)
Net change in cash and cash equivalents	(618)	1,463	1,162	7,811	2,690
Cash and cash equivalents at beginning of year	1,666	1,048	2,510	3,672	11,483
Cash and cash equivalents at end of year	1,048	2,511	3,672	11,483	14,173

* Based on Post-invitation shares of 99,500,000 ordinary shares.

Delectable Cuisines





Chairman's Message

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you this annual report of the Group and the Company for the financial year ended 31 December 2008 ("FY2008").

Operating and Financial Performance

FY2008 marks another milestone year for the Group since its incorporation in 1991.

We achieved record performance for FY2008 as the Group's net profit soared 20.8% to an unprecedented S\$5.5 million, on the back of a 17.6% jump in Group revenue, which amounted to a historical high of S\$40.0 million, boosted by strong maiden full-year contributions from four new outlets which commenced operations during the financial year ended 31 December 2007 ("FY2007").

Robust expansion was supported by strong business fundamentals and healthy balance sheet. Current ratio was at a comfortable 2.8 times with cash and cash equivalents of S\$14.2 million as at 31 December 2008. The Group's earnings per share increased to 3.43 cents per share in FY2008 from 3.24 cents per share in FY2007 based on 99,500,000 shares as at 31 December 2007 and 2008, while net tangible assets per share rose to 13.40 cents as at 31 December 2008 from 11.97 cents as at 31 December 2007.

During the year under review, we refurbished our "Soup Restaurant" outlets at Suntec City Mall, Paragon and Changi Airport Terminal Two to improve operational efficiency and provide customers with a unique dining experience. In addition, we upgraded and expanded our "Soup Restaurant" outlet at United Square by increasing its size by more than 30% to cater to more customers in July 2008.

We also expanded our menu choices by introducing more nutritious home-cooked dishes to meet the needs of our health-conscious customers and we had received many positive feedbacks.

Riding on the popularity of the "Dian Xiao Er" brand, we opened two new "Dian Xiao Er" outlets at Lot One Shoppers' Mall and Jurong Point Shopping Centre in December 2008 to capitalise on the increased human traffic after these two malls had completed their extension.

We are also pleased to share that our "Soup Restaurant" outlet at Changi Airport Terminal Two had obtained the Hazard Analysis Critical Control Point ("HACCP") certification for the management of food safety in December 2008. This shows our commitment towards meeting the expectation and needs of consumers on food safety.

On 23 December 2008, a proposed renounceable non-underwritten rights issue of up to 199,000,000 new shares at an issue price of S\$0.01 for each rights share, on the basis of two

rights shares for every one existing share in the capital of the Company was approved by shareholders during an extraordinary general meeting. The rights issue was 1.4 times over-subscribed and the 199,000,000 new ordinary shares were listed on the Singapore Exchange Securities Trading Limited's Catalist ("SGX-Catalist") on 3 February 2009.

Dividends

To reward our shareholders for their continued support and confidence in the Company, the Board is recommending a first and final one-tier tax-exempt dividend of 0.35 cent per ordinary share for FY2008. Together with the special cash dividend of one cent per ordinary share approved in an Extraordinary General Meeting held on 23 December 2008 and paid out on 9 January 2009, the total dividend for the full year represented a payout ratio of approximately 59.8% of the Group's net profit.

Outlook

Given the current global financial crisis, we expect the operating market conditions for the food and beverage industry to be more challenging with weak local demand and high rental and operating costs to continue into the current year.

We will embark on various initiatives to grow our market share in Singapore by opening at least one new outlet and improving our brand profile through promotions. Besides that, we will add new items to our menu to widen our appeal to our customers. We will also continue to accelerate the refurbishment and upgrading of the existing outlets, facility and equipment to improve operational efficiency.

Moving ahead, we will continue to look for cost-saving measures that will assist in improving our margins and build on the strengths of our two flag-ship brands. We will also remain alert to opportunities that may be presented by this financial and economic crisis.

Appreciation

On behalf of the Board of Directors, I would like to express my gratitude to our shareholders, customers, business partners, my fellow directors and colleagues for your commitment and continued support.

Mok Yip Peng
Chairman

Business Review



Revenue and Profitability

The Group's revenue increased by S\$6.0 million or 17.6% from S\$34.0 million for FY2007 to S\$40.0 million for FY2008, on the back of higher revenue contributions from both "Soup Restaurant" and "Dian Xiao Er" chain of restaurants.

The higher revenue was primarily attributed to the maiden full year contribution by the four new outlets which commenced operations between February to November 2007. Besides contributions from these new outlets, revenue from the existing "Soup Restaurant" outlets also increased by 7.5%.

Revenue from "Dian Xiao Er" outlets accounted for 36.6% of Group revenue in FY2008, compared to 29.7% in FY2007. The additional contributions from the two new "Dian Xiao Er" outlets in Lot One Shoppers' Mall and Jurong Point Shopping Centre did not have a material impact on the Group's revenue for FY2008 as they only commenced operations in December 2008.

Corresponding with the increase in business activities, purchases and other consumables, employee benefits expenses, depreciation of plant and equipment and other expenses increased by S\$5.0 million or 16.8% from S\$29.8 million in FY2007 to S\$34.8 million in FY2008.

Purchases and other consumables increased by S\$1.6 million in FY2008 but remained largely unchanged in terms of percentage of revenue as a result of the Group's continued efforts to maintain the cost of raw materials. Expressed as a percentage of revenue, employee benefits expenses increased by 0.2 percentage points from 31.5% in FY2007 to 31.7% in FY2008 or S\$2.0 million, mainly due to the increased headcounts for the new outlets. Depreciation of plant and equipment rose slightly by S\$0.2 million or 12.7% to S\$1.4 million in FY2008, in line with the addition of



fixed assets acquired for the new outlets as well as for the refurbishment of existing outlets during the year. Other expenses increased by S\$1.3 million to S\$11.2 million in FY2008 as a result of increases in rental of premises, credit card commission and utilities.

The Group achieved a record profit before income tax of S\$5.5 million for FY2008, an increase of S\$0.9 million or 20.8% from S\$4.6 million in FY2007. Profit attributable to equity holders rose by 5.7% to S\$3.4 million in FY2008.

Financial and Cash Flow Position

Plant and equipment increased by S\$1.0 million to S\$4.3 million in FY2008 due to the additional fixed assets acquired for the new outlets as well as for the refurbishment of existing outlets during the year. Trade and other receivables rose by 14.4% to S\$3.2 million in FY2008 as a result of additional rental deposits for the new outlets. Cash and cash equivalents also increased by S\$2.7 million to S\$14.2 million in FY2008, attributable by the increase in profits for the year. The increase in current liabilities of S\$1.7 million to S\$6.2 million in FY2008 was mainly due to a proposed dividend of S\$995,000 paid in January 2009.

Board of Directors

Mok Yip Peng *(Executive Chairman and Managing Director)*

Mr Mok, is one of the founders and has been with the Company since its incorporation in 1991. He is also a member of the Nominating Committee. He is responsible for the overall management, strategic planning and business development of the Group. With 17 years of experience in the food and beverage industry, he was instrumental to the establishment, development and expansion of the Group's business. Prior to founding the Company, Mr Mok was involved in engineering consultancy and design review with Ove Arup & Partners and Mass Rapid Transit Corporation from 1981 to 1988. He practised as a professional engineer with MAP Asia Consulting Engineers and E3 Consulting Engineers from 1989 to 2000. Thereafter, he quit his engineering profession to focus on the expansion of the Group. Mr Mok holds a Bachelor in Civil Engineering from the National University of Singapore.

Wong Wei Teck *(Executive Director)*

Mr Wong, is also one of the founders of the Company. He has been a full time Executive Director since 2000 and has eight years of experience in the food and beverage industry. He is responsible for the corporate development and management of the Group, including management and reporting systems, human resource management, information technology infrastructures, contracts and cost control of the Group. Mr Wong was a civil engineer at LKN Ltd from 1981 to 1984. He then joined Mass Rapid Transit Corporation as a site and design engineer till 1991. During his tenure with Taylor Woodrow PLC construction group from 1991 to 1999, he was appointed senior engineer of Taywood Engineering Ltd in Singapore, business development manager for Taylor Woodrow Construction and general manager of Taywood-HZSL Pte Ltd. In 1999, he left Taylor Woodrow PLC construction group to set up his own consultancy firm, WWT Engineering. Mr Wong holds a Bachelor in Civil Engineering and is a Chartered Engineer of the Engineering Council and a Professional Engineer of the Singapore Professional Engineers Board.

Then Khek Koon *(Non-Executive Director)*

Mr Then, was appointed as a Director on 18 April 2001. However, he resigned in December 2003 and was re-appointed as a Director on 19 September 2004. Mr Then has over 20 years of experience in the petroleum industry and sits on the Board of several companies such as Marfuel Pte Ltd and E-plus Development Pte Ltd. He started his career with Agip Petroli SpA in 1981. When he resigned from the company in 1997, his last position was Vice President. He then set up his own company, Then Petroli (S) Pte Ltd. He brings a vast network of contacts and provides valuable experience in corporate management to the Company. He holds a Bachelor of Mechanical Engineering from the University of Singapore.

Professor Cham Tao Soon *(Lead Independent Director)*

Professor Cham Tao Soon, joined the Company in May 2007. He is the Chairman of the Audit Committee and also a member of the Nominating and Remuneration Committees. He is the Chairman of SIM University's Board of Trustees and the Chairman of NSL Ltd, Singapore Symphonia Company Ltd, Singapore-China Foundation Ltd and MFS Technology Ltd. He is also the Deputy Chairman of

Singapore Press Holdings Ltd and a director of WBL Corporation Ltd and United Overseas Bank Ltd. He serves as a board member of Singapore International Foundation and a member of the Council of Presidential Advisors. He holds a Bachelor of Engineering (Honours) from the University of Malaya and a PhD from Cambridge University, UK. He is a fellow of the Institution of Engineers, Singapore, the Institution of Mechanical Engineers, UK and the Royal Academy of Engineering, UK.

Chua Koh Ming *(Independent Director)*

Mr Chua, joined the Company in March 2007. He is the Chairman of the Nominating Committee and also a member of the Audit and Remuneration Committees. He was an electrical engineer with Lands and Estate Organisation of the Ministry of Defence from 1984 to 1993. After which he commenced his venture through Ligent Engineering Pte Ltd, which specialised in providing mechanical and electrical engineering services for private and public sector projects. In 1997, he joined Magnus Energy Group Ltd (formerly known as Strike Engineering Ltd) as an executive director and oversaw operations under the group's investments. After he resigned in 2006, he has been providing his own consultancy services to the construction industry. Mr Chua holds a Bachelor of Electrical Engineering from the National University of Singapore and is a registered Professional Engineer in practice.

Jong Voon Hoo *(Independent Director)*

Mr Jong, joined the Company in March 2007. He is also a member of the Audit, Nominating and Remuneration Committees. He began his career in 1996 in Arthur Andersen where he was involved in assurance and business advisory and transaction advisory services. During his tenure in Arthur Andersen, he was responsible for amongst others, performing operational and financial audits of public listed companies and multinational corporations in different industries, and developing and implementing plans to enhance efficiency and effectiveness of business and financial processes. He left his position as a manager of Arthur Andersen in 2002 to join Deloitte & Touche as audit manager. He is currently the chief financial officer of Youcan Foods International Limited and a member of ICPAS' CFO Committee. He is a Certified Public Accountant in Singapore and holds a Bachelor of Accountancy (Honours) from Nanyang Technological University.

Saw Meng Tee *(Independent Director)*

Mr Saw, joined the Company in March 2007. He is the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. From 1994 to 1995, he was with the audit department of Ernst and Young, Singapore. He then joined K J Tan & Co, where he was seconded and oversaw financial matters of a Malaysian food manufacturer, Family Cereal Sdn Bhd, which operated in the PRC, Thailand, Vietnam, Myanmar and Malaysia. In 1997, he was appointed as a director of FES Industries Sdn Bhd in Penang. Mr Saw is a Certified Public Accountant in Singapore and a partner of Saw Meng Tee & Co, a CPA firm which he established in 1999. He is also a Fellow of the Insolvency Practitioners Association of Singapore. He has extensive experience in the audit and finance industry and sits on the Board of several private companies. He holds a Bachelor of Accountancy from Nanyang Technological University.

Key Executives

Victor Lee Ngai Meng *(Senior Manager, Operations)*

Mr Lee, manages the daily operations of all outlets and the setting up of new outlets. He joined the Group in 1998. His past experience included holding the positions of captain, senior captain, supervisor and assistant manager with Harbour City Restaurant, Dragon Gate Restaurant, River Pearl Restaurant and Regency Seafood Restaurant respectively. As assistant manager, he ran the daily operations, which included menu planning, assigning staff duties and handling customers' complaints. He subsequently joined Boat Quay Restaurant and Lake Garden Restaurant as restaurant manager from 1994 to 1996. He formed a partnership, Mel Lotus II, which sells IT-related products from 1996 to 1997. Mr Lee holds a GCE 'O' level qualification.

Ng Eng Chyuan *(Senior Manager, Kitchen Management)*

Mr Ng, is responsible for the kitchen management of the Group. He has over 10 years of experience in operations, human resource and management in various service industries. Before joining the Group, he had been a food and beverage executive with the Hotel Phoenix and a chef in Monty's Chef on Wheel from 1992 to 1995. From 1996 to 2000, he was the senior manager of Delifrance Singapore and retail manager of Lee Hwa Jewellery. He graduated from the Singapore Hotel Association Training and Education Centre and holds a Double Diploma in Enterprise Development by the International Professional Managers Association, UK. He obtained Certified Trainer Status from the Institute of Technical Education Singapore for two consecutive years in 2005, Certified Assessor Status from the Singapore Training and Development Association, as well as Certificates of Achievement for Cantonese Cuisine and Kitchen Management by the Restaurant Association of Singapore.

Chan Chee Hung *(Senior Manager, Food Processing & Logistic)*

Mr Chan, is in charge of the overall operations and maintenance of the Food Processing Facility. He joined the Group in 2002 and has over 16 years of industry experience. He held various positions including cook and chef with Sheraton Towers Singapore, Esmirada Mediterranean Restaurant and Forbidden City Restaurant from 1992 to 1998. He was a catering executive with Singapore Food Industries Ltd from 1998 to 2001 and a catering/production chef in Quix Pte Ltd from 2001 to 2002. Mr Chan graduated from the Singapore Hotel Association Training and Education Centre in 1989 and was awarded, amongst others, the Certificate of Achievement for Food and Beverage Cost Control in 2005 organised by the Restaurant Association of Singapore.

Toh Yen Sang *(Senior Manager, Finance)*

Ms Toh, oversees the Group's accounts and is responsible for financial and management reporting and corporate secretarial duties as well as liaising with the Singapore Exchange Securities Trading Limited as the Company's authorised representative. She is also the Company Secretary of the Company and its six subsidiaries. Prior to joining the Group in 2003, she had been an accounts assistant and an accountant for various private and public listed companies including China Enersave Ltd (formerly known as EnerSave Holdings Limited). Ms Toh holds a Bachelor of Business Administration (Merit) from the National University of Singapore and a Graduate Diploma in Human Resource Management from the Singapore Institute of Management. She has been a non-practising Certified Public Accountant of the Institute of Certified Public Accountants of Singapore since 2004.

Audrey Ng Wee Yen *(Senior Manager, Administration)*

Ms Ng, manages the Group's overall administration and personnel/payroll function. She joined the Group in 2000 and was involved in setting up office management, documentation as well as information technology system and control. Prior to joining, she was a secretary with Taywood Engineering Ltd, Taylor Woodrow Construction and SAFRA Radio from 1993 to 1999. She holds a Diploma in Administrative Management from Thames International Management Centre.

Corporate Governance Report

Soup Restaurant Group Limited is committed to maintaining good corporate governance in accordance with the principles and guidelines set out in the Code of Corporate Governance 2005 (“CCDG Code”).

The following describe the Company’s corporate governance policies and practices which include, inter alia, specific reference to the principles and guidelines as set out in the CCDG Code.

(A) BOARD MATTERS

Principle 1: The Board’s Conduct of Affairs

The primary functions of the Board include:

- (a) setting and approving the overall corporate policies, providing guidance and approving strategic plans and direction of the Group;
- (b) establishing and overseeing the framework of internal controls and risk management;
- (c) supervising and reviewing management performance; and
- (d) assuming responsibility for good corporate governance.

These functions are carried out either by the Board or through committees established by the Board, namely the Audit Committee, the Nominating Committee and the Remuneration Committee. The delegation of authority by the Board to the Board Committees enables the Board to achieve operational efficiency by empowering these Board Committees to decide on matters within their respective written terms of reference. Each of the Board Committees has its own terms of reference setting out the scope of its duties and responsibilities, the rules and regulations and procedures governing the manner in which it is to operate and how decisions are to be taken.

The Board is scheduled to meet at least twice a year, with additional meetings convened as and when there are matters requiring the Board’s decision at the relevant times. The scheduling of Board meetings in advance assists the Directors in planning for their attendance at these meetings.

The attendance of the Directors at Board and Committee meetings as well as the frequency of such meetings held during the financial year ended 31 December 2008 are disclosed below:

Name	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Mok Yip Peng	3	3	–	–	1	1	–	–
Wong Wei Teck	3	2	–	–	–	–	–	–
Then Khok Koon	3	3	–	–	–	–	–	–
Prof Cham Tao Soon	3	3	4	4	1	1	2	2
Chua Koh Ming	3	3	4	4	1	1	2	2
Jong Voon Hoo	3	3	4	4	1	1	2	2
Saw Meng Tee	3	3	4	4	1	1	2	2

Corporate Governance Report

Matters that require the Board's approval are set out below:

- (a) Approval of half-yearly results announcements;
- (b) Approval of annual report and financial statements;
- (c) Declaration of interim dividends and proposal of final dividends;
- (d) Approval of corporate strategies;
- (e) Authorisation of major transactions, including but not limited to major investment or acquisition proposals; and
- (f) Convening of shareholders' meetings.

Newly appointed Directors are briefed by the Board to familiarise them with the Company's business and corporate governance practices. The Company encourages every newly appointed first-time directors to undergo appropriate training to familiarise themselves with the relevant laws and regulations in connection with the discharge of their duties. Directors are free to request sponsorship from the Company to attend courses to update their knowledge in a rapidly changing business and regulatory environment and to better equip themselves to discharge their duties as directors.

All Directors had undergone appropriate training on the roles and responsibilities required of a listed company's directors.

Principle 2: Board Composition and Guidance

The Board comprises seven members of whom four are independent directors, one is non-executive director and two are executive directors as follows:

Mok Yip Peng	(Executive Chairman and Managing Director)
Wong Wei Teck	(Executive Director)
Then Khek Koon	(Non-Executive Director)
Professor Cham Tao Soon	(Lead Independent Director)
Chua Koh Ming	(Independent Director)
Jong Voon Hoo	(Independent Director)
Saw Meng Tee	(Independent Director)

Professor Cham Tao Soon, Chua Koh Ming, Jong Voon Hoo and Saw Meng Tee are considered independent as they do not have any existing business or professional relationship with the Group, the Directors or substantial shareholders.

The appointment of four independent directors, being more than half of the Board, provides a strong and independent element on the Board capable of exercising objective judgement on corporate affairs of the Group. No individual or small group of individuals dominates the Board's decision making.

The Board is satisfied that it comprises directors with a variety of skills, expertise and working experiences to provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer based experience or knowledge.

The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board is appropriate in facilitating effective decision making.

Corporate Governance Report

Principle 3: Chairman and Chief Executive Officer

The Board recognises that best practices of corporate governance advocate that the Chairman of the Board and the Chief Executive Officer should in principle be separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Board also recognises that there may be instances where the two roles are performed by one person for valid reasons and that such a practice is not uncommon.

In view of Mok Yip Peng's concurrent appointment as the Executive Chairman and Managing Director, the Company has appointed Professor Cham Tao Soon as the Lead Independent Director, who is available to shareholders where they have concerns which contact through the normal channels of the Chairman and Managing Director has failed to resolve or for which such contact is inappropriate.

The Board is of the view that, given the scope and nature of the operations of the Group and the strong element of independence of the Board, it is not necessary to separate the functions of Chairman and Chief Executive Officer.

Principle 4: Board Membership

The Nominating Committee comprises Chua Koh Ming as Chairman, Professor Cham Tao Soon, Jong Voon Hoo, Saw Meng Tee and Mok Yip Peng as members.

The Nominating Committee is responsible for:

- (a) making recommendations to the Board on the appointment of new executive and non-executive directors;
- (b) reviewing regularly the Board structure, size and composition;
- (c) reviewing, assessing and recommending nominee(s) or candidate(s) for appointment or election to the Board;
- (d) making plans for succession;
- (e) determining, on an annual basis, if a Director is independent;
- (f) making recommendations to the Board for the continuation or discontinuation in service of any Director who has reached the age of seventy years;
- (g) recommending Directors who are retiring by rotation to be put forward for re-election;
- (h) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company;
- (i) recommending to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards; and
- (j) assessing the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board.

Corporate Governance Report

All directors shall submit themselves for re-nomination and re-election annually. The Articles of Association of the Company provides that one third (or the number nearest to one third) of the directors are required to retire from office at each annual meeting. Further, all the directors are required to retire from office at least once in every three years. The Managing Director is not subject to retirement by rotation as the Group's success is dependent on his experience and skills.

The Nominating Committee may consider a Director as independent if he has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere with his exercise of independent business judgement in carrying out his functions as a member of the Committee.

If the Nominating Committee determines that a director who has one or more of the relationships mentioned therein can be considered independent, the company should make such disclosure as stated in Guideline 2.2. Conversely, the Nominating Committee has the discretion to determine that a director is non independent even if he does not fall under the circumstances set forth in Guideline 2.1.

Every director shall on an annual basis, complete a return as to his independence. The Nominating Committee shall review the return to decide if he is to be considered independent.

The Nominating Committee takes into consideration whether a candidate has multiple directorships and whether these other directorships will constrain the candidate in setting aside sufficient time and attention to the Company's affairs.

Despite some of the Directors having other directorships, the Nominating Committee is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company.

Principle 5: Board Performance

The Board has implemented a process to be carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole. The Board is assessed collectively based on factors such as board composition, board information, board process, board accountability and standards of conduct.

The Board's performance is judged on the basis of accountability as a whole, rather than strict definitive financial performance criteria, as it would be difficult to apply specific financial performance criteria such as the Company's share price performance, to evaluate the Board.

Each member of the Nominating Committee shall abstain from voting any resolutions in respect of the re-nomination as director.

The Board considers the current evaluation of the Board's performance as adequate, having regard to the size and complexity of the Company's business.

Principle 6: Access to Information

All directors shall have unrestricted access to the Group's records and information and independent access to the Company Secretary, the senior management and other employees of the Company.

Corporate Governance Report

All directors will receive a regular supply of information from the management about the Group so as to enable them to carry out their duties. Detailed Board papers are prepared for each meeting of the Board which include sufficient information on the issues to be considered at Board meetings. Information provided include background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and internal financial statements.

The Directors, either individually or as a group, shall have the right to seek independent professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertaking in order to fulfill his role and responsibilities as a director.

(B) REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee comprises Saw Meng Tee as Chairman, Professor Cham Tao Soon, Chua Koh Ming and Jong Voon Hoo as members.

The Remuneration Committee oversees executive remuneration and development in the Company with the goal of building a capable and committed management team. The Remuneration Committee recommends to the Board a framework of remuneration for the Directors and key executives, and determines specific remuneration packages for each Executive Director.

The recommendations of the Remuneration Committee will be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind, shall be reviewed by the Remuneration Committee. Each member of the Remuneration Committee shall abstain from reviewing and approving his own remuneration and the remuneration package related to him.

Principle 8: Level and Mix Remuneration

The Remuneration Committee will review annually all aspects of remuneration, including directors' fees, salaries, allowances, bonuses and benefits-in-kind, to ensure that the remuneration packages are competitive in attracting and retaining employees capable of meeting the Company's objectives and that the remuneration reflects employees' duties and responsibilities.

The Company has entered into service agreements with the two Executive Directors, namely Mok Yip Peng and Wong Wei Teck for an initial period of three years and shall automatically expire at the end of the initial three years unless renewed by the Company for such period as the Company may so decide. The Executive Directors do not receive directors' fees. The remuneration for the Executive Directors comprises a basic salary, an annual bonus equivalent to one month of basic salary and a variable performance bonus, based on the performance of the Group.

The Non-Executive and Independent Directors do not have any service agreements and will be paid a basic fee and additional fees for serving on any of the Committees. The Board recommends payment of such fees to be approved by shareholders as a lump sum payment at each Annual General Meeting of the Company.

Corporate Governance Report

Principle 9: Disclosure on Remuneration

A breakdown, showing the level and mix of each Director's remuneration for the year ended 31 December 2008 is as follows:

Directors

Remuneration Band	Salary ⁽ⁱ⁾ %	Bonus %	Performance Bonus %	Directors' Fee ^{(ii) & (iii)} %	Total %
S\$250,000 and above					
Mok Yip Peng	63	6	31	–	100
Wong Wei Teck	63	6	25	6	100
Below S\$250,000					
Then Khek Koon	–	–	–	100	100
Prof Cham Tao Soon	–	–	–	100	100
Chua Koh Ming	–	–	–	100	100
Jong Voon Hoo	–	–	–	100	100
Saw Meng Tee	–	–	–	100	100

The summary of top 5 key executives' remuneration for the year ended 31 December 2008 is as follows:

Key Executives

Remuneration Band	Salary ⁽ⁱ⁾ %	Bonus %	Performance Bonus %	Directors' Fee ^{(ii) & (iii)} %	Total %
S\$250,000 and above					
Nil					
Below S\$250,000					
Victor Lee Ngai Meng	86	14	–	–	100
Ng Eng Chyuan	86	14	–	–	100
Chan Chee Hung	82	13	–	5	100
Toh Yen Sang ^(iv)	81	13	–	6	100
Audrey Ng Wee Yen	86	14	–	–	100

Notes:

- (i) Salary is inclusive of CPF contribution.
- (ii) Directors' fees are only payable after approval by shareholders at a general meeting.
- (iii) The Directors' fees payable to Wong Wei Teck, Chan Chee Hung and Toh Yen Sang relate to their directorships in a subsidiary.
- (iv) Toh Yen Sang is the sister-in-law of Mok Yip Peng, Executive Chairman and Managing Director.

The Company does not have any employee who is an immediate family member of a Director or the CEO and whose remuneration exceeds S\$150,000 during the year.

Corporate Governance Report

(C) ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board reports to the shareholders at each general meeting while the management of the Company is accountable to the Board. The Company announces its half year and full year results and makes disclosure of other relevant information of the Company to the SGX-ST and the public via SGXNET as required by the SGX-ST listing manual.

Quarterly management accounts of the Group are also submitted to the Board which enables the Board to assess the Group's performance, position and prospects on a quarterly basis.

Principle 11: Audit Committee

The Audit Committee comprises Professor Cham Tao Soon as Chairman, Chua Koh Ming, Jong Voon Hoo and Saw Meng Tee as members.

The Audit Committee performs the following functions:

- (a) review the scope and results of the audit and its cost effectiveness, as well as the independence and objectivity of the external auditors;
- (b) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance;
- (c) review the adequacy of the internal controls, in accordance with the guidelines as set out in the CCDG Code;
- (d) review the effectiveness of the internal audit function;
- (e) make recommendations to the Board on the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditors;
- (f) review arrangements by which staff of the Company, may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- (g) review the external auditors' reports;
- (h) review the co-operation given by the Company's officers to the external auditors;
- (i) review and approve interested person transactions, if any;
- (j) review the appointment of Toh Yen Sang as the Senior Manager, Finance of the Company due to the relationship between Mok Yip Peng and herself; and
- (k) review the adequacy of the business risk management process.

Apart from the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Company's operating results and financial position.

Corporate Governance Report

In the event that a member of the Audit Committee is interested in any matter being considered by the Audit Committee, he shall abstain from reviewing that particular transaction or voting on the particular resolution.

Principle 12: Internal Controls

As part of the statutory audit, the external auditors, BDO Raffles, will carry out a review of the effectiveness of the Group's material internal controls annually to the extent of their scope as laid out in their audit plan. Any material non-compliance and internal control weaknesses noted during their audit and their recommendations, shall be reported to the Audit Committee.

Principle 13: Internal Audit

The Company has appointed Horwath First Trust Risk Advisory Pte Ltd as internal auditors to review the internal control system of the Group for two years. The internal auditors will report their findings to the Audit Committee periodically and the Company will announce the outcome of the final review via SGXNET at the end of the two years period. In this respect, the external auditors will also review the internal control system of the Group at the end of the two years period and recommend to the Audit Committee on whether the internal control system review function should be retained.

(D) COMMUNICATION WITH SHAREHOLDERS

Principle 14: Communication with Shareholders

The Company announces its half year and full year results and any material and price-sensitive information to the public via SGXNET on a timely basis. All shareholders of the Company will receive the annual report of the Company and the notice of the annual general meeting at least 14 days before the meeting.

Principle 15: Greater Shareholder Participation

At general meetings, shareholders are given opportunities to voice their views and direct their questions to directors or management regarding the Company. The chairpersons of the Audit, Nominating and Remuneration Committees and the external auditors will be present to address and assist the Directors in addressing queries raised by the shareholders.

RISK MANAGEMENT

(Listing Manual Rule 1207(4)(b)(iv))

The Company does not have a Risk Management Committee. However, the Board of Directors will regularly review the Group's business and operating activities and the business environment to identify areas of significant business risks and recommend appropriate measures which will control or mitigate these risks.

MATERIAL CONTRACTS

(Listing Manual Rule 1207(8))

There was no material contract between the Company and its subsidiaries involving the Directors and controlling shareholders.

Corporate Governance Report

INTERESTED PERSON TRANSACTIONS

(Listing Manual Rule 1207(16)&(17))

The Company has implemented the following procedures for the identification of interested persons and the recording of interested person transactions:

- (a) The Company will maintain a list of interested persons which is to be updated immediately if there are any changes and disclose the list to relevant key personnel of each subsidiary to enable the identification of interested persons. The master list of interested persons shall be reviewed at least half-yearly or when there are any changes to the list by the Audit Committee and maintained by the Senior Manager, Finance; and
- (b) The Company will maintain a register of transactions carried out with all interested persons, including those transactions below S\$100,000 and recording the basis and the comparable quotations obtained (if available) to support such basis on which they are entered into.

The Audit Committee will adopt the following procedures when reviewing interested person transactions:

- (a) When purchasing items from or engaging the services of an interested person, two other quotations from non-interested persons will be obtained for comparison, to ensure that the interests of minority shareholders are not disadvantaged. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two other quotations from non-interested persons. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, delivery time and track record will be taken into consideration; and
- (b) When renting properties from or to an interested person, the Directors shall take appropriate steps to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant inquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents. The rent payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant inquiries.

At the Audit Committee's discretion, the Company shall engage an independent professional services firm to review all interested person transactions, including the procedures for reviewing interested person transactions. In the event that a member of the Audit Committee is interested in any interested person transaction, he will abstain from reviewing and voting that particular transaction.

The Board of Directors will ensure that all disclosure requirements on interested person transactions, including those required by Rule 907 of the Listing Manual, are complied with. In addition, such transactions will also be subject to shareholders' approval, if required under Chapter 9 of the Listing Manual.

There was no transaction with interested persons during the financial year ended 31 December 2008 that exceeded the stipulated threshold as specified in Chapter 9 of the Listing Manual.

Corporate Governance Report

DEALINGS IN SECURITIES

(Listing Manual Rule 1207(18))

The Company has put in place an internal code on dealings in securities which provides guidance and internal regulation with regard to dealings in the Company's securities by its directors and officers. Directors and officers who are in possession of price-sensitive information which is not publicly available shall not deal in the Company's securities during the window period.

USE OF IPO'S PROCEEDS

The Company refers to the net IPO proceeds amounted to S\$4.1 million raised from the initial public offering of its shares. As at 30 March 2009, the Company has utilised an amount of approximately S\$3.6 million of the IPO proceeds as follows:

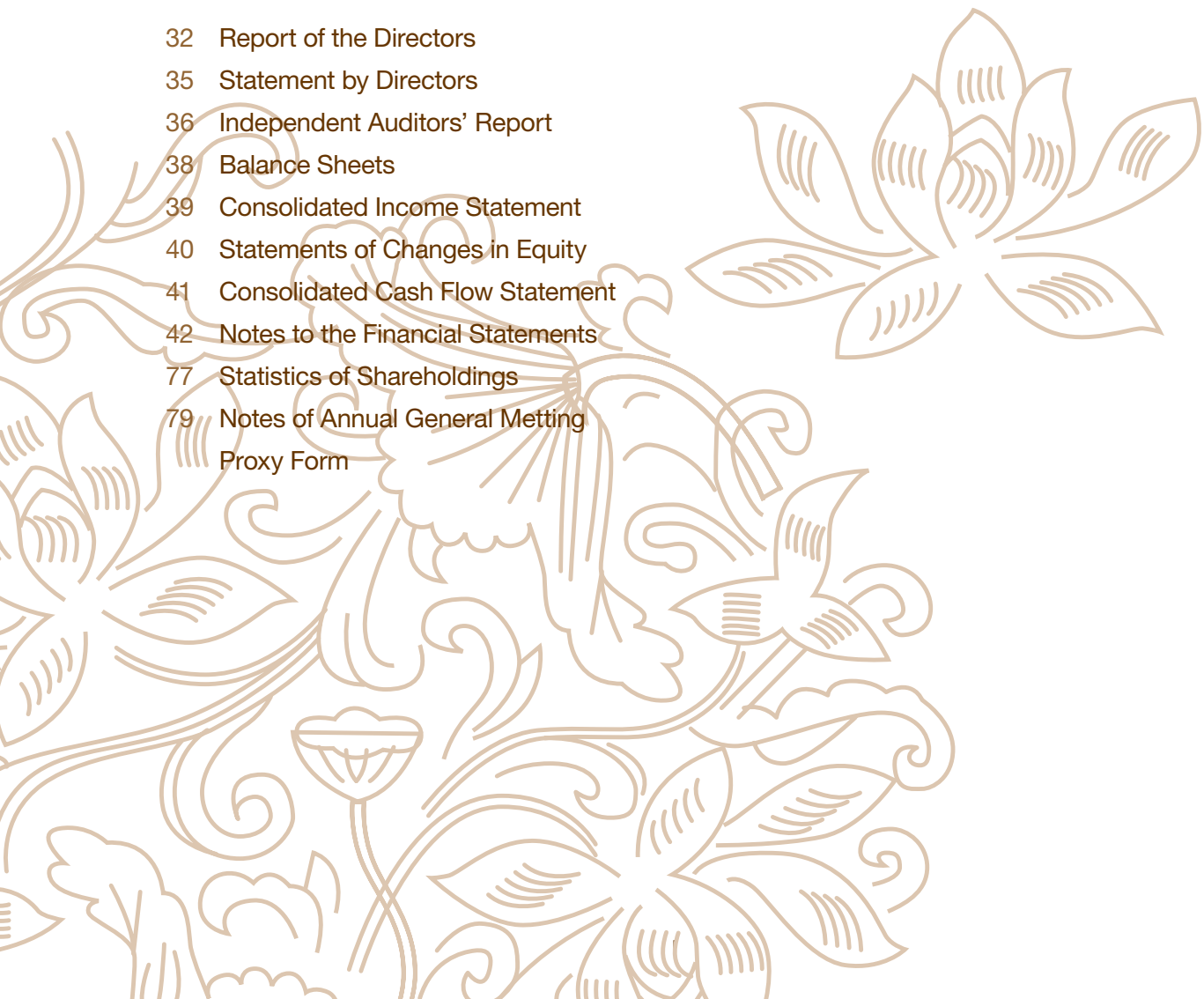
- (a) approximately S\$0.4 million for business expansion; and
- (b) approximately S\$0.4 million for refurbishment of outlet and facility; and
- (c) approximately S\$2.8 million as working capital.

The Company will continue to make periodic announcements on the utilisation of the balance of the IPO proceeds as and when such proceeds are materially disbursed.

Annual Report 2008

Financial Contents

32	Report of the Directors
35	Statement by Directors
36	Independent Auditors' Report
38	Balance Sheets
39	Consolidated Income Statement
40	Statements of Changes in Equity
41	Consolidated Cash Flow Statement
42	Notes to the Financial Statements
77	Statistics of Shareholdings
79	Notes of Annual General Meeting Proxy Form



Report of the Directors

The Directors of the Company present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2008 and the balance sheet of the Company as at 31 December 2008 and the statement of changes in equity of the Company for the financial year ended 31 December 2008.

1. Directors

The Directors of the Company in office at the date of this report are:

Mok Yip Peng
Wong Wei Teck
Then Khek Koon
Professor Cham Tao Soon
Chua Koh Ming
Jong Voon Hoo
Saw Meng Tee (Su Mingzhi)

2. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

3. Directors' interests in shares or debentures

According to the register of Directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), particulars of interests of the Directors of the Company who held office at the end of the financial year in shares or debentures of the Company or its related corporations are as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance as at 1.1.2008	Balance as at 31.12.2008	Balance as at 1.1.2008	Balance as at 31.12.2008
The Company	Number of ordinary shares			
Mok Yip Peng	18,561,200	18,561,200	–	–
Wong Wei Teck	13,697,300	13,697,300	–	–
Then Khek Koon	5,586,000	5,586,000	5,729,000	5,729,000
Professor Cham Tao Soon	100,000	100,000	–	–
Chua Koh Ming	100,000	100,000	–	–
Jong Voon Hoo	100,000	100,000	–	–
Saw Meng Tee (Su Mingzhi)	100,000	100,000	–	–

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the register of the Directors' shareholdings, the Directors' interests as at 21 January 2009 in the shares of the Company have not changed from those disclosed as at 31 December 2008.

Report of the Directors

4. Directors' contractual benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit which is disclosed under Section 201(8) of the Act, by reason of a contract made by the Company or by a related corporation with the Director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the financial statements.

5. Share options

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under options as at the end of the financial year.

6. Audit committee

The Audit Committee at the date of this report comprises the following members, all of whom are Independent Directors:

Professor Cham Tao Soon (Chairman)
Chua Koh Ming
Jong Voon Hoo
Saw Meng Tee (Su Mingzhi)

The Audit Committee meets periodically to perform the following functions:

- a. review with the external auditors the audit plan, and the results of the external auditors' examination and evaluation of the system of internal controls;
- b. review the consolidated financial statements of the Group, the balance sheet and statement of changes in equity of the Company, and the external auditors' report on those financial statements, before submission to the Board of Directors for approval;
- c. review the co-operation given by the management to the external auditors;
- d. consider the appointment and re-appointment of the external auditors;
- e. to review and approve interested person transactions;
- f. to review potential conflict of interests, if any;
- g. undertake such other reviews and projects as may be requested by the Board of Directors and will report to the Board of Directors of its findings from time to time on matters arising and requiring the attention of the Audit Committee; and
- h. to generally undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

Report of the Directors

The Audit Committee has recommended to the Board of Directors the nomination of BDO Raffles, for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

7. Auditors

The auditors, BDO Raffles, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Mok Yip Peng
Director

Wong Wei Teck
Director

Singapore
30 March 2009

Statement by Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Mok Yip Peng
Director

Wong Wei Teck
Director

Singapore
30 March 2009

Independent Auditors' Report

To the Members of Soup Restaurant Group Limited

We have audited the accompanying financial statements of Soup Restaurant Group Limited (the "Company") and its subsidiaries (the "Group") as set out on page 38 to 76, which comprise the balance sheets of the Group and of the Company as at 31 December 2008, the income statement, statement of changes in equity and cash flow statement of the Group and statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

To the Members of Soup Restaurant Group Limited

Opinion

In our opinion,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

BDO Raffles

Public Accountants and
Certified Public Accountants

Singapore
30 March 2009

Balance Sheets

As at 31 December 2008

	Note	Group		Company	
		2008 \$	2007 \$	2008 \$	2007 \$
Non-current assets					
Plant and equipment	4	4,263,483	3,264,150	193,991	413,232
Investments in subsidiaries	5	–	–	494,161	494,161
Available-for-sale financial assets	6	–	–	–	–
		4,263,483	3,264,150	688,152	907,393
Current assets					
Inventories	7	62,271	53,198	62,271	53,198
Trade and other receivables	8	3,161,498	2,762,964	568,274	556,874
Fixed deposits	9	7,508,958	8,235,321	7,508,958	8,235,321
Cash and bank balances	9	6,663,944	3,247,888	3,753,119	969,361
		17,396,671	14,299,371	11,892,622	9,814,754
Less:					
Current liabilities					
Trade and other payables	10	3,898,642	3,555,696	2,729,616	1,531,083
Dividends payable	29(a)	995,000	–	995,000	–
Finance lease payables	11	6,000	6,000	–	–
Provisions	12	337,381	281,053	45,714	43,538
Current income tax payable		976,826	695,327	2,869	68,230
		6,213,849	4,538,076	3,773,199	1,642,851
Net current assets		11,182,822	9,761,295	8,119,423	8,171,903
Non-current liabilities					
Finance lease payables	11	(33,000)	(39,000)	–	–
Deferred tax liabilities	13	(267,248)	(192,401)	(7,941)	(46,226)
		(300,248)	(231,401)	(7,941)	(46,226)
Net assets		15,146,057	12,794,044	8,799,634	9,033,070
Capital and reserves					
Share capital	14	4,786,556	4,786,556	4,786,556	4,786,556
Accumulated profits		8,544,827	7,125,463	4,013,078	4,246,514
Total attributable to equity holders of the Company		13,331,383	11,912,019	8,799,634	9,033,070
Minority interests		1,814,674	882,025	–	–
Total equity		15,146,057	12,794,044	8,799,634	9,033,070

The accompanying notes form an integral part of these financial statements.

Consolidated Income Statement

For the Financial Year Ended 31 December 2008

	Note	2008 \$	2007 \$
Revenue	15	39,952,858	33,985,064
Other income	16	383,159	400,011
Changes in inventories		9,073	13,550
Purchases and other consumables		(9,561,270)	(7,955,594)
Employee benefits expenses	17	(12,679,032)	(10,696,375)
Depreciation of plant and equipment	4	(1,424,432)	(1,264,158)
Other expenses		(11,151,917)	(9,897,306)
Finance costs	18	(9,198)	(14,478)
Profit before income tax	19	5,519,241	4,570,714
Income tax expense	20	(1,177,228)	(638,913)
Profit after income tax		4,342,013	3,931,801
Attributable to:			
- Equity holders of the Company		3,409,364	3,225,792
- Minority interests		932,649	706,009
		4,342,013	3,931,801
Earnings per share (cents)			
	21		
Basic		3.43	4.42
Diluted		3.43	4.42

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

For the Financial Year Ended 31 December 2008

Group	Note	Attributable to equity holders of the Company			Minority interests	Total equity
		Share capital	Accumulated profits	Total		
		\$	\$	\$		
Balance at 1.1.2008		4,786,556	7,125,463	11,912,019	882,025	12,794,044
Net profit for the financial year, representing total income and expense recognised for the financial year		–	3,409,364	3,409,364	932,649	4,342,013
Dividends	22	–	(1,990,000)	(1,990,000)	–	(1,990,000)
Balance at 31.12.2008		4,786,556	8,544,827	13,331,383	1,814,674	15,146,057
Balance at 1.1.2007		245,000	4,389,671	4,634,671	347,585	4,982,256
Net profit for the financial year, representing total income and expense recognised for the financial year		–	3,225,792	3,225,792	706,009	3,931,801
Issuance of new ordinary shares	14	5,460,000	–	5,460,000	–	5,460,000
Share issue expenses	14	(1,408,444)	–	(1,408,444)	–	(1,408,444)
Bonus issue	14	490,000	(490,000)	–	–	–
Dividends paid to minority interests		–	–	–	(171,569)	(171,569)
Balance at 31.12.2007		4,786,556	7,125,463	11,912,019	882,025	12,794,044

Company	Note	Share capital	Accumulated profits	Total
		\$	\$	\$
Balance at 1.1.2008		4,786,556	4,246,514	9,033,070
Net profit for the financial year, representing total income and expense recognised for the financial year		–	1,756,564	1,756,564
Dividends	22	–	(1,990,000)	(1,990,000)
Balance at 31.12.2008		4,786,556	4,013,078	8,799,634
Balance at 1.1.2007		245,000	1,825,347	2,070,347
Net profit for the financial year, representing total income and expense recognised for the financial year		–	2,911,167	2,911,167
Issuance of new ordinary shares	14	5,460,000	–	5,460,000
Share issue expenses	14	(1,408,444)	–	(1,408,444)
Bonus issue	14	490,000	(490,000)	–
Balance at 31.12.2007		4,786,556	4,246,514	9,033,070

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the Financial Year Ended 31 December 2008

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Profit before income tax		5,519,241	4,570,714
Adjustments for:			
Allowance for impairment in value of non-trade receivables	8	–	20,000
Depreciation of plant and equipment	4	1,424,432	1,264,158
Interest expense	18	9,198	14,478
Interest income		(114,132)	(67,572)
Loss on disposal of plant and equipment	19	11,484	68,451
Plant and equipment written off	19	32,439	11,043
Reversal of allowance for impairment in value of non-trade receivables	16	(20,000)	–
Reversal of provision for restoration cost	12	–	(14,286)
Operating profit before working capital changes		6,862,662	5,866,986
Working capital changes:			
Inventories		(9,073)	(13,550)
Trade and other receivables		(378,534)	(407,495)
Trade and other payables		94,830	1,008,956
Cash generated from operations		6,569,885	6,454,897
Income taxes paid		(820,882)	(563,063)
Interest paid		(2,870)	(6,211)
Interest received		114,132	67,572
Net cash from operating activities		5,860,265	5,953,195
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		650	15,840
Purchase of plant and equipment	4	(2,170,222)	(1,980,774)
Net cash used in investing activities		(2,169,572)	(1,964,934)
Cash flows from financing activities			
Dividends paid	22	(995,000)	–
Dividends paid to minority interests		–	(171,569)
Repayments of borrowings		–	(8,850)
Net proceeds from issuance of new shares		–	4,051,556
Repayments of finance lease obligations		(6,000)	(47,935)
Net cash (used in)/from financing activities		(1,001,000)	3,823,202
Net change in cash and cash equivalents		2,689,693	7,811,463
Cash and cash equivalents at beginning of financial year		11,483,209	3,671,746
Cash and cash equivalents at end of financial year	9	14,172,902	11,483,209

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

These notes form an integral part of and should be read in conjunction with the financial statements.

1. General corporate information

The balance sheet and statement of changes in equity of Soup Restaurant Group Limited (the “Company”) and the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2008 were authorised for issue in accordance with a Directors’ resolution dated 30 March 2009.

On 23 March 2007, the Company changed its name from Soup Restaurant Pte Ltd to Soup Restaurant Group Pte Ltd. On 26 March 2007, the Company was converted to a public limited company and changed its name to Soup Restaurant Group Limited. The Company was admitted to the official list of the Singapore Exchange Securities Trading Limited Dealing and Automated Quotation System (“SGX-SESDAQ”) on 28 May 2007. SGX-SESDAQ is now known as SGX Catalyst.

The Company is a public limited company, incorporated and domiciled in Singapore with its registered office and principal place of business at 171 Kampong Ampat, #03-11 KA FoodLink, Singapore 368330. The Company’s registration number is 199103597Z.

The principal activities of the Company are those of operations of restaurants and investment holding company. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

2. Summary of significant accounting policies

(a) Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards (“FRS”) including the related Interpretations of FRS (“INT FRS”) and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each entity in the Group are measured in the currency of the primary economic environment in which the entity operates (“functional currency”). The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are presented in Singapore dollar, which is the functional and presentation currency of the Company.

The preparation of financial statements in conformity with FRS requires the management to exercise judgement in the process of applying the Group’s and the Company’s accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on the management’s best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation of financial statements (Continued)

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

In the current financial year, the Group and the Company adopted all the new or revised FRS and INT FRS that are relevant to their operations and effective for the current financial year. Changes to the Group's and the Company's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The adoption of the new or revised FRS and INT FRS did not result in any substantial changes to the Group's and the Company's accounting policies.

FRS and INT FRS issued but not yet effective

The Group and the Company have not adopted the following FRS and INT FRS that have been issued but not yet effective:

		Effective date (Annual periods beginning on or after)
FRS 1	: Presentation of Financial Statements (Revised)	1.1.2009
	: Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements – Puttable of Financial Instruments and Obligations Arising on Liquidation	1.1.2009
FRS 23	: Borrowing Costs (Revised)	1.1.2009
FRS 27 & FRS 101	: Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1.1.2009
FRS 32	: Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements – Puttable of Financial Instruments and Obligations Arising on Liquidation	1.1.2009
FRS 39	: Amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures – Reclassification of Financial Assets	1.7.2008
	: Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items	1.7.2009
FRS 102	: Amendments Relating to Vesting Conditions and Cancellations	1.1.2009
FRS 107	: Amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures – Reclassification of Financial Assets	1.7.2008
FRS 108	: Operating Segments	1.1.2009
INT FRS 112	: Service Concession Arrangements (Revised)	1.1.2009
INT FRS 113	: Customer Loyalty Programmes	1.7.2008
INT FRS 116	: Hedges of a Net Investment in a Foreign Operation	1.10.2008
INT FRS 117	: Distributions of Non-cash Assets to Owners	1.7.2009

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRS and INT FRS in future periods, if applicable, will have no material impact on the financial statements of the Group and the Company in the period of their initial application, except disclosed below.

FRS 1 – Presentation of Financial Statements (Revised)

FRS 1 (Revised) requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a retrospective application of an accounting policy, a retrospective restatement of items in its financial statements or a reclassification of items in the financial statements. FRS 1 (Revised) does not have any impact on the Group's and the Company's financial position or results. The Group and the Company will apply FRS 1 (Revised) from financial period beginning 1 January 2009.

FRS 108 – Operating Segments

FRS 108 requires an entity to adopt a “management perspective approach” in reporting financial and descriptive information about its reportable segment. Financial information is required to be reported on the basis that it is used internally for evaluation operating segment performance and deciding how to allocate resources to operating segments. FRS 108 introduces additional segment disclosures to be made to improve the information about operating segments. The Group and the Company will apply FRS 108 from financial period beginning 1 January 2009.

INT FRS 113 – Customer Loyalty Programmes

The interpretation addresses accounting for loyalty award credits granted to customer who buy other goods or services, and the accounting for the entity's obligations to provide free or discounted goods or services to customers when the award credits are redeemed.

Loyalty awards should be viewed as separately identifiable goods or services for which customers are implicitly paying and measured based on the allocated proceeds which represent the value of the award credits. The proceeds allocated to the award credits are deferred until the entity fulfils its obligations by supplying the fee or discounted goods or services upon the redemption of the award credits.

The Group and the Company anticipate that the adoption of INT FRS 113 will have no material impact on the financial statements of the Group and the Company.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

2. Summary of significant accounting policies (Continued)

(b) Basis of consolidation

The purchase method of accounting is used to account for the acquisitions of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities and contingent liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interests in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minorities are attributed to the equity holders of the Company, unless the minorities have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minorities are attributed to the equity holders of the Company until the minorities' share of losses previously absorbed by the equity holders of the Company has been recovered.

Minority interests are presented in the consolidated balance sheet of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statement of the Group.

(c) Plant and equipment

Plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and impairment in value, if any.

The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to the plant and equipment that has already been recognised is added to the carrying amount of the plant and equipment when it is probable that the future economic benefits, in excess of the standard of performance of the plant and equipment before the expenditure was made, will flow to the Group and the Company, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

2. Summary of significant accounting policies (Continued)

(c) Plant and equipment (Continued)

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement.

Depreciation is calculated on the straight-line method so as to allocate the depreciable amount of the plant and equipment over their estimated useful lives as follows:

	Years
Air-conditioners	6
Computer	3
Electrical equipment	6
Furniture and fittings	5 - 6
Kitchen equipment	5 - 6
Motor vehicles	6 -10
Office equipment	3 - 6
Renovation	1 - 6

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

(d) Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding, of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Investments in subsidiaries are stated at cost on the Company's balance sheet less impairment in value, if any.

(e) Impairment of non-financial assets

The carrying amounts of the Group's and the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment in value. If any such indication exists, the assets' recoverable amount is estimated.

An impairment in value is recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups of assets. Impairment in value is recognised in the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

2. Summary of significant accounting policies (Continued)

(e) Impairment of non-financial assets (Continued)

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at each reporting date as to whether there is any indication that an impairment in value recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment in value recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment in value was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment in value is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment in value has been recognised. Reversals of impairment in value are recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal in excess of impairment in value recognised in the income statement in prior periods is treated as a revaluation increase. After such a reversal, the depreciation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a "first-in, first-out" method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation. Allowance is made for obsolete, slow-moving and defective inventories.

(g) Financial assets

The Group and the Company classify their financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the purpose of which the assets were acquired. The management determines the classification of their financial assets at initial recognition and re-evaluate this designation at the balance sheet date, where allowed and appropriate.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

2. Summary of significant accounting policies (Continued)

(g) Financial assets (Continued)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within “trade and other receivables”, “fixed deposits” and “cash and bank balances” on the balance sheets.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other categories. They are included in non-current assets unless the management intends to dispose of the assets within 12 months after the balance sheet date.

Recognition and derecognition

Financial assets are recognised on the balance sheets when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Regular way purchases and sales of investments are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the carrying amount and the net sale proceeds is recognised in the income statement. Any amount in the fair value reserve relating to the asset is also recognised in the income statement.

Initial and subsequent measurement

Financial assets are initially recognised at fair value plus transaction costs.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment in value, if any.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments “at fair value through profit or loss”.

Available-for-sale financial assets are re-measured at fair value with gains or losses recognised in the fair value reserve until the assets are derecognised, or determined to be impaired, at which time the cumulative gains or losses previously reported in equity are transferred to the income statement.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

2. Summary of significant accounting policies (Continued)

(g) Financial assets (Continued)

Impairment

The Group and the Company assess at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables

An allowance for impairment of loans and receivables is recognised when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the impairment in value is recognised in the income statement.

If, in a subsequent period, the amount of the impairment in value decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment in value is reversed either directly or by adjusting an allowance account. Any subsequent reversal of an impairment in value is recognised in the income statement, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

(ii) Available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment in value previously recognised in the income statement, is transferred from equity to the income statement. Reversal of impairment in value in respect of equity instruments classified as available-for-sale is recognised through equity. Reversal of impairment in value on debt instruments is recognised in the income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment in value was recognised in the income statement.

(h) Financial liabilities

The accounting policies adopted for specific financial liabilities are set out below.

Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group and the Company, and are subsequently measured at amortised cost using the effective interest method.

Gains or losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

2. Summary of significant accounting policies (Continued)

(h) Financial liabilities (Continued)

Recognition and derecognition

Financial liabilities are recognised on the balance sheets when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in the income statement.

(i) Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(j) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received by the Company. Incremental costs directly attributable to the issuance of new shares are shown in the equity as a deduction from the proceeds.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of business. Revenue is presented, net of rebates and discounts and sales related taxes. Group's revenue is in respect of external transactions only.

Revenue is recognised upon the billing of food and beverages to customers.

Royalty fee and collaboration fee income are recognised on accruals basis.

Interest income is recognised on a time-proportion basis in the income statement using the effective interest method.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

2. Summary of significant accounting policies (Continued)

(m) Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the income statement in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the balance sheet date.

(n) Leases

When the Group and the Company are the lessee of finance leases

Leases in which the Group and the Company assume substantially the risks and rewards of ownership are classified as finance leases.

Upon initial recognition, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability. Finance charge is recognised in the income statement.

Contingent lease payments are recognised as an expense in the income statement in the financial year in which they are incurred.

Capitalised leased asset are depreciated over the shorter of the useful life of the asset and the lease term, if there is no reasonable certainty that the Group and the Company will obtains ownership by the end of the finance lease term.

When the Group and the Company are the lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the lease (net of any incentives received from the lessor) are recognised in the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

Contingent rents are recognised as an expense in the income statement in the financial year in which they are incurred.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

2. Summary of significant accounting policies (Continued)

(o) Borrowing costs

Borrowing costs are recognised as an expense in the income statement in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in the income statement using the effective interest method.

(p) Income tax expense

Income tax expense for the financial year comprises current and deferred taxes. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case such income tax expense is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is provided, using liability method, for temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(q) Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements made in applying the accounting policies

In the application of the Group's and the Company's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

Impairment of investment or financial assets

The Group and the Company follow the guidance of FRS 36 or FRS 39 on determining when an investment or financial asset is impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenues and expenses, within the next financial year, are discussed below.

(i) Depreciation of plant and equipment

The plant and equipment are depreciated on a straight-line method over their useful lives. The management estimates the useful lives of the plant and equipment to be within 1 to 10 years. The carrying amounts of the Group's and the Company's plant and equipment at 31 December 2008 were \$4,263,483 (2007: \$3,264,150) and \$193,991 (2007: \$413,232) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of the plant and equipment, therefore future depreciation charges could be revised.

(ii) Allowance for impairment in value of trade and other receivables

The management establishes allowance for impairment in value of receivables on a case-by-case basis when they believe that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers its historical experience and changes to its customers' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their abilities to make the required payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables at 31 December 2008 were \$3,161,498 (2007: \$2,762,964) and \$568,274 (2007: \$556,874) respectively.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

(iii) Inventory valuation method

Inventory is valued at the lower of actual cost or market price. Cost is determined on a “first-in, first-out” method. Market price is generally the merchandise’s selling price quoted from the market of similar items. Management reviews the Group’s and the Company’s inventory levels in order to identify slow-moving and obsolete merchandise and identifies items of inventory which have a market price that is lower than its carrying amount. Management then estimates the amount of inventory loss as allowance for impairment in value on inventory. The carrying amount of the Group’s and the Company’s inventory at 31 December 2008 was \$62,271 (2007: \$53,198) and allowance for impairment in value on inventory was \$Nil (2007: \$Nil).

(iv) Income tax

Significant judgement is involved in determining the Group’s and the Company’s provision for income tax. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax expense and deferred tax provision in the financial year in which such determination is made. The carrying amounts of the Group’s and the Company’s current income tax payable at 31 December 2008 were \$976,826 (2007: \$695,327) and \$2,869 (2007: \$68,230) respectively. The carrying amounts of the Group’s and the Company’s deferred tax liabilities at 31 December 2008 were \$267,248 (2007: \$192,401) and \$7,941 (2007: \$46,226) respectively.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

4. Plant and equipment

Group	Air- conditioners \$	Computer \$	Electrical equipment \$	Furniture and fittings \$	Kitchen equipment \$	Motor vehicles \$	Office equipment \$	Renovation \$	Total \$
Cost									
Balance at 1.1.2008	395,107	124,527	526,413	667,588	1,413,430	191,535	54,994	2,497,256	5,870,850
Additions	335,975	100,618	138,540	172,870	465,307	-	18,007	1,237,021	2,468,338
Disposals	-	-	-	-	(19,535)	-	-	-	(19,535)
Written off	-	(5,110)	-	-	(37,555)	-	(272)	-	(42,937)
Reclassification	-	-	17,295	-	(17,295)	-	-	-	-
Balance at 31.12.2008	731,082	220,035	682,248	840,458	1,804,352	191,535	72,729	3,734,277	8,276,716
Accumulated depreciation									
Balance at 1.1.2008	165,753	29,797	181,780	288,200	511,832	88,106	21,551	1,319,681	2,606,700
Depreciation for the financial year	78,521	56,861	104,100	119,444	250,932	28,997	16,028	769,549	1,424,432
Disposals	-	-	-	-	(7,401)	-	-	-	(7,401)
Written off	-	(1,860)	-	-	(8,426)	-	(212)	-	(10,498)
Reclassification	-	-	3,603	-	(3,603)	-	-	-	-
Balance at 31.12.2008	244,274	84,798	289,483	407,644	743,334	117,103	37,367	2,089,230	4,013,233
Net book value									
Balance at 31.12.2008	486,808	135,237	392,765	432,814	1,061,018	74,432	35,362	1,645,047	4,263,483

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

4. Plant and equipment (Continued)

Group	Air- conditioners \$	Computer \$	Electrical equipment \$	Furniture and fittings \$	Kitchen equipment \$	Motor vehicles \$	Office equipment \$	Renovation \$	Total \$
Cost									
Balance at 1.1.2007	406,736	59,646	367,767	647,484	1,141,355	191,535	50,833	1,754,922	4,620,278
Additions	80,172	90,462	224,253	145,167	479,064	-	16,226	1,003,388	2,038,732
Disposals	(40,271)	(1,752)	(16,770)	(27,839)	(83,539)	-	(1,187)	-	(171,358)
Written off	(51,530)	(23,829)	(48,837)	(97,224)	(123,450)	-	(10,878)	(261,054)	(616,802)
Balance at 31.12.2007	395,107	124,527	526,413	667,588	1,413,430	191,535	54,994	2,497,256	5,870,850
Accumulated depreciation									
Balance at 1.1.2007	167,542	23,998	160,020	276,539	451,987	59,111	16,150	880,021	2,035,368
Depreciation for the financial year	70,468	29,448	78,716	117,792	223,197	28,995	15,140	700,402	1,264,158
Disposals	(20,727)	(1,641)	(8,757)	(14,452)	(40,520)	-	(970)	-	(87,067)
Written off	(51,530)	(22,008)	(48,199)	(91,679)	(122,832)	-	(8,769)	(260,742)	(605,759)
Balance at 31.12.2007	165,753	29,797	181,780	288,200	511,832	88,106	21,551	1,319,681	2,606,700
Net book value									
Balance at 31.12.2007	229,354	94,730	344,633	379,388	901,598	103,429	33,443	1,177,575	3,264,150

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

4. Plant and equipment (Continued)

Company	Air- conditioners \$	Computer \$	Electrical equipment \$	Furniture and fittings \$	Kitchen equipment \$	Motor vehicles \$	Office equipment \$	Renovation \$	Total \$
Cost									
Balance at 1.1.2008	115,784	42,455	115,681	172,913	424,379	133,179	17,629	513,080	1,535,100
Additions	-	25,889	-	6,010	14,670	-	15,016	15,018	76,603
Written off	-	-	-	-	-	-	(272)	-	(272)
Balance at 31.12.2008	115,784	68,344	115,681	178,923	439,049	133,179	32,373	528,098	1,611,431
Accumulated depreciation									
Balance at 1.1.2008	94,101	13,492	88,404	130,302	312,677	80,174	9,657	393,061	1,121,868
Depreciation for the financial year	19,298	19,791	19,854	29,527	71,812	22,197	4,905	108,400	295,784
Written off	-	-	-	-	-	-	(212)	-	(212)
Balance at 31.12.2008	113,399	33,283	108,258	159,829	384,489	102,371	14,350	501,461	1,417,440
Net book value									
Balance at 31.12.2008	2,385	35,061	7,423	19,094	54,560	30,808	18,023	26,637	193,991

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

4. Plant and equipment (Continued)

Company	Air- conditioners \$	Computer \$	Electrical equipment \$	Furniture and fittings \$	Kitchen equipment \$	Motor vehicles \$	Office equipment \$	Renovation \$	Total \$
Cost									
Balance at 1.1.2007	118,084	28,686	111,107	170,508	399,268	133,179	16,875	498,150	1,475,857
Additions	-	23,457	4,574	3,660	27,811	-	5,464	24,000	88,966
Disposals	(2,300)	(189)	-	(1,255)	(2,700)	-	(1,187)	-	(7,631)
Written off	-	(9,499)	-	-	-	-	(3,523)	(9,070)	(22,092)
Balance at 31.12.2007	115,784	42,455	115,681	172,913	424,379	133,179	17,629	513,080	1,535,100
Accumulated depreciation									
Balance at 1.1.2007	76,798	10,598	69,072	102,709	244,099	57,978	10,153	311,467	882,874
Depreciation for the financial year	19,400	11,650	19,332	28,611	68,953	22,196	3,020	90,352	263,514
Disposals	(2,097)	(79)	-	(1,018)	(375)	-	(970)	-	(4,539)
Written off	-	(8,677)	-	-	-	-	(2,546)	(8,758)	(19,981)
Balance at 31.12.2007	94,101	13,492	88,404	130,302	312,677	80,174	9,657	393,061	1,121,868
Net book value									
Balance at 31.12.2007	21,683	28,963	27,277	42,611	111,702	53,005	7,972	120,019	413,232

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

4. Plant and equipment (Continued)

As at the balance sheet date, the net book value of plant and equipment which is acquired under finance lease agreement is as follows:

	Group	
	2008	2007
	\$	\$
Motor vehicle	43,624	50,424

For the purpose of consolidated cash flow statement, the Group's additions to plant and equipment during the financial year comprised:

	Group	
	2008	2007
	\$	\$
Additions of plant and equipment	2,468,338	2,038,732
Provision for dismantlement, removal or restoration	(50,000)	(57,958)
Included in other payables	(248,116)	–
Cash payments to acquire plant and equipment	2,170,222	1,980,774

5. Investments in subsidiaries

	Company	
	2008	2007
	\$	\$
Unquoted equity shares in corporations, at cost	494,261	494,261
Allowance for impairment in value	(100)	(100)
	494,161	494,161

Movement in allowance for impairment in value is as follows:

	Company	
	2008	2007
	\$	\$
Balance at beginning of financial year	100	100,100
Reversal of impairment in value during the financial year	–	(100,000)
Balance at end of financial year	100	100

In the previous financial year, a reversal of allowance for impairment in value of \$100,000 was recognised in the income statement subsequent to an assessment performed on the recoverable amount of the subsidiaries by the management.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

5. Investments in subsidiaries (Continued)

The particulars of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and place of business	Effective equity interests held	
			2008 %	2007 %
Soup Restaurant (Seah Street) Pte Ltd*	Operation of restaurants	Singapore	100	100
Soup Restaurant (Jurong Point) Pte Ltd*	Operation of restaurants	Singapore	100	100
Soup Restaurant (Causeway Point) Pte Ltd*	Operation of restaurants	Singapore	100	100
Soup Restaurant (SC) Pte Ltd*	Operation of restaurants	Singapore	100	100
Soup Restaurant Investments Pte. Ltd.*	Investment holding company	Singapore	100	100
Y.E.S F & B Group Pte. Ltd.*	Business of food and beverage and general trading	Singapore	50.98	50.98

* Audited by BDO Raffles, Singapore

6. Available-for-sale financial assets

	Group	
	2008 \$	2007 \$
<i>Convertible loan</i>		
Convertible loan to a third party	–	120,000
Allowance for impairment in value	–	(120,000)
	–	–

Movement in allowance for impairment in value for convertible loan is as follows:

	Group	
	2008 \$	2007 \$
Balance at beginning of financial year	120,000	120,000
Impairment written off during the financial year	(120,000)	–
Balance at end of financial year	–	120,000

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

6. Available-for-sale financial assets (Continued)

The convertible loan to a third party was denominated in Singapore dollar, unsecured and interest-free.

The convertible loan was convertible to new ordinary shares of the third party up to a maximum of 30% of the issued and paid-up capital of the third party.

During the financial year, the Group and the third party have reached a mutual agreement where the Group will not exercise the convertible options and the third party will settle the amount of \$77,694 being the full and final settlement for the amount due to the Group of \$221,694 comprising convertible loan of \$120,000 and loan of \$101,694. The Group has made allowance for impairment in value for the remaining amount of \$144,000 and the full amount of allowance for impairment in value was written off during the financial year after full settlement by the third party.

7. Inventories

	Group and Company	
	2008	2007
	\$	\$
Consumables	62,271	53,198

Cost of inventories recognised as expense during the financial year was \$9,552,197 (2007: \$7,942,044).

8. Trade and other receivables

	Group		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Trade receivables	219,654	329,587	23,737	34,692
Other receivables	114,296	84,252	108,640	48,591
Allowance for impairment in value	–	(20,000)	–	(20,000)
	114,296	64,252	108,640	28,591
Rental and utilities deposits	2,518,390	2,084,553	225,328	216,867
Loan to a third party	–	101,694	–	–
Allowance for impairment	–	(24,000)	–	–
	–	77,694	–	–
Prepayments	168,828	206,878	12,227	20,960
Prepaid rights issue expenses (Note 29 (b))	140,330	–	140,330	–
Due from subsidiaries				
- trade	–	–	228,242	421,371
- non-trade	–	–	204,245	213,010
- loan	–	–	100,000	156,131
- Allowance for impairment in value	–	–	(474,475)	(534,748)
	–	–	58,012	255,764
	3,161,498	2,762,964	568,274	556,874

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

8. Trade and other receivables (Continued)

Movement in allowance for impairment in value of other receivables is as follows:

	Group and Company	
	2008	2007
	\$	\$
Balance at beginning of financial year	20,000	–
Reversal of impairment in value during the financial year	(20,000)	–
Impairment in value made during the financial year	–	20,000
Balance at end of financial year	–	20,000

Movement in allowance for impairment in value of loan to a third party is as follows:

	Group	
	2008	2007
	\$	\$
Balance at beginning of financial year	24,000	24,000
Impairment in value written off during the financial year	(24,000)	–
Balance at end of financial year	–	24,000

Movements in allowance for impairment in value of amounts due from subsidiaries are as follows:

	Company	
	2008	2007
	\$	\$
Balance at beginning of financial year	534,748	1,153,173
Reversal of impairment in value during the financial year	(80,495)	(712,438)
Impairment in value made during the financial year	20,222	94,013
Balance at end of financial year	474,475	534,748

Trade receivables are non-interest bearing and generally on 30 days' credit terms.

Loan to a third party is unsecured, interest-free and repayable on demand. The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Allowance for impairment in value of other receivables and amounts due from subsidiaries of \$Nil (2007: \$20,000) and \$20,222 (2007: \$94,013) respectively are recognised in the income statement subsequent to debt recovery assessment performed on other receivables and the subsidiaries by the management.

A reversal of allowance for impairment in value of other receivables and amounts due from subsidiaries of \$20,000 (2007: Nil) and \$80,495 (2007: \$712,438) is recognised in the income statement subsequent to debt recovered from other receivable and a debt recovery assessment performed on the subsidiaries by the management.

Trade and other receivables are denominated in Singapore dollar.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

9. Cash and cash equivalents

	Group		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
Fixed deposits with banks	7,508,958	8,235,321	7,508,958	8,235,321
Cash and bank balances	6,663,944	3,247,888	3,753,119	969,361
	14,172,902	11,483,209	11,262,077	9,204,682

Fixed deposits are placed for tenure of 14 to 183 days (2007: 30 to 90 days) and the effective interest rates on the fixed deposits are approximately 0.4375% - 2.3125% (2007: 2.1%) per annum.

Cash and cash equivalents are denominated in Singapore dollar.

10. Trade and other payables

	Group		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
Trade payables	1,371,598	1,234,969	185,366	178,526
Other payables	863,904	400,410	117,601	59,512
Deferred income	7,085	–	7,085	–
Accrued operating expenses	1,512,044	1,820,080	611,022	464,142
Unutilised annual leave	144,011	100,237	32,176	16,092
Loans from subsidiaries	–	–	1,776,366	812,811
	3,898,642	3,555,696	2,729,616	1,531,083

Trade payables are non-interest bearing and generally on 30 days' credit terms.

Other payables comprise mainly payables for other expenses and purchases of plant and equipment.

Deferred income represents the unexpired portion of revenue from unutilised redeemable vouchers.

Loans from subsidiaries are unsecured, interest-free and repayable on demand.

Trade and other payables are denominated in Singapore dollar.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

11. Finance lease payables

	Minimum lease payments \$	Future finance charges \$	Present value of minimum lease payments \$
Group			
2008			
Not later than one year	7,800	(1,800)	6,000
Later than one year but not later than five years	31,200	(7,200)	24,000
Later than five years	11,700	(2,700)	9,000
	42,900	(9,900)	33,000
	50,700	(11,700)	39,000
2007			
Not later than one year	7,800	(1,800)	6,000
Later than one year but not later than five years	31,200	(7,200)	24,000
Later than five years	19,500	(4,500)	15,000
	50,700	(11,700)	39,000
	58,500	(13,500)	45,000

The lease term is 10 years (2007: 2 to 10 years).

The effective interest rate charged during the financial year was 5.46% (2007: 5.46% to 5.75%) per annum.

Interest rates are fixed at the contract dates. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's lease obligations approximates their carrying amounts.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group.

The finance lease payables are denominated in Singapore dollar.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

12. Provisions

Provision for dismantlement, removal or restoration are the estimated costs of dismantlement, removal or restoration of plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of plant and equipment.

Movements in the provisions are as follows:

	Group		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
Balance at beginning of financial year	281,053	238,638	43,538	50,988
Reversal during the financial year	-	(14,286)	-	-
Provision made during the financial year	50,000	57,958	-	-
Utilisation during the financial year	-	(9,524)	-	(9,524)
Amortisation of discount	6,328	8,267	2,176	2,074
Balance at end of financial year	337,381	281,053	45,714	43,538

13. Deferred tax liabilities

	Group		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
Balance at beginning of financial year	192,401	220,310	46,226	80,356
Transferred from/(to) income statement	74,847	(27,909)	(38,285)	(34,130)
Balance at end of financial year	267,248	192,401	7,941	46,226

Recognised deferred tax liabilities are attributable to the following:

	Group		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
Plant and equipment	293,558	211,556	13,732	49,123
Unutilised annual leave	(25,922)	(18,005)	(5,791)	(2,897)
Others	(388)	(1,150)	-	-
	267,248	192,401	7,941	46,226

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

14. Share capital

	Group and Company	
	2008	2007
	\$	\$
<i>Issued and fully paid</i>		
99,500,000 (2007: 245,000) ordinary shares at beginning of financial year	4,786,556	245,000
Issuance of 490,000 ordinary shares on the basis of two bonus shares for each existing ordinary share	–	490,000
Sub-division of the ordinary shares into Nil (2007: 73,500,000) ordinary shares	–	–
Issuance of 26,000,000 ordinary shares pursuant to the Company's initial public offering	–	5,460,000
Shares issue expenses	–	(1,408,444)
99,500,000 ordinary shares at end of financial year	4,786,556	4,786,556

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

On 23 March 2007, the Company capitalised \$490,000 out of the accumulated profits by way of a bonus issue of 490,000 ordinary shares fully paid to the shareholders of the Company and sub-divided the issued ordinary share of 735,000 ordinary shares with the issued and paid-up capital of \$735,000 in the capital of the Company into 73,500,000 ordinary shares on the basis from one ordinary share into 100 ordinary shares.

On 25 May 2007, the Company issued 26,000,000 ordinary shares at \$0.21 for each share at cash pursuant to the Company's initial public offering. The proceeds from the initial public offering will be used for business expansion, refurbish existing restaurants and general working capital requirements.

Included in the shares issue expenses were professional fee paid to the auditors of the Company amounting to \$217,000 in respect of the professional services rendered in connection with the Company's initial public offering.

15. Revenue

Revenue represents the invoiced valued of food and beverages, net of discounts and goods and services tax.

16. Other income

	Group	
	2008	2007
	\$	\$
Bank interest income	34,279	1,175
Collaboration fee	207,815	268,802
Fixed deposits interest income	79,853	66,397
Reversal of allowance for impairment in value of non-trade receivables	20,000	–
Royalty fee	35,065	31,228
Sundry income	6,147	32,409
	383,159	400,011

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

17. Employee benefits expenses

	Group	
	2008	2007
	\$	\$
Salaries, bonuses and other benefits	11,989,244	10,117,829
Contributions to defined contribution plans	689,788	578,546
	12,679,032	10,696,375

The above includes the amounts shown as Directors' remuneration in Note 26 to the financial statements.

18. Finance costs

	Group	
	2008	2007
	\$	\$
Amortisation of discount on provision	6,328	8,267
Borrowing interest	–	660
Interest on late payment of operating lease expenses	1,070	–
Finance leases interest	1,800	5,551
	9,198	14,478

19. Profit before income tax

The above is arrived at after charging:

	Group	
	2008	2007
	\$	\$
<i>Other expenses</i>		
Allowance for impairment in value of non-trade receivables	–	20,000
Cleaning materials	663,893	673,681
Credit card commission charges	524,981	389,892
Loss on disposal of plant and equipment	11,484	68,451
Non-audit fees paid to the auditors of the Company	13,600	15,591
Operating lease expenses		
- minimum lease payments		
- premises	4,924,774	4,685,777
- staff accommodation	–	9,600
- machinery	22,138	27,946
- contingent rents		
- premises	1,079,700	765,000
Plant and equipment written off	32,439	11,043
Utilities	1,828,196	1,485,175

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

20. Income tax expense

	Group	
	2008	2007
	\$	\$
Current income tax expense		
- current financial year	927,106	865,000
- under/(over) provision in prior years	175,275	(198,178)
	1,102,381	666,822
Deferred tax		
- current financial year	35,766	(8,197)
- change in tax rate	–	(21,565)
- under provision in prior years	39,081	1,853
	74,847	(27,909)
Total income tax expense in consolidated income statement	1,177,228	638,913

Reconciliation of effective tax rate

	Group	
	2008	2007
	\$	\$
Profit before income tax	5,519,241	4,570,714
Income tax at statutory tax rate of 18%	993,463	822,729
Change in tax rate	–	(21,565)
Tax effect of expenses non-deductible for income tax purposes	83,715	175,508
Tax effect of income not subject to income tax	(3,600)	–
Singapore's statutory stepped income exemption	(109,800)	(137,250)
Under/(over) provision in prior years	214,356	(196,325)
Others	(906)	(4,184)
	1,177,228	638,913

21. Earnings per share

	Group	
	2008	2007
<i>Earnings per share (cents)</i>		
Basic	3.43	4.42
Diluted	3.43	4.42

The calculation for basic and diluted earnings per share is based on:

	Group	
	2008	2007
Net profit attributable to equity holders of the Company	\$3,409,364	\$3,225,792
Actual (2007: weighted average) number of ordinary shares in issue during the financial year	99,500,000	72,985,877

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

21. Earnings per share (Continued)

Basic and diluted earnings per share are calculated by dividing the Group's net profit attributable to equity holders by the actual (2007: weighted average) number of shares in issue during the financial year.

The Group does not have any dilutive options for the financial year.

22. Dividends

	Group and Company	
	2008	2007
	\$	\$
Final tax-exempt dividend paid of \$0.01 (2007: \$Nil) per share in respect of the previous financial year	995,000	–
Special tax-exempt dividend payable of \$0.01 (2007: \$Nil) per share in respect of the current financial year	995,000	–
	1,990,000	–

The Directors of Company recommend a final tax-exempt dividend of \$0.0035 (2007: \$0.01) per share amounting to \$1,044,750 (2007: \$995,000) to be paid in respect of current financial year. This final dividend has not been recognised as a liability as at year end as it is subject to approval at the Annual General Meeting of the Company.

23. Operating lease commitments

The Group and the Company as the lessees

As at the balance sheet date, there were operating lease commitments for rental of premises payable in subsequent accounting periods as follows:

	Group		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Not later than one year	5,694,297	4,042,531	230,308	724,179
Later than one year but not later than five years	5,921,059	2,967,419	–	230,308
	11,615,356	7,009,950	230,308	954,487

The above lease agreements expire on dates between 5 January 2009 to 21 May 2012. The current rents payable under the leases of premises are subject to revision after expiry. The above commitments were based on prevailing rental rates for the current financial year. Some of the operating leases of premises provide for contingent rentals based on percentage of sales derived from the rented premises. The leases have varying terms, escalation clauses and renewal rights.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

24. Contingent liabilities, unsecured

The Company has undertaken to provide continued financial support to two of its subsidiaries namely Soup Restaurant Investments Pte. Ltd. and Soup Restaurant (Seah Street) Pte Ltd, which have accumulated losses of \$102,452 (2007: \$93,984) and \$429,846 (2007: \$412,353) respectively in excess of the issued and paid-up share capital of the respective subsidiaries as at 31 December 2008 to enable them to continue to operate as a going concern and to meet their obligations as and when they fall due.

In the opinion of the Directors, no losses were expected to arise.

25. Capital commitment

	Group	
	2008 \$	2007 \$
Capital expenditure contracted but not provided for		
- Commitments for the acquisition of plant and equipment	322,663	-

26. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the information disclosed elsewhere in the financial statements, the following are significant related party transactions at rates and terms agreed between the parties:

	Company	
	2008 \$	2007 \$
Loan to subsidiaries from the Company	2,000,000	1,000,000
Loan from subsidiaries to the Company	5,185,000	3,030,000
Receipts on behalf of subsidiaries by the Company	48,473	18,672
Settlement of liabilities on behalf of the Company by subsidiaries	5,238	274,862
Settlement of liabilities on behalf of subsidiaries by the Company	88,848	320,448
Royalty fees charged to subsidiaries	426,123	400,698
Sales of foodstuff to subsidiaries by the Company	896,211	903,388
Accountancy fees charged to a subsidiary	-	1,300
Central kitchen fees charged to a subsidiary	-	12,916
Dividends received from subsidiaries	2,000,000	2,178,431
Management fees charged to subsidiaries	582,615	14,906
Secretarial fees charged to a subsidiary	960	960
Consultancy fees charged to a subsidiary	75,000	75,000

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

26. Significant related party transactions (Continued)

Compensation of key management personnel

The remuneration of key management personnel of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Directors' fee	145,000	117,424	130,000	102,424
Short-term benefits	1,610,653	1,490,087	827,953	298,384
Post-employment benefits	83,673	99,255	34,525	14,100
	1,839,326	1,706,766	992,478	414,908

The above includes the following remuneration to the Directors of the Company and Directors of a subsidiary:

	Group		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
<i>Directors of the Company</i>				
Directors' fee	139,000	107,424	130,000	102,424
Short-term benefits	699,239	559,584	699,239	268,384
Post-employment benefits	17,694	38,767	17,694	10,200
	855,933	705,775	846,933	381,008
<i>Directors of a subsidiary</i>				
Directors' fee	6,000	10,000	-	-
Short-term benefits	588,100	634,963	-	-
Post-employment benefits	21,964	19,490	-	-
	616,064	664,453	-	-
	1,471,997	1,370,228	846,933	381,008

27. Segment information

The Group has only one primary business segment, which is that of restaurant operations. All the Group's sales and assets are in Singapore. Accordingly, no business and geographical segment information are presented.

28. Financial instruments, financial risk and capital management

The Group's and the Company's activities expose them to credit risk, market risk (including interest rate risk) and liquidity risk. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

28. Financial instruments, financial risk and capital management (Continued)

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

(a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

Due to the nature of the Group's and the Company's business, the Group's and the Company's trade receivables are mainly group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's and the Company's maximum exposure to credit risk.

The Group's and Company's major classes of financial assets are bank deposits, trade and other receivables and the convertible loan to a third party.

Bank deposits are mainly deposits with reputable banks.

Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group. The Group's and the Company's historical experience in the collection of receivables falls within the recorded allowances.

The age analysis of trade receivables is as follows:

	Gross receivables 2008 \$	Impairment 2008 \$	Gross receivables 2007 \$	Impairment 2007 \$
Group				
Not past due	213,224	–	322,684	–
Past due 0 to 3 months	6,430	–	4,037	–
Past due 3 to 6 months	–	–	2,866	–
Past due 6 to 12 months	–	–	–	–
Past due over 12 months	–	–	–	–
	219,654	–	329,587	–
Company				
Not past due	17,307	–	27,906	–
Past due 0 to 3 months	6,430	–	3,920	–
Past due 3 to 6 months	–	–	2,866	–
Past due 6 to 12 months	–	–	–	–
Past due over 12 months	–	–	–	–
	23,737	–	34,692	–

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

28. Financial instruments, financial risk and capital management (Continued)

(a) Credit risk (Continued)

The age analysis of other receivables is as follows:

	Gross receivables 2008 \$	Impairment 2008 \$	Gross receivables 2007 \$	Impairment 2007 \$
Group				
Not past due	105,713	–	35,438	–
Past due 0 to 3 months	8,583	–	28,814	–
Past due 3 to 6 months	–	–	–	–
Past due 6 to 12 months	–	–	–	–
Past due over 12 months	–	–	20,000	20,000
	114,296	–	84,252	20,000
Company				
Not past due	105,713	–	22,791	–
Past due 0 to 3 months	2,927	–	5,800	–
Past due 3 to 6 months	–	–	–	–
Past due 6 to 12 months	–	–	–	–
Past due over 12 months	–	–	20,000	20,000
	108,640	–	48,591	20,000

The age analysis of loan to a third party is as follows:

	Gross loan 2008 \$	Impairment 2008 \$	Gross loan 2007 \$	Impairment 2007 \$
Group				
Not past due	–	–	–	–
Past due 0 to 3 months	–	–	–	–
Past due 3 to 6 months	–	–	–	–
Past due 6 to 12 months	–	–	–	–
Past due over 12 months	–	–	101,694	24,000
	–	–	101,694	24,000

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

28. Financial instruments, financial risk and capital management (Continued)

(a) Credit risk (Continued)

The age analysis of amounts due from subsidiaries is as follows:

	Gross receivables 2008 \$	Impairment 2008 \$	Gross receivables 2007 \$	Impairment 2007 \$
Company				
Not past due	-	-	-	-
Past due 0 to 3 months	58,012	-	45,434	-
Past due 3 to 6 months	-	-	-	-
Past due 6 to 12 months	31,909	31,909	15,813	-
Past due over 12 months	442,566	442,566	729,265	534,748
	<u>532,487</u>	<u>474,475</u>	<u>790,512</u>	<u>534,748</u>

The age analysis of convertible loan is as follows:

	Gross loan 2008 \$	Impairment 2008 \$	Gross loan 2007 \$	Impairment 2007 \$
Group				
Not past due	-	-	-	-
Past due 0 to 3 months	-	-	-	-
Past due 3 to 6 months	-	-	-	-
Past due 6 to 12 months	-	-	-	-
Past due over 12 months	-	-	120,000	120,000
	<u>-</u>	<u>-</u>	<u>120,000</u>	<u>120,000</u>

The impaired other receivables, loan to a third party and convertible loan arise mainly from consultancy service and loan to a third party which has suffered significant losses in its operations. The impaired amounts due from subsidiaries arise mainly from working capital loans to subsidiaries which have suffered significant losses from its operations.

(b) Market risk

The Group's and the Company's activities expose them primarily to the financial risk of interest rates. The Group and the Company do not have any exposure to the financial risk of foreign currency exchange rates.

(i) Interest rate risk

The Group's and the Company's exposure to market risk for changes in interest rates relates mainly to interest-bearing fixed deposits and finance lease obligations with financial institutions.

As at the balance sheet date, the Group and the Company do not have significant exposure to the financial risk arises from interest rates.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

28. Financial instruments, financial risk and capital management (Continued)

(b) Market risk (Continued)

(ii) Foreign currency risk

As at the balance sheet date, the Group and the Company do not have exposure to financial risk arises from foreign currency exchange rate.

(c) Liquidity risk

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage their operating cash flows so as to finance the Group's and the Company's operations. As part of overall prudent liquidity management, the Group and the Company maintain sufficient level of cash to meet working capital requirements.

(d) Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

The Group and the Company monitor capital on the basis of the debt to equity ratio. The Group's and the Company's strategy was to maintain the debt to equity ratio under 100%. This ratio is calculated as total liabilities divided by equity. Total liabilities are total of "current liabilities" and "non-current liabilities" as shown in the balance sheets and equity is "total equity" as shown in the balance sheets.

The Group's and the Company's management review the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group and the Company will balance its overall capital structure through the payment of dividends and new share issues as well as the redemption of existing debt. The Group's overall strategy remains unchanged from 2007.

	Group		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Total liabilities	6,514,097	4,769,477	3,781,140	1,689,077
Equity	15,146,057	12,794,044	8,799,634	9,033,070
Debt to equity ratio	43%	37%	43%	19%

The increase in the debt to equity ratio during the current financial year resulted primarily from the special dividend declared and payables as at balance sheet date.

The Group and the Company are not subject to any externally imposed capital requirements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2008

28. Financial instruments, financial risk and capital management (Continued)

(e) Fair values

The carrying amounts of all the financial assets and liabilities in the financial statements approximate their fair value, except for available-for-sale financial assets. For available-for-sale financial assets, it is not practicable to determine the fair values because of the lack of quoted market prices and the assumptions used in valuation models to value the available-for-sale financial assets and the fair value cannot be reasonably determined.

29. Subsequent events

- (a) On 23 December 2008, a proposed special tax-exempt dividend of \$0.01 for each share in the capital of the Company was approved by shareholders during an extraordinary general meeting.

The dividends payable of \$995,000 has been accrued as at the balance sheet date and was paid to the shareholders on 9 January 2009.

- (b) On 23 December 2008, a proposed renounceable non-underwritten rights issue of up to 199,000,000 new shares at an issue price of \$0.01 for each rights share, on the basis of two rights shares for every one existing share in the capital of the Company held as at 30 December 2008 was approved by shareholders during an extraordinary general meeting.

The rights issue was 1.4 times over-subscribed and the 199,000,000 new ordinary shares were listed on SGX Catalyst on 3 February 2009. The Company's share capital increased by \$1,990,000 (before rights issue expenses) after the rights issue.

Statistics of Shareholdings

As at 23 March 2009

Shareholdings Statistics as at 23 March 2009

Number of issued and paid-up shares	-	298,500,000 ordinary shares
Class of shares	-	Ordinary shares
Voting rights	-	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	1	0.34	10	0.00
1,000 - 10,000	121	41.02	501,000	0.17
10,001 - 1,000,000	159	53.90	24,550,500	8.22
1,000,001 AND ABOVE	14	4.74	273,448,490	91.61
TOTAL	295	100.00	298,500,000	100.00

TWENTY LARGEST SHAREHOLDERS

	NAME	NO. OF SHARES	%
1	MOK YIP PENG	55,683,600	18.65
2	MAYBAN NOMINEES (S) PTE LTD	44,758,000	14.99
3	WONG WEI TECK	41,091,900	13.77
4	WONG CHI KEONG	39,091,800	13.10
5	PANG CHENG JIN @ CEN YOU HAO	32,581,500	10.92
6	AMFRASER SECURITIES PTE. LTD.	21,810,019	7.31
7	DBS NOMINEES PTE LTD	15,575,671	5.22
8	CIMB BANK NOMINEES (S) SDN BHD	8,021,000	2.69
9	GOH KHOON LIM	5,698,000	1.91
10	HO HONG CHIN	4,493,000	1.51
11	HSBC (SINGAPORE) NOMINEES PTE LTD	1,455,000	0.49
12	GAN HSIAO PING CALVIN (YAN XIAOBIN CALVIN)	1,116,000	0.37
13	RAFFLES NOMINEES PTE LTD	1,043,000	0.35
14	NG TIOW SWEE @ NG TIOW KEE	1,030,000	0.35
15	LIM & TAN SECURITIES PTE LTD	975,000	0.33
16	UNITED OVERSEAS BANK NOMINEES PTE LTD	886,000	0.30
17	YIT TENG YUET	870,000	0.29
18	TOH YEN SANG (ZHUO YANSHUANG)	759,000	0.25
19	CHEONG LOO KHENG	714,000	0.24
20	PHILLIP SECURITIES PTE LTD	692,000	0.23
	TOTAL	278,344,490	93.27

Statistics of Shareholdings

As at 23 March 2009

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
Mok Yip Peng	55,683,600	18.65	–	–
Wong Wei Teck	41,091,900	13.77	–	–
Wong Chi Keong	39,091,800	13.10	–	–
Then Khek Koon	16,758,000	5.61	17,187,000	5.76
Pang Cheng Jin @ Cen You Hao	32,581,500	10.92	–	–

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company, approximately 31.8% of the Company's shares (excluding treasury shares) listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public. Therefore the Company has complied with Rule 723 of the Listing Manual.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Soup Restaurant Group Limited (“the Company”) will be held at Copthorne Orchid Hotel, 214 Dunearn Road, Aerides 2, Level 1, Singapore 299526 on Tuesday, 28 April 2009 at 9.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Accounts of the Company for the year ended 31 December 2008 together with the Auditors’ Report thereon. **(Resolution 1)**

2. To declare a final tax exempt (one-tier) dividend of 0.35 cent per ordinary share for the year ended 31 December 2008. [2007: 1.0 cent tax exempt (one-tier) per ordinary share] **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 107 of the Articles of Association of the Company:

Mr Chua Koh Ming **(Resolution 3)**

Mr Jong Voon Hoo **(Resolution 4)**

Mr Chua Koh Ming will, upon re-election as a Director of the Company, remain the Chairman of the Nominating Committee and a member of Audit and Remuneration Committees and will be considered independent.

Mr Jong Voon Hoo will, upon re-election as a Director of the Company, remain a member of Audit, Nominating and Remuneration Committees and will be considered independent.

4. To approve the payment of Directors’ fees of S\$130,000 for the year ended 31 December 2008. [2007: S\$102,424] **(Resolution 5)**

5. To re-appoint BDO Raffles as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:

7. Authority to issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company (“shares”) whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

Notice of Annual General Meeting

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) the 50% limit in sub-paragraph (1) above may be increased to 100% for the Company to undertake pro-rata renounceable rights issues;
- (4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and
- (5) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (i)]

(Resolution 7)

By Order of the Board

Toh Yen Sang
Secretary
Singapore, 13 April 2009

Notice of Annual General Meeting

Explanatory Notes:

- (i) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders. The 50% limit referred to in the preceding sentence may be increased to 100% for the Company to undertake pro-rata renounceable rights issues.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

The 100% renounceable pro-rata rights issue limit is one of the new measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective on 20 February 2009. It will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. Minority shareholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlements through trading of nil-paid rights if they do not wish to subscribe for their rights shares. It is subject to the condition that the Company makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in the annual report.

Notes:

1. A Member entitled to attend and vote at the Annual General (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 171 Kampong Ampat #03-11 KA FoodLink Singapore 368330 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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SOUP RESTAURANT GROUP LIMITED

Company Registration No. 199103597Z
(Incorporated In The Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy Soup Restaurant Group Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, _____

of _____

being a member/members of Soup Restaurant Group Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Tuesday, 28 April 2009 at 9.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2008		
2	Payment of proposed final dividend		
3	Re-election of Mr Chua Koh Ming as a Director		
4	Re-election of Mr Jong Voon Hoo as a Director		
5	Approval of Directors' fees amounting to S\$130,000		
6	Re-appointment of BDO Raffles as Auditors		
7	Authority to issue shares		

Dated this _____ day of _____ 2009

Total number of Shares in:		No. of Shares
(a)	CDP Register	
(b)	Register of Members	

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable



Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 171 Kampong Ampat #03-11 KA FoodLink Singapore 368330 not less than 48 hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Our Restaurants

Soup Restaurant

Seah Street
39 Seah Street

Causeway Point
1 Woodlands Square
#03-01 Causeway Point

Jurong Point
1 Jurong West Central 2
#02-33 Jurong Point Shopping Centre

Suntec City
3 Temasek Boulevard
#B1-059 Suntec City Mall

United Square
101 Thomson Road
#B1-10/66/67 United Square

Compass Point
1 Sengkang Square
#03-16/17 Compass Point Shopping Centre

Scottswalk
25 Scotts Road
#02-01 DFS Scottswalk

Paragon
290 Orchard Road
#B1-44 Paragon

Changi Airport Terminal 2
Singapore Changi Airport Terminal 2
#036-086 Viewing Mall North

Century Square
2 Tampines Central 5
#B1-01/12/13 Century Square

Hougang Mall
90 Hougang Avenue 10
#02-21 Hougang Mall

Centrepoint
176 Orchard Road
#B2-110/111/112/113 Centrepoint

AMK Hub
53 Ang Mo Kio Avenue 3
#B2-01/02 AMK Hub

Dian Xiao Er

Marina Square
6 Raffles Boulevard
#02-203/4 Marina Square

VivoCity
1 HarbourFront Walk
#02-137/8 VivoCity

AMK Hub
53 Ang Mo Kio Avenue 3
#B2-01/02 AMK Hub

Causeway Point
1 Woodlands Square
#03-02 Causeway Point

Changi Airport Terminal 3
Singapore Changi Airport Terminal 3
Unit No. L3LF3 Mezzanine Level
Departure/Check-In Hall North

Lot One
21 Chua Chu Kang Avenue 4
#B1-32/33 Lot One Shoppers' Mall

Jurong Point
63 Jurong West Central 3
#03-26/27 Jurong Point Shopping Centre

West Coast Plaza
154 West Coast Road
#02-02/03/04 West Coast Plaza



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