



To Shareholders
致 股 东 们



CORPORATE PROFILE

Listed on the SGX-Mainboard, Soup Restaurant Group Limited (the "Company" or "Group") has established itself as one of the leading restaurant operators in the local food and beverage industry. The Group currently has 24 outlets island-wide under two major brand names - 15 "Soup Restaurant" and 9 "Dian Xiao Er" restaurants - that are strategically located across Singapore to reach a wider base of customers.

Established in 1991, "Soup Restaurant" is now a household name in Singapore which focuses on serving traditional, home-cooked "Chinatown Heritage Cuisines". Our signature dishes include "Samsui Ginger Chicken", "Ah Kon Fan Shu Leaves" and various traditional Chinese double-boiled herbal soups.

"Dian Xiao Er" group of restaurants, known for its various famous "Herbal Roasted Ducks" with Chinese herbs, has now a strong following of regular diners ranging from families, young executives to corporate clients. With most outlets located at shopping malls, "Dian Xiao Er" offers a casual, comfortable dining ambience in easily-accessible locations.

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OUR FOOTPRINTS



Soup Restaurant

- O AMK Hub
- O Causeway Point
- O Century Square
- O Changi Airport T2
- O City Square Mall
- O Compass Point
- O Hougang Mall
- O Jurong Point
- O NEX
- O Paragon
- O Seah Street
- O Suntec City
- O Toa Payoh Entertainment Centre
- O United Square
- O VivoCity

Dian Xiao Er

- X AMK Hub
- X Causeway Point
- X Jurong Point
- X Lot One
- X Marina Square
- X NEX
- X Tampines One
- X VivoCity
- X West Coast Plaza



OUR BRANDS



ABOUT SOUP RESTAURANT

Since 1991, Soup Restaurant, being Singapore's first and only Home of Chinatown Heritage Cuisine, has been preparing this iconic dish, "Samsui Ginger Chicken" traditionally according to one of its founders' heirloom recipes. Together with the other heartwarming fare on the menu, they form a nostalgic link to the past, and are a tangible symbol of Singapore's heritage.

SINGAPORE'S SAMSUI WOMEN

The story of the Samsui Women's struggle for a better life is written all over early Singapore. A bright splash of colour in 1930s Chinatown with their trademark red "hats". These sturdy, resilient women were amongst the pioneers who toiled to build historical Singapore.

Life was tough in those days and they were only able to celebrate the most important moments in their lives during Chinese New Year. Hence the significance of the famous "Samsui Ginger Chicken" dish for which they scrimped, saved and looked forward to all year round.

THE STORY OF "SAMSUI GINGER CHICKEN"

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.

ABOUT DIAN XIAO ER



Dian Xiao Er symbolises a pit-stop for travellers (customers) to rest and replenish their energy fully before setting off to continue their hectic journeys again. Dian Xiao Er not only provides to the travellers a place of warmth, satisfaction and happiness as they indulge in the delectable dishes, it is also a place for them to interact and build relationships with one another. Dian Xiao Er also symbolises an element of blessing and fellowship as everyone is brought together in Dian Xiao Er.

The ambience at Dian Xiao Er is intentionally planned to be rustic and raw with the careful selection of materials to complement the freshness of the herbal roast ducks which are prepared and roasted in the display kitchen daily. Customers can expect to experience a choice of dining ambience varying from dining inside a traditional Chinese inn to dining inside a rustic timber shed at the foot of a stone cliff.

HISTORY AND 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 Ci Xi have always enjoyed a vast variety of roast duck. The premier Zhou En Lai, a great fan of roast 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 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 roast duck was the brainchild of a Xiao Er (waiter) in a roast 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 Roast Duck became the specialty of the restaurant.

WHAT'S SO SPECIAL ABOUT OUR HERBAL ROAST DUCK?

We choose Cherry valley ducks of the finest quality; naturally breed off the lakeside. We take great care in the selections and preparation of our ingredients. Our ducks are prepared and freshly roasted daily. The ducks are first marinated with a myriad of herbs and spices for hours, thereafter roasted with appropriate temperature to keep them from drying out in the oven. A duck roasted in this manner is crisp to the touch and golden brown in appearance; its flesh is both tender and juicy together with an overwhelming herbs fragrance. It is definitely a mouth-watering temptation impossible to resist. Truly sensational!!!

CHAIRMAN'S MESSAGE

CHAIRMAN'S MESSAGE

Dear Shareholders, on behalf of the Board of Directors, it is my pleasure to report that the Group had emerged with a set of sterling results for the financial year ended 31 December 2010 ("FY2010").

BUSINESS REVIEW

In contrast to 2009, which was the crisis year, the year under review was a year of V-shaped recovery and had benefited many businesses, including ours. I am pleased to report that we had again achieved record revenue and profits for the year.

The Group's revenue rose by S\$8.0 million to S\$53.1 million in FY2010, driven by additional contributions from new outlets and higher revenue registered by existing outlets. This was an increase of 17.9% from the previous financial year, mainly due to higher customer patronage and consumer spending amidst the improving economic conditions. Our efforts in cost management proved to be fruitful in keeping raw materials and staff costs under control. Net profit before income tax was at record high of S\$5.9 million or 11.2% of revenue, up by 39.5% from S\$4.3 million in the previous year.

The Group's earnings per share was 1.27 cents, up from 0.98 cent per share for the financial year ended 31 December 2009 ("FY2009") due to higher sales and better gross margins. However, net asset value per share dropped slightly to 5.56 cents per share, as compared to 5.64 cents per share as at 31 December 2009, attributed to an interim and special dividend payout of S\$3.0 million in August 2010.

The Group was in a healthy financial position with net assets at S\$20.2 million and equity attributable to shareholders at S\$16.6 million. Our strong cash flow position also puts the Group in an excellent position to seize any opportunities which may arise as the economy improves.

During the year, we continued to make our presence felt in the local food and beverage market. As part of our expansion plan, we opened a "Soup Restaurant" outlet and a "Dian Xiao Er" outlet at NEX, one of Singapore's newest mega-malls located in Serangoon Central. However, we closed our "Soup Restaurant" outlet at DFS Scottswalk due to the end of the lease. One outlet was also relocated due to the landlord's decision to revamp the mall. Our "Soup Restaurant" outlet at Compass Point was refurbished to give customers a vibrant and comfortable ambience in June 2010.

The opening of the two integrated resorts proved to be a boost to the Singapore economy and we saw a record number of tourist arrivals for the past year. Our outlets located at VivoCity, Paragon, Suntec City and Changi Airport had capitalised on the increased number of tourists and higher local shopper traffic and recorded improved sales during the year.

DIVIDENDS

I am also pleased to announce that in line with the sterling results, the Board of Directors is proposing a final dividend of 0.5 cent per ordinary share, which was 42.9% higher than FY2009's final payout, to reward our shareholders. Together with the interim and special dividend of 0.35 cent and 0.65 cent per ordinary share respectively paid in August 2010, the total dividend for FY2010 amounted to about 145.9% of the financial year's profit attributable to equity holders. The proposed dividends are subject to the approval of our shareholders to be obtained during the upcoming Annual General Meeting.

OUTLOOK

The local economy is expected to grow at a modest rate after a sharp rebound in 2010 and remains vulnerable to the downside risks that may arise in the global economies. As such, we are cautiously optimistic about our operating prospects for the year ahead as long as there is no significant deterioration in the market conditions.



CHAIRMAN'S MESSAGE

Moving forward, we will strive to improve our same store sales and expand our menu range. We will place emphasis on coming up with new food and beverage concepts to increase our market share. With more players in the marketplace and consumers are now pampered with more choices, we see the need to upgrade our service staff through training to improve our services to stay competitive. Raw material prices are also expected to rise this year due to cost pressure and rising demand and we will manage such increase through direct import whenever possible. We will seek ways to improve staff productivity to reduce the impact of rising staff costs which arise from higher levies and competition for service staff in the food and beverage industry.

APPRECIATION

Once again, I would like to extend my heartfelt thanks to our shareholders, customers and business partners for their support, and our employees for their dedication and commitment. I look forward to your continued support in the year ahead.

Mok Yip Peng
Chairman and Managing Director
25 March 2011

FINANCIAL HIGHLIGHTS

	FY2006	FY2007	FY2008	FY2009	FY2010
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue and Profitability					
Revenue	21,893	33,985	39,953	45,055	53,126
Profit before income tax	2,857	4,570	5,520	4,251	5,932
Profit attributable to equity holders	2,208	3,226	3,410	2,747	3,785
Financial Position					
Total assets	8,672	17,563	21,660	25,261	27,565
Total liabilities	3,690	4,769	6,514	5,979	7,389
Equity attributable to equity holders	4,634	11,912	13,331	16,840	16,595
Cash Flow Position					
Net cash from operating activities	2,008	5,952	5,860	4,904	7,210
Net cash used in investing activities	(688)	(1,965)	(2,169)	(2,641)	(2,039)
Net cash (used in)/ from financing activities	(158)	3,824	(1,001)	(473)	(4,030)
Cash and cash equivalents	3,672	11,483	14,173	15,963	17,104
Per Share (Cents)*					
Earnings per share	0.74	1.08	1.14	0.92	1.27
Net asset value per share	1.55	3.99	4.47	5.64	5.56
Financial Ratios					
Profit margin (%)	13.0	13.4	13.8	9.4	11.2
Return on shareholders' equity (%)	47.7	27.1	25.6	16.3	22.8

*Based on 298,500,000 ordinary shares in issue as at 31 December 2010.

OPERATING AND FINANCIAL REVIEW

REVENUE AND PROFITABILITY

The Group reported an increase in revenue of S\$8.0 million or 17.9% to S\$53.1 million in FY2010, as compared to S\$45.1 million in FY2009, attributed mainly by the additional contributions from seven new outlets which commenced operations since April 2009. Revenue from "Dian Xiao Er" chain of restaurants continued to constitute a significant portion of the Group's revenue and was 45.3% in the financial year under review. The two new outlets at NEX in Serangoon Central did not have a material impact on the Group's revenue for FY2010 as they only commenced operations in December 2010.

Revenue from existing outlets rose by S\$3.7 million or 8.9% due to an increase in the number of customers as well as higher per head spending amidst the improving economic conditions. In particular, the two outlets located at Changi Airport recorded double-digits growth in revenue during the year with the arrival of more tourists and higher volume of local shoppers.

Purchases and other consumables were higher in tandem with increased revenue by S\$1.6 million or 4.5% to S\$13.3 million in FY2010 but remained fairly the same at 25.0% of revenue, as compared to 25.9% in the previous year. This was a result of the Group's efforts to keep costs under control amidst rising prices of certain raw materials due to adverse weather conditions and higher demand.

With the increase headcount associated with the opening of new outlets during the year, employee benefits expenses rose to S\$16.2 million or 4.5% from S\$15.5 million in FY2009. The increase in CPF rates and foreign worker levies also contributed to the increase in staff costs.

Depreciation of plant and equipment rose slightly by S\$0.1 million to S\$1.9 million in FY2010 as the additional depreciation for new fixed assets acquired for the new outlets was offset by the drop in depreciation for assets which had been fully depreciated during the year.

Rental of premises, being a significant portion of other operating expenses, was higher by S\$1.5 million to S\$8.9 million in FY2010 due primarily to the lease of new outlets as well as increase in rental rates for existing outlets. Beside rental, the increase of 24.7% in other operating expenses to S\$16.5 million also resulted mainly from an increase in utilities, professional fees and advertising expenses.

Other income was lower by S\$0.8 million, compared to S\$1.4 million in FY2009 due to the absence of one-time franchise fee recorded in FY2009 and lower government grant of S\$0.1 million from Jobs Credit Scheme in FY2010.

Consequently, the Group reported a profit before income tax of S\$5.9 million in FY2010, which was higher by S\$1.7 million than S\$4.3 million in the previous year. Group profit after income tax stood at S\$4.9 million after an income tax of S\$1.0 million.

FINANCIAL AND CASH FLOW POSITION

Plant and equipment increased by S\$0.8 million to S\$6.4 million in FY2010 with the acquisition of new assets for the new outlets opened and refurbishment to existing outlet during the year. Trade and other receivables were higher by S\$0.3 million at S\$3.9 million, compared to S\$3.6 million in FY2009 mainly due to additional security deposits for the new outlets. The Group's financial position was strongly supported a healthy current ratio of 3.1. The Group recorded total assets of S\$27.6 million, up by S\$2.3 million in FY2009.

Trade and other payables increased to S\$5.3 million in FY2010 as a result of higher accrued operating expenses and other payables to contractors and vendors. There was a slight increase in provisions to S\$0.6 million for the provision for restatement costs for the new outlets. Current income tax payable almost doubled to S\$0.9 million due to higher profits made for the year under review.

Accumulated profits remained at S\$10.0 million in FY2010 as the current year profits of S\$3.8 million was offset by a final dividend of S\$1.0 million paid in May 2010 for FY2009 and a special and interim dividend payout of S\$3.0 million for FY2010 in August 2010. As such, total attributable to equity holders dropped slightly to S\$16.6 million as at 31 December 2010.

Net cash from operating activities improved by S\$2.3 million from S\$4.9 million to S\$7.2 million in FY2010 mainly due to profits generated during the year. Net cash used in investing activities fell by S\$0.6 million to S\$2.0 million with lower capital expenditure on plant and equipment. Net cash used in financing activities amounted to S\$4.0 million as dividend payout to shareholders during the year under review. Notwithstanding that, the Group's cash and cash equivalents stood strongly at S\$17.1 million, with S\$8.1 million in interest-bearing accounts.



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 19 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 nine 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. He is also appointed the Non-Executive Director of one of the subsidiary company, Y.E.S F & B Group Pte. Ltd. with effect from 1 April 2009. Mr Then has over 20 years of experience in the petroleum industry and sits on the Board of several companies. He set up his own company, Then Petrol (S) Pte Ltd in 1997. He brings a vast network of contacts and provides valuable experience in corporate management to the Company.

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 also appointed the Non-Executive Director of one of the subsidiary company, Y.E.S F & B Group Pte. Ltd. with effect from 1 April 2009. He is the Chairman of SIM University's Board of Trustees and the Chairman of NSL 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. 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.

BOARD OF DIRECTORS

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 before he left in 2004. He is currently the chief financial officer of Youcan Foods International Limited (a SGX-ST listed company) 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 KJ 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 and public listed 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, New Ventures)

Mr Ng, is responsible for the new venture development of the Group. He has over 15 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. He also obtained a Master of Business Administration (Entrepreneurial Management) from Entrepreneurship Institute Australia in 2009.

KEY EXECUTIVES

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.

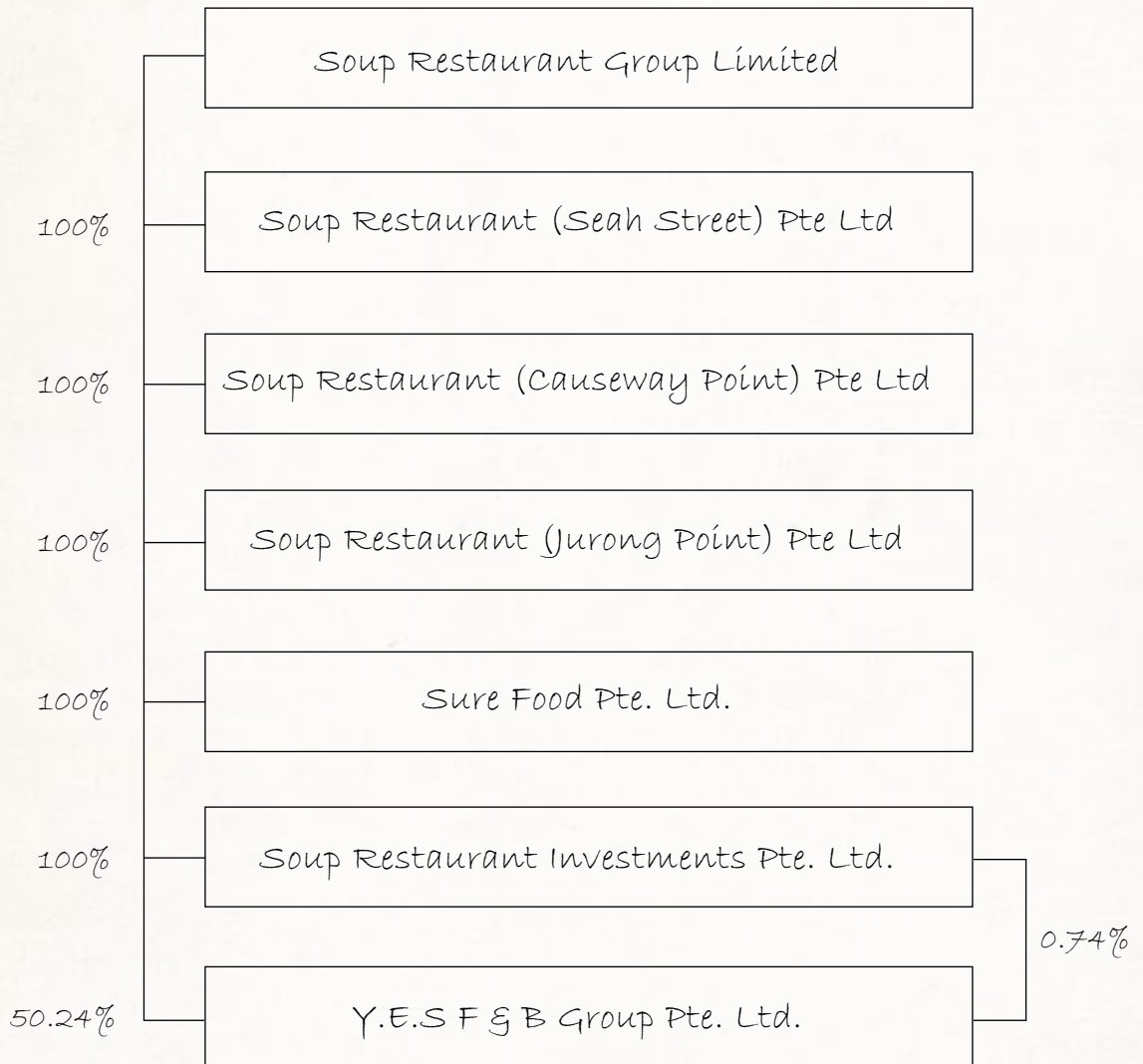
TOH YEN SANG (Senior Manager, Finance)

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. 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, HR & Administration)

Ms Ng, manages the Group's overall human resource and administration 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 STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

MOK YIP PENG (Executive Chairman and Managing Director)

Members

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)

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

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

AUDITORS

BDO LLP

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 AUDITORS

Crowe 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@souprestaurant.com.sg

Website: www.souprestaurant.com.sg

Corporate Governance Report

The Board of Directors is committed to uphold the highest standards of corporate governance and confirms compliance with the Code of Corporate Governance, except for Principle 3 where the Chairman and CEO should be separate persons for the reason explained below.

This report outlines the Company's corporate governance practices and activities for the financial year ended 31 December 2010.

(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.

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 2010 are disclosed below:

Name	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	held	attended	held	attended	held	attended	held	attended
Mok Yip Peng	5	5	2	2	1	1	2	2
Wong Wei Teck	5	5	2	2	1	1	2	2
Then Khek Koon	5	4	2	2	1	1	2	2
Prof Cham Tao Soon	5	5	2	2	1	1	2	2
Chua Koh Ming	5	5	2	2	1	1	2	2
Jong Voon Hoo	5	5	2	2	1	1	2	2
Saw Meng Tee	5	4	2	2	1	1	2	2

Matters that require the Board's approval include the approval of results announcements, annual reports and financial statements, declaration of interim dividends and proposal of final dividends and corporate strategies as well as the authorisation of major transactions and 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.

Corporate Governance Report

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.

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, Professor Cham Tao Soon was appointed 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;

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- (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.

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 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 his 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.

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 fulfil his role and responsibilities as a director.

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(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 renewed the service agreements with the two Executive Directors, namely Mok Yip Peng and Wong Wei Teck for another three years and shall automatically expire at the end of the 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 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.

Principle 9: Disclosure on Remuneration

A breakdown, showing the level and mix of each director's remuneration for the year ended 31 December 2010 is as follows:

DIRECTORS	Salary ⁽ⁱ⁾	Bonus	Performance Bonus	Directors' Fee ⁽ⁱⁱ⁾	Total
Remuneration Band	%	%	%	%	%
S\$250,000 and above					
Mok Yip Peng	73	2	25	–	100
Wong Wei Teck	76	2	22	–	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

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The summary of top 5 key executives' remuneration for the year ended 31 December 2010 is as follows:

KEY EXECUTIVES	Salary ⁽ⁱ⁾	Bonus	Performance Bonus	Directors' Fee ⁽ⁱⁱ⁾	Total
Remuneration Band	%	%	%	%	%
Below S\$250,000					
Victor Lee Ngai Meng	85	15	–	–	100
Ng Eng Chyuan	85	15	–	–	100
Chan Chee Hung	85	15	–	–	100
Toh Yen Sang ⁽ⁱⁱⁱ⁾	85	15	–	–	100
Audrey Ng Wee Yen	85	15	–	–	100

Notes:

- (i) Salary is inclusive of CPF contribution.
- (ii) Directors' fees are only payable after approval by shareholders at a general meeting.
- (iii) 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.

(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 the external auditors' reports;
- (g) review the co-operation given by the Company's officers to the external auditors;

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- (h) review and approve interested person transactions, if any; and
- (i) 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.

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 LLP, 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 continued to engage Crowe Horwath First Trust Risk Advisory Pte Ltd as internal auditors to review the internal control system of the Group. The internal auditors will report their findings to the Audit Committee periodically and work closely with the external auditors.

Non-compliance and internal control weaknesses noted during the internal audit and the recommendations thereof are reported to the Audit Committee as part of the review of the Group's internal control system. To ensure the adequacy of the internal audit function, the Audit Committee reviews the internal auditors' scope of work on an annual basis.

The Audit Committee and the Board are satisfied that there are adequate internal controls in the Group.

(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.

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MATERIAL CONTRACTS

(Listing Manual Rule 1207(8))

There is no material contract entered into by the Company and its subsidiary companies involving the interests of the CEO, Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

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

The Company has implemented a set of procedures for the identification of interested persons and the recording of interested person transactions to be reviewed by the Audit Committee.

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 2010 that exceeded the stipulated threshold as specified in Chapter 9 of the Listing Manual.

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.

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 2010, the statement of financial position of the Company as at 31 December 2010 and the statement of changes in equity of the Company for the financial year ended 31 December 2010.

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 1.1.2010	Balance as at 31.12.2010	Balance as at 1.1.2010	Balance as at 31.12.2010
The Company	Number of ordinary shares			
Mok Yip Peng	55,683,600	55,683,600	–	–
Wong Wei Teck	41,091,900	41,091,900	–	–
Then Khek Koon	–	–	33,945,000	27,945,000
Professor Cham Tao Soon	300,000	300,000	–	200,000
Chua Koh Ming	300,000	300,000	–	–
Jong Voon Hoo	300,000	300,000	–	–
Saw Meng Tee (Su Mingzhi)	300,000	300,000	–	–

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 2011 in the shares of the Company have not changed from those disclosed as at 31 December 2010.

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 required to be 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 performs the functions specified in Section 201B(5) of the Act, the SGX Listing Manual and the Code of Corporate Governance.

In performing its functions, the Audit Committee met with the Company's external and internal auditors to review the audit plans and overall scope of examination by the internal and external auditors and the reports of the internal auditors' examination and evaluation of the Group's systems of internal accounting control.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company prior to their submission to the Directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any Director or executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting. The Audit Committee has carried out an annual review of non-audit services provided by the external auditors to satisfy itself that the nature and extend of such services will not prejudice the independence and objectivity of the external auditors.

Report of the Directors

7. Auditors

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

On behalf of the Board of Directors

Mok Yip Peng
Director

Singapore
25 March 2011

Wong Wei Teck
Director

Statement by Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of Company are drawn up 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 2010 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; 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

Singapore
25 March 2011

Wong Wei Teck
Director

Independent Auditors' Report

to the Members of Soup Restaurant Group Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Soup Restaurant Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and of the Company as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

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 about 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 of the financial statements that give a true and fair view 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.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes of 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 2010 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.

Report on Other Legal and Regulatory Requirements

In our opinion, 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 LLP

Public Accountants and
Certified Public Accountants

Singapore
25 March 2011

Statements of Financial Position

As at 31 December 2010

	Note	Group		Company	
		2010 \$	2009 \$	2010 \$	2009 \$
Non-current assets					
Plant and equipment	4	6,394,727	5,585,601	407,241	303,582
Investments in subsidiaries	5	–	–	694,161	494,161
Intangible assets	6	11,605	11,846	–	–
		6,406,332	5,597,447	1,101,402	797,743
Current assets					
Inventories	7	145,746	53,419	145,746	53,419
Trade and other receivables	8	3,908,635	3,646,908	1,808,115	699,627
Fixed deposits with banks	9	6,040,990	6,027,136	6,040,990	6,027,136
Cash and bank balances	9	11,063,035	9,936,388	2,759,044	5,944,375
		21,158,406	19,663,851	10,753,895	12,724,557
Less:					
Current liabilities					
Trade and other payables	10	5,284,830	4,438,604	2,158,818	2,862,111
Provisions	11	612,302	560,060	46,098	72,758
Current income tax payable		867,156	487,095	–	15,762
		6,764,288	5,485,759	2,204,916	2,950,631
Net current assets		14,394,118	14,178,092	8,548,979	9,773,926
Non-current liability					
Deferred tax liabilities	12	(624,827)	(493,165)	(16,200)	(23,441)
Net assets		20,175,623	19,282,374	9,634,181	10,548,228
Equity					
Share capital	13	6,592,761	6,592,761	6,592,761	6,592,761
Accumulated profits		10,002,467	10,246,895	3,041,420	3,955,467
Equity attributable to owners of the Company					
		16,595,228	16,839,656	9,634,181	10,548,228
Non-controlling interests		3,580,395	2,442,718	–	–
Total equity		20,175,623	19,282,374	9,634,181	10,548,228

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

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 31 December 2010

	Note	2010 \$	2009 \$
Revenue	14	53,125,922	45,055,343
Other income	15	590,988	1,369,282
Changes in inventories		92,327	(8,852)
Purchases and other consumables		(13,283,106)	(11,650,638)
Employee benefits expenses	16	(16,156,414)	(15,463,084)
Depreciation and amortisation expenses	4/6	(1,909,823)	(1,805,253)
Other expenses		(16,499,350)	(13,236,749)
Finance costs	17	(28,950)	(8,776)
Profit before income tax	18	5,931,594	4,251,273
Income tax expense	19	(1,008,595)	(676,411)
Net profit for the year, representing total comprehensive income for the year		4,922,999	3,574,862
Profit for the year and total comprehensive income attributable to:			
- Owners of the Company		3,785,322	2,746,818
- Non-controlling interests		1,137,677	828,044
		4,922,999	3,574,862
Earnings per share attributable to owners of the Company (cents)			
Basic	20	1.27	0.98
Diluted	20	1.27	0.98

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

Statements of Changes in Equity

For the Financial Year Ended 31 December 2010

Group	Note	Equity attributable to owners of the Company			Non- controlling interests	Total equity
		Share capital	Accumulated profits	Total		
		\$	\$	\$	\$	\$
Balance at 1.1.2010		6,592,761	10,246,895	16,839,656	2,442,718	19,282,374
Total comprehensive income for the year		–	3,785,322	3,785,322	1,137,677	4,922,999
Dividends	21	–	(4,029,750)	(4,029,750)	–	(4,029,750)
Balance at 31.12.2010		6,592,761	10,002,467	16,595,228	3,580,395	20,175,623
Balance at 1.1.2009		4,786,556	8,544,827	13,331,383	1,814,674	15,146,057
Total comprehensive income for the year		–	2,746,818	2,746,818	828,044	3,574,862
Issuance of new shares	13	1,990,000	–	1,990,000	–	1,990,000
Share issue expenses	13	(183,795)	–	(183,795)	–	(183,795)
Dividends	21	–	(1,044,750)	(1,044,750)	–	(1,044,750)
Dividends paid to non- controlling interests		–	–	–	(200,000)	(200,000)
Balance at 31.12.2009		6,592,761	10,246,895	16,839,656	2,442,718	19,282,374

Company	Note	Share capital	Accumulated profits	Total
		\$	\$	\$
Balance at 1.1.2010		6,592,761	3,955,467	10,548,228
Total comprehensive income for the year		–	3,115,703	3,115,703
Dividends	21	–	(4,029,750)	(4,029,750)
Balance at 31.12.2010		6,592,761	3,041,420	9,634,181
Balance at 1.1.2009		4,786,556	4,013,078	8,799,634
Total comprehensive income for the year		–	987,139	987,139
Issuance of shares	13	1,990,000	–	1,990,000
Share issue expenses	13	(183,795)	–	(183,795)
Dividends	21	–	(1,044,750)	(1,044,750)
Balance at 31.12.2009		6,592,761	3,955,467	10,548,228

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

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Profit before income tax		5,931,594	4,251,273
Adjustments for:			
Amortisation of intangible assets	6	1,369	1,316
Depreciation of plant and equipment	4	1,908,454	1,805,253
Interest expense	17	28,950	8,776
Interest income		(29,068)	(36,908)
Net (gain)/loss on disposal of plant and equipment	15/18	(4,703)	13,873
Plant and equipment written off	18	14,242	61,999
Operating profit before working capital changes		7,850,838	6,105,582
Working capital changes:			
Inventories		(92,327)	8,852
Trade and other receivables		(261,727)	(485,410)
Trade and other payables		180,596	183,696
Cash generated from operations		7,677,380	5,812,720
Income taxes paid		(496,872)	(940,225)
Interest paid		-	(5,096)
Interest received		29,068	36,908
Net cash from operating activities		7,209,576	4,904,307
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		6,100	30,000
Purchase of plant and equipment	4	(2,044,297)	(2,657,978)
Purchase of intangible assets	6	(1,128)	(13,162)
Net cash used in investing activities		(2,039,325)	(2,641,140)
Cash flows from financing activities			
Dividends paid		(4,029,750)	(2,039,750)
Dividends paid to non-controlling interests		-	(200,000)
Net proceeds from issuance of new shares	13	-	1,806,205
Repayments of finance lease obligations		-	(39,000)
Net cash used in financing activities		(4,029,750)	(472,545)
Net change in cash and cash equivalents		1,140,501	1,790,622
Cash and cash equivalents at beginning of financial year		15,963,524	14,172,902
Cash and cash equivalents at end of financial year	9	17,104,025	15,963,524

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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

1. General corporate information

The statement of financial position 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 2010 were authorised for issue in accordance with a Directors’ resolution dated 25 March 2011.

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

2.1 Basis of preparation of financial statements

The financial statements are 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 statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar, which is the functional and presentation currency of the Company and the presentation currency for the consolidated financial statements.

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 end of the financial year, 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.

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, except as disclosed below:

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS 27 (2009) Consolidated and Separate Financial Statements

Changes in the accounting policies resulting from the adoption of FRS 27 (2009) include the following:

- Effects of all transactions with non-controlling interests are to be recorded in equity if there are no changes in control and these transactions will no longer result in goodwill or gains and losses.
- In the event where control is lost, any remaining interests in the entity are remeasured to fair value, and a gain or loss is recognised in the profit or loss.

The Group has applied FRS 27 (2009) prospectively to transactions with non-controlling interests from 1 January 2010. There were no transactions with non-controlling interests in the current financial year. Accordingly the changes do not have any impact on the financial statements for the current financial year.

FRS 103 (2009) Business Combinations

Changes in the accounting policies resulting from the adoption of FRS 103 (2009) include the following:

- All considerations given to purchase a business are to be recorded at fair value at the acquisition date, with contingent considerations classified as debt subsequently re-measured through profit or loss if the fair value changes were to take place after the measurement period.
- The Group has a choice on an acquisition-by-acquisition basis to measure the non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's net assets.
- All acquisition-related costs are expensed.

The Group has applied FRS 103 (2009) prospectively to all business combinations taking place from 1 January 2010. The changes do not have any impact on the financial statements for the current financial year.

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRSs and INT FRS that are relevant to the Company were issued but not effective:

	Effective date (annual periods beginning on or after)
FRS 12 - Amendments to FRS12 Deferred Tax: Recovery of Underlying Assets	1 January 2012
FRS 24 - Related Party Disclosures	1 January 2011
FRS 107 - Amendments to FRS107 Disclosures : Transfers of Financial Assets	1 July 2011
INT FRS 119 - Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

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

FRS 24 (2010) Related Party Disclosures

FRS 24 (2010) changes certain requirements for related party disclosures for entities under control, joint control or significant influence of a government (“government-related entities”). FRS 24 (2010) also made related party relations symmetrical between each of the related parties and new relationships were included and clarified in the definition of a related party. The Company will apply the amendments to FRS 24 retrospectively for annual periods beginning on or after 1 January 2011 and is currently determining the impact of the changes to the definition of a related party on the related disclosures. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Company when implemented in 2011.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries are identified separately from the Group’s equity therein. Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the fair value of the acquiree’s identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests’ share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss.

2.3 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 loss, 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.

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

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	6
Kitchen equipment	6
Motor vehicles	6 - 10
Office equipment	3 - 6
Renovation	1 - 6

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.3 Plant and equipment (Continued)

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.

2.4 Intangible assets

Trademarks

Trademarks are stated at cost less accumulated amortisation and accumulated impairment loss, if any. These costs are amortised to profit or loss using the straight-line method over 10 years, which is the periods of contractual rights.

2.5 Impairment of tangible and intangible assets

The carrying amounts of the Group's and the Company's tangible and intangible assets are reviewed at the end of financial year to determine whether there is any indication of impairment loss. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss 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 largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

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 the end of financial year as to whether there is any indication that an impairment loss 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 loss 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 loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment loss 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 and amortisation, if no impairment loss has been recognised. Reversals of impairment loss are recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss recognised in profit or loss in prior periods is treated as a revaluation increase. After such a reversal, the depreciation or amortisation 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.6 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.

2.7 Financial assets

The Group and the Company classify their financial assets as loans and receivables. 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 end of the financial year, where allowed and appropriate.

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” and “fixed deposits with banks” and “cash and bank balances” on the statements of financial position.

Recognition and derecognition

Financial assets are recognised on the statements of financial position 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 financial assets 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 profit or loss.

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 loss, if any.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating the interest income or expense over the relevant period. The effective interest rate exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.7 Financial assets (Continued)

Impairment

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

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 loss is recognised in profit or loss.

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

2.8 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 profit or loss when the liabilities are derecognised as well as through the amortisation process.

Recognition and derecognition

Financial liabilities are recognised on the statements of financial position 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 profit or loss.

2.9 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 end of the financial year, and are discounted to present value where the effect is material.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.10 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.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, which are subject to insignificant risk of changes in value.

2.12 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 profit or loss using the effective interest method.

Master franchise fee is recognised upon the grant of rights, completion of the designated phases of the franchise setup and transfer of know-how to the franchisee in accordance with the terms stated in the franchise agreement. Unit franchise fee is recognised when the right to receive payment has been established, which generally coincides with the commencement of operations of each restaurant.

2.13 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in profit or loss 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 end of the financial year.

2.14 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.14 Government grants (Continued)

Jobs Credit Scheme ("JCS")

The Singapore government introduced a cash grant known as the Jobs Credit Scheme in its Budget for 2009 in a bid to help businesses preserve jobs in the economic downturn. The amounts received for jobs credit are to be paid to eligible employers in 2009 in four payments and the amount an employer can receive would depend on the fulfillment of the conditions as stated in the Scheme.

In October 2009, the Government announced that the Jobs Credit Scheme would be extended for half a year with another two payments at stepped-down rates in March and June 2010 based on 6% of wages to be paid in March 2010 and 3% of wages to be paid in June 2010.

Flexi-Works! Scheme ("FW")

Flexi-Works! is an initiative by Singapore Workforce Development Agency and National Trade Union Congress for companies to hire new workers on part-time or flexible work arrangements. The scheme offers a grant of up to \$100,000 to support a company's efforts in introducing flexible work arrangements and for recruiting eligible workers on part-time or flexible work arrangements. This programme has been extended to run from 1 April 2010 to 31 December 2012.

Skills Programme for Upgrading and Resilience Scheme ("SPUR")

SPUR is an enhanced funding scheme developed to scale up training programmes to help companies and workers during the recent economic downturn and build strong capabilities for the recovery. It helps employers to better manage their excess manpower during the downturn and upgrade their workers and capabilities to strengthen business competitiveness when the economy recovers.

Capability Development Scheme (Enterprise) ("CDS")

CDS is a scheme to facilitate the development of a broad range of firm-level capabilities for the purpose of developing key competencies for long-term growth, including boosting service standards, developing technology innovations, or grooming business leaders. These capability programmes enable enterprises to successfully compete and grow in the global marketplace. Examples include branding, design, intellectual property, manpower, franchising and licensing, joint venture, market studies and e-commerce. The government will support certain percentage of capability development costs for the following eligible areas: manpower, hardware and software costs, engagement of third-party consultants, and acquisition of relevant intellectual property.

Recognition

The Group recognises the amounts received for JCS, FW, and SPUR at their fair value as other income in the month of receipt of these grants from the government.

CDS grant is not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The CDS grant is recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

2. Summary of significant accounting policies (Continued)

2.15 Leases

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 profit or loss 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 profit or loss in the financial year in which they are incurred.

2.16 Borrowing costs

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

2.17 Income tax expense

Income tax expense for the financial year comprises current and deferred taxes. Income tax expense is recognised in profit or loss 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 end of the financial year, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using liability method, for temporary differences at the end of the financial year 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 end of the financial year.

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 the end of each financial year 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 the end of each financial year 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.

2.18 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 2010

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 end of the financial year, 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 2010 were \$6,394,727 (2009: \$5,585,601) and \$407,241 (2009: \$303,582) 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 loss of trade and other receivables

The management establishes allowance for impairment loss 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 2010 were \$3,908,635 (2009: \$3,646,908) and \$1,808,115 (2009: \$699,627) respectively.

(iii) Income tax expense

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 2010 was \$867,156 (2009: \$487,095) and \$Nil (2009: \$15,762) respectively. The carrying amounts of the Group's and the Company's deferred tax liabilities at 31 December 2010 were \$624,827 (2009: \$493,165) and \$16,200 (2009: \$23,441) respectively.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

4. Plant and equipment

Group	Air- conditioners \$	Computer \$	Electrical equipment \$	Furniture and fittings \$	Kitchen equipment \$	Motor vehicles \$	Office equipment \$	Renovation \$	Total \$
2010									
Cost									
Balance at 1.1.2010	946,526	368,849	905,539	1,263,880	2,337,054	123,547	78,285	4,853,589	10,877,269
Additions	276,068	136,475	137,408	492,877	470,394	-	7,499	1,212,498	2,733,219
Disposals	-	-	-	(49,780)	(60,043)	-	-	-	(109,823)
Written off	(31,234)	(11,482)	(63,464)	(38,818)	(81,344)	-	(4,301)	(236,238)	(466,881)
Balance at 31.12.2010	1,191,360	493,842	979,483	1,668,159	2,666,061	123,547	81,483	5,829,849	13,033,784
Accumulated depreciation									
Balance at 1.1.2010	345,612	187,345	384,592	512,015	975,502	105,569	49,992	2,731,041	5,291,668
Depreciation for the financial year	157,369	107,902	148,043	213,043	381,073	12,149	11,340	877,535	1,908,454
Disposals	-	-	-	(49,746)	(58,680)	-	-	-	(108,426)
Written off	(31,234)	(11,142)	(60,047)	(38,818)	(73,906)	-	(4,301)	(233,191)	(452,639)
Balance at 31.12.2010	471,747	284,105	472,588	636,494	1,223,989	117,718	57,031	3,375,385	6,639,057
Net book value									
Balance at 31.12.2010	719,613	209,737	506,895	1,031,665	1,442,072	5,829	24,452	2,454,464	6,394,727

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

4. Plant and equipment (Continued)

Group	Air- conditioners \$	Computer \$	Electrical equipment \$	Furniture and fittings \$	Kitchen equipment \$	Motor vehicles \$	Office equipment \$	Renovation \$	Total \$
2009									
Cost									
Balance at 1.1.2009	731,082	220,035	682,248	840,458	1,804,352	191,535	72,729	3,734,277	8,276,716
Additions	255,794	148,814	280,175	481,798	627,906	-	9,750	1,429,006	3,233,243
Disposals	-	-	-	-	(58,295)	(67,988)	-	-	(126,283)
Written off	(40,350)	-	(56,884)	(58,376)	(36,909)	-	(4,194)	(309,694)	(506,407)
Balance at 31.12.2009	946,526	368,849	905,539	1,263,880	2,337,054	123,547	78,285	4,853,589	10,877,269
Accumulated depreciation									
Balance at 1.1.2009	244,274	84,798	289,483	407,644	743,334	117,103	37,367	2,089,230	4,013,233
Depreciation for the financial year	131,092	102,547	134,909	147,544	309,466	12,830	15,360	951,505	1,805,253
Disposals	-	-	-	-	(58,046)	(24,364)	-	-	(82,410)
Written off	(29,754)	-	(39,800)	(43,173)	(19,252)	-	(2,735)	(309,694)	(444,408)
Balance at 31.12.2009	345,612	187,345	384,592	512,015	975,502	105,569	49,992	2,731,041	5,291,668
Net book value									
Balance at 31.12.2009	600,914	181,504	520,947	751,865	1,361,552	17,978	28,293	2,122,548	5,585,601

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

4. Plant and equipment (Continued)

Company	Air- conditioners \$	Computer equipment \$	Electrical equipment \$	Furniture and fittings \$	Kitchen equipment \$	Motor vehicles \$	Office equipment \$	Renovation \$	Total \$
2010									
Cost									
Balance at 1.1.2010	98,334	97,016	126,674	190,263	438,627	133,179	28,822	437,985	1,550,900
Additions	16,511	32,849	(1,696)	57,230	22,336	-	4,088	118,700	250,018
Disposals	-	-	-	(49,780)	(60,043)	-	-	-	(109,823)
Transfer	-	-	-	-	(13,585)	-	-	-	(13,585)
Written off	(31,234)	(5,426)	(41,496)	(38,818)	(34,383)	-	(4,301)	(233,588)	(389,246)
Balance at 31.12.2010	83,611	124,439	83,482	158,895	352,952	133,179	28,609	323,097	1,288,264
Accumulated depreciation									
Balance at 1.1.2010	97,403	58,745	90,722	133,859	349,085	115,201	16,204	386,099	1,247,318
Depreciation for the financial year	2,935	24,158	5,995	17,166	23,531	12,149	3,687	53,412	143,033
Disposals	-	-	-	(49,747)	(58,680)	-	-	-	(108,427)
Transfer	-	-	-	-	(13,585)	-	-	-	(13,585)
Written off	(31,234)	(5,159)	(41,496)	(38,817)	(33,117)	-	(4,301)	(233,192)	(387,316)
Balance at 31.12.2010	69,104	77,744	55,221	62,461	267,234	127,350	15,590	206,319	881,023
Net book value									
Balance at 31.12.2010	14,507	46,695	28,261	96,434	85,718	5,829	13,019	116,778	407,241

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

4. Plant and equipment (Continued)

Company	Air- conditioners \$	Computer \$	Electrical equipment \$	Furniture and fittings \$	Kitchen equipment \$	Motor vehicles \$	Office equipment \$	Renovation \$	Total \$
2009									
Cost									
Balance at 1.1.2009	115,784	68,344	115,681	178,923	439,049	133,179	32,373	528,098	1,611,431
Additions	1,100	28,672	36,097	53,190	57,873	-	-	61,096	238,028
Disposals	-	-	-	-	(58,295)	-	-	-	(58,295)
Written off	(18,550)	-	(25,104)	(41,850)	-	-	(3,551)	(151,209)	(240,264)
Balance at 31.12.2009	98,334	97,016	126,674	190,263	438,627	133,179	28,822	437,985	1,550,900
Accumulated depreciation									
Balance at 1.1.2009	113,399	33,283	108,258	159,829	384,489	102,371	14,350	501,461	1,417,440
Depreciation for the financial year	2,554	25,462	6,599	11,220	22,642	12,830	4,190	35,847	121,344
Disposals	-	-	-	-	(58,046)	-	-	-	(58,046)
Written off	(18,550)	-	(24,135)	(37,190)	-	-	(2,336)	(151,209)	(233,420)
Balance at 31.12.2009	97,403	58,745	90,722	133,859	349,085	115,201	16,204	386,099	1,247,318
Net book value									
Balance at 31.12.2009	931	38,271	35,952	56,404	89,542	17,978	12,618	51,886	303,582

Certain kitchen equipment of the Company with net book value of \$Nil were transferred to subsidiaries under the restructuring exercise during the financial year.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

4. Plant and equipment (Continued)

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

	Group	
	2010 \$	2009 \$
Additions of plant and equipment	2,733,219	3,233,243
Provision for dismantlement, removal or restoration	(65,816)	(233,285)
Other payables	(623,106)	(341,980)
Cash payments to acquire plant and equipment	2,044,297	2,657,978

5. Investments in subsidiaries

	Company	
	2010 \$	2009 \$
Unquoted equity shares in corporations, at cost	694,261	494,261
Allowance for impairment loss	(100)	(100)
	694,161	494,161

Movement in allowance for impairment loss is as follows:

	Company	
	2010 \$	2009 \$
Balance at beginning and end of financial year	100	100

On 16 August 2010, the Company has subscribed to additional 200,000 ordinary shares of \$1 each amounting to \$200,000 in one of its subsidiaries, Soup Restaurant (Causeway Point) Pte Ltd for working capital purposes.

The particulars of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interests held	
			2010 %	2009 %
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
Sure Food Pte. Ltd.* (Formerly known as 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.*	Operation of restaurants	Singapore	50.98	50.98

* Audited by BDO LLP, Singapore

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

6. Intangible assets

	Group	
	2010 \$	2009 \$
Trademark		
Cost		
Balance at beginning of financial year	13,162	–
Addition during the financial year	1,128	13,162
Balance at end of financial year	14,290	13,162
Accumulated amortisation		
Balance at beginning of financial year	1,316	–
Amortisation during the financial year	1,369	1,316
Balance at end of financial year	2,685	1,316
Net book value		
Balance at end of financial year	11,605	11,846

7. Inventories

	Group and Company	
	2010 \$	2009 \$
Consumables	145,746	53,419

The cost of inventories recognised as an expense and included in “Purchases and other consumables” in the consolidated statement of comprehensive income during the financial year was \$13,190,779 (2009: \$11,659,490).

8. Trade and other receivables

	Group		Company	
	2010 \$	2009 \$	2010 \$	2009 \$
Trade receivables	268,350	264,485	17,581	54,463
Other receivables	179,385	220,728	70,530	24,985
Rental and utilities deposits	3,341,865	2,970,808	266,619	252,933
Prepayments	119,035	190,887	27,818	16,246
Due from subsidiaries				
- trade	–	–	1,639,062	583,697
- non-trade	–	–	519,601	304,676
- loan	–	–	420,000	420,000
- Allowance for impairment loss	–	–	2,578,663	1,308,373
	–	–	(1,153,096)	(957,373)
	–	–	1,425,567	351,000
	3,908,635	3,646,908	1,808,115	699,627

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

8. Trade and other receivables (Continued)

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

	Company	
	2010	2009
	\$	\$
Balance at beginning of financial year	957,373	474,475
Allowance for impairment loss made during the financial year	195,723	482,898
Balance at end of financial year	1,153,096	957,373

Trade receivables are non-interest bearing and generally on 1 - 30 days' credit terms.

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Allowance for impairment loss of amounts due from subsidiaries of \$195,723 (2009: \$482,898) are recognised in profit or loss subsequent to debt recovery assessment performed on the subsidiaries by the management.

Trade and other receivables are denominated in Singapore dollar.

9. Cash and cash equivalents

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Fixed deposits with banks	6,040,990	6,027,136	6,040,990	6,027,136
Cash and bank balances	11,063,035	9,936,388	2,759,044	5,944,375
	17,104,025	15,963,524	8,800,034	11,971,511

Fixed deposits are placed for tenure of 33 to 94 days (2009: 30 to 182 days) and the effective interest rates on the fixed deposits are approximately 0.09 % to 0.29 % (2009: 0.125% - 1.0325%) per annum.

Cash and cash equivalents are denominated in Singapore dollar.

10. Trade and other payables

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Trade payables	1,768,865	1,612,355	178,990	142,125
Other payables	1,165,716	936,800	160,762	223,857
Accrued operating expenses	2,104,162	1,715,375	598,909	565,805
Unutilised annual leave	246,087	174,074	37,841	34,558
Loans from subsidiaries	-	-	1,182,316	1,895,766
	5,284,830	4,438,604	2,158,818	2,862,111

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

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

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 2010

11. 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	
	2010	2009	2010	2009
	\$	\$	\$	\$
Balance at beginning of financial year	560,060	337,381	72,758	45,714
Provision made during the financial year	65,816	233,285	–	39,758
Utilisation during the financial year	(42,524)	(14,286)	(27,524)	(14,286)
Amortisation of discount	28,950	3,680	864	1,572
Balance at end of financial year	612,302	560,060	46,098	72,758

12. Deferred tax liabilities

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Balance at beginning of financial year	493,165	267,248	23,441	7,941
(Credited)/Charged to profit or loss	131,662	225,917	(7,241)	15,500
Balance at end of financial year	624,827	493,165	16,200	23,441

Recognised deferred tax liabilities are attributable to the following:

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Plant and equipment	690,151	535,367	46,405	41,276
Unutilised annual leave	(41,404)	(29,593)	(6,454)	(5,875)
Others	(23,920)	(12,609)	(23,751)	(11,960)
	624,827	493,165	16,200	23,441

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

13. Share capital

	Group and Company	
	2010	2009
	\$	\$
<i>Issued and fully paid with no par value</i>		
298,500,000 (2009: 99,500,000) ordinary shares at beginning of financial year	6,592,761	4,786,556
Issuance of 199,000,000 ordinary shares on the basis of two rights shares for each existing ordinary share	–	1,990,000
Shares issue expenses	–	(183,795)
298,500,000 (2009: 298,500,000) ordinary shares at end of financial year	6,592,761	6,592,761

The Company has one class of ordinary shares which carries no right to fixed income.

In previous financial year, the Company issued 199,000,000 ordinary shares at \$0.01 for each share for cash on the basis of two rights shares for each existing ordinary share.

14. Revenue

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

15. Other income

	Group	
	2010	2009
	\$	\$
Bank interest income	15,214	15,129
Collaboration fee	42,963	113,252
Fixed deposits interest income	13,854	21,779
Foreign exchange gain	312	–
Franchise fees	125,000	375,000
Gain on disposal of plant and equipment	4,703	–
Government grant		
– Jobs Credit Scheme	129,227	558,896
– Flexi-Works! Scheme	11,017	–
– Skills Programme for Upgrading and Resilience Scheme	16,645	–
– Capability Development Scheme (Enterprise)	–	99,300
Royalty fee	170,926	39,830
Sundry income	61,127	146,096
	590,988	1,369,282

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

16. Employee benefits expenses

	Group	
	2010	2009
	\$	\$
Salaries, bonuses and other benefits	15,232,463	14,656,387
Contributions to defined contribution plans	923,951	806,697
	16,156,414	15,463,084

The above includes the amounts shown as Directors' remuneration in Note 24 to the financial statements.

17. Finance costs

	Group	
	2010	2009
	\$	\$
Amortisation of discount on provision	28,950	3,680
Finance leases interest	–	5,096
	28,950	8,776

18. Profit before income tax

The above is arrived at after charging:

	Group	
	2010	2009
	\$	\$
<i>Other expenses</i>		
Cleaning materials	1,083,272	823,592
Credit card commission charges	638,326	536,528
Directors' fees		
- Directors of the Company	160,000	167,000
- Directors of a subsidiary	10,000	8,000
Net loss on disposal of plant and equipment	–	13,873
Non-audit fees paid to the auditors of the Company	39,430	16,120
Operating lease expenses		
- minimum lease payments		
- premises	7,801,367	6,760,501
- machinery	38,718	19,112
- contingent rents		
- premises	1,143,312	691,367
Plant and equipment written off	14,242	61,999
Repair and maintenance	435,252	350,743
Utilities	2,418,114	1,877,679

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

19. Income tax expense

	Group	
	2010	2009
	\$	\$
Current income tax expense		
- current financial year	875,114	476,992
- under/(over) provision in prior years	1,819	(26,498)
	<u>876,933</u>	<u>450,494</u>
Deferred tax		
- current financial year	124,825	173,164
- under provision in prior years	6,837	52,753
	<u>131,662</u>	<u>225,917</u>
Total income tax expense in consolidated statement of comprehensive income	<u>1,008,595</u>	<u>676,411</u>

Income tax is calculated at 17% (2009: 17%) of the estimated assessable profit for the year.

Reconciliation of effective tax rate

	Group	
	2010	2009
	\$	\$
Profit before income tax	5,931,594	4,251,273
Income tax at statutory tax rate	1,008,370	722,716
Change in corporate tax rate	-	(17,538)
Tax effect of expenses non-deductible for income tax purposes	90,121	41,134
Tax effect of income not subject to income tax	(10,371)	(65,718)
Tax effect of Singapore's statutory stepped income exemption	(103,700)	(61,360)
Under provision in prior years	8,656	26,255
Others	15,519	30,922
	<u>1,008,595</u>	<u>676,411</u>

20. Earnings per share

	Group	
	2010	2009
<i>Earnings per share (cents)</i>		
Basic	1.27	0.98
Diluted	1.27	0.98

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

	Group	
	2010	2009
Net profit attributable to owners of the Company	\$3,785,322	\$2,746,818
Weighted average number of ordinary shares in issue during the financial year	298,500,000	281,053,428

Basic and diluted earnings per share are calculated by dividing the Group's net profit attributable to owners by the weighted average number of shares in issue during the financial year.

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

21. Dividends

	Group and Company	
	2010	2009
	\$	\$
Final tax-exempt dividend paid of \$0.0035 (2009: \$0.0035) per share in respect of the previous financial year	1,044,750	1,044,750
Interim tax-exempt dividend paid of \$0.0035 (2009: Nil) per share in respect of the current financial year	1,044,750	–
Special tax-exempt dividend paid of \$0.0065 per share in respect of the current financial year	1,940,250	–
	4,029,750	1,044,750

The Directors of Company recommend a final tax-exempt dividend of \$0.005 (2009: \$0.0035) per share amounting to \$1,492,500 (2009: \$1,044,750) to be paid in respect of current financial year. This final dividend has not been recognised as a liability at the end of financial year as it is subject to approval at the Annual General Meeting of the Company.

22. Operating lease commitments

The Group and the Company as the lessees

As at the end of the financial year, there were operating lease commitments for rental of premises payable in subsequent accounting periods as follows:

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Not later than one year	7,971,344	7,051,141	594,186	598,347
Later than one year but not later than five years	6,924,401	9,892,445	424,060	1,018,246
	14,895,745	16,943,586	1,018,246	1,616,593

The above lease agreements expire on date between 31 January 2011 to 3 December 2014. 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 2010

23. 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 \$137,499 (2009: \$108,982) and \$762,880 (2009: \$592,473) respectively in excess of the issued and paid-up share capital of the respective subsidiaries as at 31 December 2010 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.

In November 2010, the Company and two of its subsidiaries were served with a Writ of Summons issued by Mr Yik Kuen Koon and Mdm Eliza Gunawan, both shareholders of one of its subsidiaries, Y.E.S F & B Group Pte. Ltd. ("YES"), relating to the actions of the Company as well as certain corporate and commercial actions of YES.

As the litigations are still pending, it is not practicable to state the timing and amount of potential losses, if any. The directors of the Company are of the view that no material losses will arise in respect of the legal claim as at the date of these financial statements.

24. 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	
	2010	2009
	\$	\$
Loan to subsidiaries from the Company	4,250,000	1,635,000
Loan from subsidiaries to the Company	5,150,000	4,670,000
Receipts on behalf of subsidiaries by the Company	67,420	17,052
Settlement of liabilities on behalf of the Company by subsidiaries	94,275	1,100
Settlement of liabilities on behalf of subsidiaries by the Company	349,705	194,882
Royalty fees charged to subsidiaries	502,744	410,868
Sales of foodstuff to subsidiaries by the Company	1,201,286	873,029
Purchase of foodstuff from a subsidiary	3,578	6,964
Dividends received from subsidiaries	3,500,000	2,205,000
Management fees charged to subsidiaries	1,457,250	782,455
Secretarial fees charged to a subsidiary	960	960
Consultancy fees charged to a subsidiary	70,000	74,500

Compensation of key management personnel

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

24. Significant related party transactions (Continued)

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

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Directors' fees	170,000	175,000	130,000	130,000
Short-term benefits	1,280,398	1,984,732	1,001,127	970,432
Post-employment benefits	64,952	79,606	58,557	57,409
	1,515,350	2,239,338	1,189,684	1,157,841

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

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
<i>Directors of the Company</i>				
Directors' fee	160,000	167,000	130,000	130,000
Short-term benefits	654,767	651,680	654,767	651,680
Post-employment benefits	12,110	14,067	12,110	14,067
	826,877	832,747	796,877	795,747
<i>Directors of a subsidiary</i>				
Directors' fee	10,000	8,000	-	-
Short-term benefits	279,271	1,014,300	-	-
Post-employment benefits	6,395	22,197	-	-
	295,666	1,044,497	-	-
	1,122,543	1,877,244	796,877	795,747

25. 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.

26. Financial instruments and financial risk

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.

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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

26. Financial instruments and financial risk (Continued)

26.1 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 impairment loss, 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 and trade and other receivables.

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 2010 \$	Impairment 2010 \$	Gross receivables 2009 \$	Impairment 2009 \$
Group				
Not past due	264,978	–	256,224	–
Past due 0 to 3 months	3,372	–	8,261	–
	268,350	–	264,485	–
Company				
Not past due	14,209	–	46,202	–
Past due 0 to 3 months	3,372	–	8,261	–
	17,581	–	54,463	–

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

26. Financial instruments and financial risk (Continued)

26.1 Credit risk (Continued)

The age analysis of other receivables is as follows:

	Gross receivables 2010 \$	Impairment 2010 \$	Gross receivables 2009 \$	Impairment 2009 \$
Group				
Not past due	97,414	–	200,930	–
Past due 0 to 3 months	81,971	–	19,798	–
	179,385	–	220,728	–
Company				
Not past due	57,409	–	12,531	–
Past due 0 to 3 months	13,121	–	12,454	–
	70,530	–	24,985	–

The amounts due from subsidiaries are repayable on demand. The impaired amounts due from subsidiaries arise mainly from working capital loans to subsidiaries which have suffered significant losses from its operations.

26.2 Market risk

The Group and the Company do not have any exposure to the financial risk arises from changes in foreign exchange rates and interest rates.

26.3 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.

The Group and the Company have no non-current financial liabilities as at the end of financial year.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

27. Capital management 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 capital structure of the Group consists of debts and equity attributable to owners of the Company, comprising of issued capital and accumulated profits.

The Group's and the Company's management review the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group and the Company will balance their 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 2009.

In 2009, the Group and the Company also monitored capital on the basis of debt to equity ratio to ensure that the debt to equity ratio is under 100%. This ratio was calculated as total liabilities divided by equity. Total liabilities are total of "current liabilities" and "non-current liability" as shown in the statements of financial position and equity is "total equity" as shown in the statements of financial position. This ratio has not been used for monitoring the capital structure in 2010 as the total cash and cash equivalents exceeded total liabilities during the current financial year.

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 December 2010 and 2009.

28. Fair value

The carrying amounts of cash and cash equivalents, trade and other receivable and payables, approximate their respective fair values due to the relative short term maturity of these financial instruments.

Statistics of Shareholdings

As at 23 March 2011

Shareholdings Statistics as at 23 March 2011

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

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	3	0.31	30	0.00
1,000 – 10,000	604	62.01	2,574,000	0.86
10,001 – 1,000,000	348	35.73	40,362,687	13.52
1,000,001 AND ABOVE	19	1.95	255,563,283	85.62
TOTAL	974	100.00	298,500,000	100.00

TWENTY LARGEST SHAREHOLDERS

	NAME	NO. OF SHARES	%
1	MOK YIP PENG	55,683,600	18.65
2	WONG WEI TECK	41,091,900	13.77
3	WONG CHI KEONG	39,091,800	13.10
4	PANG CHENG JIN	32,581,500	10.92
5	MAYBAN NOMINEES (S) PTE LTD	30,251,000	10.13
6	AMFRASER SECURITIES PTE. LTD.	21,200,000	7.10
7	DBS NOMINEES PTE LTD	13,145,383	4.40
8	LEE IN CHUN	2,954,000	0.99
9	GOH FUQIANG KENNETH (WU FUQIANG KENNETH)	2,800,000	0.94
10	GOH LI-SHING ARLENE (WU LIXIN ARLENE)	2,800,000	0.94
11	KOH CHIN HWA	2,000,000	0.67
12	CIMB NOMINEES (S) PTE LTD	1,951,000	0.65
13	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,912,000	0.64
14	HSBC (SINGAPORE) NOMINEES PTE LTD	1,832,100	0.61
15	BANK OF SINGAPORE NOMINEES PTE LTD	1,400,000	0.47
16	KWOK MENG SUN OR WONG POH YOOK	1,300,000	0.44
17	PHILLIP SECURITIES PTE LTD	1,241,000	0.42
18	GO MEI LIN	1,188,000	0.40
19	YIT TENG YUET	1,140,000	0.38
20	DOHADWALA SARABAI KUTBUDDIN	1,000,000	0.34
	TOTAL	256,563,283	85.96

Statistics of Shareholdings

As at 23 March 2011

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	–	–	27,945,000	9.36
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 33.7% 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 Furama RiverFront Singapore, 405 Havelock Road, Mercury I, Level 5, Singapore 169633 on Thursday, 28 April 2011 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 2010 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a final tax exempt (one-tier) dividend of 0.5 cent per ordinary share for the year ended 31 December 2010. [2009: 0.35 cent tax exempt (one-tier) per ordinary share] **(Resolution 2)**
3. To re-elect Mr Wong Wei Teck, a director of the Company retiring pursuant to Article 107 of the Articles of Association of the Company. **(Resolution 3)**

Mr Wong Wei Teck will, in accordance with Article 107, retire at this Annual General Meeting and he has expressed his desire to be re-elected.

Mr Jong Voon Hoo, who will be retiring pursuant to Article 107 of the Company’s Articles of Association, has notified the Company in writing that he does not wish to seek re-election as a director.

Mr Jong Voon Hoo will, in accordance with Article 107, retire at this Annual General Meeting.

4. To re-appoint Professor Cham Tao Soon, a director of the Company retiring under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. [See Explanatory Note (i)] **(Resolution 4)**

Professor Cham Tao Soon will, upon re-election as a Director of the Company, remain the Lead Independent Director and Chairman of the Audit Committee and a member of Nominating and Remuneration Committees and will be considered independent.

5. To approve the payment of Directors’ fees of S\$130,000 for the year ended 31 December 2010. [2009: S\$130,000] **(Resolution 5)**
7. To re-appoint BDO LLP as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
8. 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 resolutions as Ordinary Resolutions, with or without any modifications:

9. 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 Instruments 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 to be issued other than on a pro rata basis to 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) 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
- (4) 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 (ii)] **(Resolution 7)**

By Order of the Board

Toh Yen Sang
Secretary
Singapore, 13 April 2011

Notice of Annual General Meeting

Explanatory Notes:

- (i) The effect of the Ordinary Resolution 4 proposed in item 4 above, is to re-appoint a director of the Company who is over 70 years of age.
- (ii) The Ordinary Resolution 7 in item 8 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.

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.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies 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 28 April 2011 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 2010		
2	Payment of proposed final dividend		
3	Re-election of Mr Wong Wei Teck as a Director		
4	Re-appointment of Professor Cham Tao Soon as a Director		
5	Approval of Directors' fees amounting to S\$130,000		
6	Re-appointment of BDO LLP as Auditors		
7	Authority to issue shares		

Dated this _____ day of _____ 2011

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 forty-eight (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 forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



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