New Trend Lifestyle Group PLC

Report and Accounts

for the year ended 31 December 2013

New Trend Lifestyle Group Plc

Year ended 31 December 2013

CONTENTS

Company Information	
Chairman's & CEO's Statement and Review	1
Directors and Officers	5
Strategic Report	6
Directors' Report	7
Corporate Governance Statement	10
Independent Auditors' Report	11
Consolidated Statement of Comprehensive Income	13
Consolidated Statement of Financial Position	14
Consolidated Statement of Cash Flows	16
Consolidated Statement of Changes in Equity	18
Company Statement of Comprehensive Income	19
Company Statement of Financial Position	20
Company Statement of Cash Flows	21
Company Statement of Changes in Equity	22
Notes to Consolidated Financial Statements	23

New Trend Lifestyle Group Plc

Year ended 31 December 2013

COMPANY INFORMATION

Directors	Robert John Goddard (Non-executive Chairman) Phang Song Hua (Chief Executive Officer) Lawrence, Cheung Chor Kiu (Finance Director)(resigned 1 August 2013) Tan Meng Dong (Non-executive director)(resigned 31 January 2014) Ajay Kumar Rajpal (Non-executive director & Interim Finance Director) Matthew Pau (Non-executive director)
Secretary and Registered Office	International Registrars Limited Finsgate 5-7 Cranwood Street London EC1V 9EE
Nominated Adviser & Broker	Zeus Capital Limited 82 King Street Manchester M2 4WQ
Solicitors	Thomas Eggar 14 New Street London EC2M 4HE
Auditors	Jeffreys Henry LLP Chartered Accountants & Registered Auditors Finsgate 5-7 Cranwood Street London EC1V 9EE
Registrars	Capita Registrars 34 Beckenham Road Beckenham Kent BR3 47U
Legal Advisers to the Company as to Singapore Law	**Legal Solutions LLC** **25 Church Street** **#03-03 Capital Square Three** **Singapore 049482**
Financial PR	Newgate Threadneedle Aldermary House Third Floor 10-15 Queen Street London EC4N 1TX

New Trend Lifestyle Group Plc

Year ended 31 December 2013

CHAIRMAN'S & CEO'S STATEMENT, INCLUDING FINANCIAL REVIEW

OVERVIEW

This is the first Annual Report of New Trend Lifestyle Group (the "Company" or the "Group") since its first full year of trading as a company listed on the AIM Market of the London Stock Exchange (admitted in mid-2012). Group revenues increased to SGD11,067k compared to SGD10,663k in 2012, and the Group loss for the year was SGD1,143k compared with a loss of SGD534k in 2012 (which included AIM admission costs of SGD1,158k).

General retail environment

Retail sales in Singapore are markedly seasonal and volatile. This was particularly so in 2013 and in July there was a 12-year record month-on-month shrinkage of 6.9%. For 2013 as a whole, retail sales fell by 8.6%, compared with a fall of 1.2% in 2012.

The results for the Company need to be considered against this background.

Trading, in summary

Profit and loss

In addition to the downturn in national retail activity, a number of other factors adversely affected the Company's sales. These included a number of trained staff leaving Singapore outlets and then setting up in competition, a lower number of total 'shop-open' days (down 9%) and the forced sale of the freehold, and therefore migration of the Company's second-most profitable shop at Sims avenue to a new location in early 2013.

Despite these internal and external factors, sales in Singapore increased marginally to SGD10,600k (2012: SGD10,595k). This was complemented by an increased level of sales in China of SGD467k (2012: SGD68k), resulting in Group sales of SGD11,067K for the year (2012: SGD10,663).

It is pleasing to note that like-for-like sales in Singapore rose by 4.7% since this attests to the ongoing strength of the offering in the face of reduced consumer spend elsewhere in the retail environment.

For 2013, most types of commission expenses were re-classified as costs of sales. Accordingly, in this commentary, comparisons with 2012 have been made with the commission-adjusted figures for that year.

Gross margin in Singapore improved in 2013 to 74.1% compared with 71.7% in 2012 so that gross profit was 1.2% up at SGD7,853k (2012: SGD7,762k).

After adjusting operating expenses in 2012 and 2013 for, among other things the change in classification of commissions, an impairment loss on an investment in a listed Hong Kong Company and an impairment loss on the property that the Company was forced by legislation to sell, expenses increased by 16.8% to SGD9,245k (2012: SGD7,913k). The additional SGD1,332k was due mainly to an increase in staff costs of SGD584k, SGD185k greater depreciation, SGD128k more expenditure on marketing expenses and a SGD297k increase in shop leases.

The trading loss for the year amounted to SGD1,003k This compares with a trading loss of SGD90k in 2012.

Various adjustments to other income and non-trading expenses resulted in a total comprehensive loss of SGD1,143k (2012: loss of SGD534k after AIM admission costs of SGD1,158k).

---

[1] At present, the majority of NTL's business is transacted in Singapore Dollars (SGD) and therefore group figures are presented in that currency. (SGD 1.97 to £1.00 at 31 Dec 2013). The group also had transactions in Hong Kong Dollars (HKD) and Renminbi (RMB) (HKD 12.79 and RMB 10.07 to £1.00 at 31 Dec 2013).

Balance sheet

The main changes in the balance sheet were as a result of the sale of the Sims Avenue property (with the resulting decrease in borrowings) and an impairment against the investment in LZYE Plc. Inventory control remained strong, resulting in little change to both gross inventories and provisions.

Cash flow

Cash flow from operating activities improved to an inflow of SGD127K compared with an outflow of SGD551K in 2012. Cash and cash equivalents decreased to SGD2,160K from SGD2,430K in 2012.

Looking forward

The Group's performance has remained resilient to the general macro-economic downturn in the Singapore retail market. The Group will focus on maintaining a strong retail offering in Singapore, whilst moving forward in China with a franchising model. This will improve traction in this developing but important target market.

PROFIT AND LOSS

Sales and gross profit

In order to provide more-comparable figures, staff commissions have been added to the cost of sales in the comparisons that follow.

Group-wide, sales revenue was up at SGD11,067k (2012: SGD10,663). Group-wide margins strengthened from 75.7% to 76.0% on sales of physical products.

Singapore

In addition to the downturn in national retail activity mentioned in the overview, a number of other factors constrained the Company's sales. These included a number of trained staff leaving the Singapore outlets and then setting up in competition, a lower number of total 'shop-open' days (down 9%) and the forced sale of the freehold, and therefore closure of the Company's second-most profitable shop.

Despite all these adverse factors retail sales increased in Singapore to SGD10,600k (2012: SGD10,595k). Encouragingly, 'like-for-like' sales improved by 4.7% (2012: 8.0% decrease) to SGD7,476k. Also, like-for-like service revenue was up only slightly in the year so overall growth was almost entirely due to an increase of 7.5% in product sales.

Across the Singapore estate as a whole, product sales slipped back by 2.6% to SGD6,175k (2012: SGD6,344k) and services by 1.2% to SGD4,424k (2012: SGD4,477k), largely because it took until December 2013 to replace the high volume outlet that the Company was forced to dispose of earlier in the year. However, even after operating for just 25 days, the replacement outlet's daily sales are already among the best in the network.

Gross margins held up well. Overall, they progressed from 71.7% to 74.1% and from 76.2% to 77.6% on a like-for-like basis. These marked improvements resulted from a sustained programme to incentivise shop staff to promote those products and services with higher margins.

The improved margins more than offset the slight fall back in volume so that overall gross profit grew by 1.2% to SGD7,853k from SGD7,762k in 2012. On a like-for-like basis, gross profit was up by a pleasing 6.6% on 2012. On product sales alone, like-for-like gross profit was 11.0% on last year, but service revenues eased by 0.7% reflecting the departure of several of the trained masters during the period.

China

The sales in China increased to SGD467k compared with SGD68k in 2012. Gross profit in 2013 from the outlets in China represented just 5.3% of the total outlet sales for the Group and so any more-detailed analysis of them would not contribute usefully to the overall picture.

Expenses

To provide a more-meaningful comparison of the year-to-year performance of the business, those expenses not relating directly to the production of a 'trading' profit have been 'backed out' from the figures in this analysis.

Staff costs rose by 14.4% in the year to SGD4,638k compared with SGD4,054k in 2012. This was accounted for by extra staff recruited to boost sales and a full year of directors' fees, all offset by a reduction in bonus payments of SGD64k.

The Group's headquarters building was acquired during the course of 2012 and the full year effect of this, together with higher costs of shop renovations in Singapore accounted for the SGD185k increase in depreciation and amortisation to SGD609k.

Greater promotional effort, including a Feng Shui magazine for China, and additional graphic design services accounted for the bulk of the 46.7% increase in advertising and promotional costs to SGD402k (2012: SGD274k).

The expenses in China have increased as the Group continues to develop this market, and have not yet been covered by revenue and gross profit.

Profit

There was an impairment loss of SGD951k on the Group's legacy investment in LZYE plc in Hong Kong and in 2012 an impairment loss of SGD411 on the Sims Avenue property. These losses have not been taken account of in the expenses used to arrive at trading profit (loss) figures for 2013 and 2012 of SGD(1,003)k and SGD(90)k respectively.

BALANCE SHEET

Property, plant and equipment increased to SGD2,236k (2012: SGD1,791k) as a result of the renovation costs for new outlets opened during the year amounting to SGD 867k and additions in furniture and fittings and motor vehicles amounting to SGD 185k. This was offset by the annual depreciation charge for the year.

Inventories remained in line with the prior year at SGD1,138k (2012: SGD 1,111k), with little change in gross inventories and provision for obsolescence. Trade and other receivables decreased marginally to SGD1,097k (2012: SGD1,162k). Financial assets were subject to a large impairment (SGD951k), as the value of the investment in LZYE Plc had significantly eroded as at the year end. As at 27 May 2014, the trading in the shares remains suspended on the Alternative Investment Market, and there is no certainty as to when or if trading in the securities will resume. Cash and cash equivalents reduced by SGD270k to SGD 2,160k (2012: SGD2,430k) in the year, but remain at viable levels.

The Sims Avenue property was sold in March 2013, having previously been reclassified as an asset held for sale. The property was sold for SGD3,350k.

Trade and other payables decreased overall by SGD51k to SGD1,276k (2012: 1,327k), as an increase in trade payables was more than offset by decreases in accruals and options fee deposits for the Sims Avenue property. Borrowings decreased significantly in the year, as a result of the sale of the Sims Avenue property. This enabled the settlement of the related property loan of approximately SGD2,200k. Provision for restoration costs increased by SGD132k in the year, to SGD180k (2012: SGD48k), as a result of the provisions for new outlets opened during the year.

On 31 July 2013, 600,000 options were granted equally amongst the four serving directors at that time, with an exercise price of 8p and exercisable at any time up to the tenth anniversary of the grant.

CASH FLOW

Cash inflow from operating activities was a marked improvement on the prior year at SGD127k (2012: SGD (551)K). The positive cash impact of the sale of the Sims Avenue property was offset to some extent by the repayment of the related property loan and the fixed asset additions of SGD1,109k, and the cash and cash equivalents remained at viable levels at SGD2,160k (2012: SGD 2,430k).

POST BALANCE SHEET EVENTS

James Tan resigned as a director of the Company with effect from 31 January 2014.

On 28 May 2014, the Company raised SGD1,140,000 by way of the issue of convertible loan notes, at a conversion price of 10p. The funds will be used for general working capital purposes.

OUTLOOK

Year-to-year comparable sales in Singapore in the year outperformed the sharply diminished general retail market and this is testimony to the quality of the Group's offering. Retail market statistics for the early part of 2014 in Singapore suggest a very slight (0.7%) improvement in retail market demand over the full year of 2013.

We will continue to refresh and upgrade the Singapore network and expect to roll out a new retail and service concept early in the second half of 2014. Managed by an experienced professional in the field, this will be a beauty parlour chain based on Feng Shui principles. The other initiatives in hand will continue to be progressed.

Also in the second half of 2014, the Company expects to improve its performance in China with a new approach to the Guang Zhou distribution network. It is also the intention to franchise some of our existing outlets in Singapore. The franchisees are expected to bring in additional customers from their own pre-existing networks. The income model from franchises is an initial fee to the Company, ongoing franchise fees and profit from the sale of NTL's exclusive goods. Where viable, there will be an option for the Company to buy out the franchise after an agreed period for an amount based on a multiple of profit. Further announcements in respect of these developments will be made at the appropriate time.

These measures to be taken over the course of the remainder of 2014, will strengthen the business overall and position it for further growth.

Robert John Goddard	**Phang Song Hua**
Chairman	**Chief Executive**

4 June 2014

DIRECTORS AND OFFICERS

Robert John Goddard (aged 63) – Non-Executive Chairman

Robert is a chartered engineer and was on the board of Burmah Castrol Plc and had previously managed its worldwide fuels business, as well as a substantial portion of its chemicals business. Subsequently he was appointed as Chief Executive of Amberley Group plc in November 2000 where he turned around and sold on its four speciality chemical subsidiaries, before leaving in 2003. Since then, he has had a variety of advisory and turn around assignments. Currently he is chairman of AIM-quoted Hardide plc and Universe Group plc. Over the last ten years, and on his own account, Robert has been building a portfolio of investments in early-stage technology companies. During his career he lived overseas for many years, mainly in the Asia Pacific region.

Phang Song Hua (aged 46) – Chief Executive Officer

Master Phang is a recognised expert in Emperor Star Astrology and Feng Shui and has become a prominent figure in these fields. For over 20 years, he has helped families, corporate leaders, bankers, high-ranking government officers, lawyers, doctors and others in Singapore who have sought his advice.

After working in his family trading business and providing Geomancy services from 1993 to 2005, Master Phang established NTL in 2005 where he is Chief Executive Officer.

Ajay Kumar Rajpal (aged 44) – Non Executive Director and Interim Finance Director

Ajay is a Chartered Accountant and a member of the Institute of Chartered Accountants in England & Wales. Ajay has a background in cross-border mergers and acquisitions, financial management and corporate recovery. He qualified with Arthur Andersen and worked for an FTSE 100 company, Smith Industries plc, and a number of other international firms.

Matthew Pau (aged 49) – Non Executive Director

Matthew, who is resident in Hong Kong, is a Fellow of the Institute of Chartered accountants of England & Wales and a Certified Public Accountant in Hong Kong. He obtained an MA in Engineering, Economics and Management at the University of Oxford in the UK. Matthew practised as an Auditor until 1994 when he left Coopers and Lybrand to become an Investment Manager with ING Baring Private Equity (China). He is currently Chief Financial Officer in Hong Kong of The Incorporation of Financial Technicians Limited, which provides securities and advisory services in Hong Kong. He also serves as a Non-executive Director of the Chinese Food and Beverage Group, a company listed on the Hong Kong Stock Exchange.

Robert Goddard and Ajay Rajpal both reside in the UK, Master Phang in Singapore and Matthew Pau in Hong Kong.

STRATEGIC REPORT

Review of the business
A review of the business of the Group, together with comments on future developments is given in the Chairman's Statement on pages 1 to 4.

Principal Risks and Uncertainties
These are disclosed in Note 29.

Key Performance Indicators
The directors believe that the key performance indicators (KPIs) for the business are, like-for-like sales, gross margins, gross profit, cash balances and net profit.

These are analysed in detail in the Chairman and CEO's report.

In the medium term, a strategic KPI is sales in China.

Employees
The Group has continued to give full and fair consideration to applications made by disabled persons, having regard to their respective aptitudes and abilities, and to ensure that they benefit from training and career development programmes in common with all employees. The Group has continued its policy of employee involvement by making information available to employees through the medium of frequent staff meetings, together with personal appraisals and feedback sessions.

The Strategic Report was approved by the Board on 4 June 2014 and signed on its behalf by:

Director
4 June 2014

DIRECTORS' REPORT

The Directors have pleasure in submitting this report together with the accounts of New Trend Lifestyle Group Plc ('the Company') and its subsidiary undertakings (together 'the Group') for the year ended 31 December 2013.

The company was formed on 21 March 2012 as New Trend Lifestyle Group Limited ("the Company") and changed to its current style on 11 June 2013. On 28 June 2013 the company gained admission to the Alternative Investment Market (AIM).

Principal Activities
The principal activities of the Group are those of providing products and services based on Feng Shui and the associated Emperor Star Astrology.

Results and dividend
The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 17. The Directors do not recommend a dividend.

Directors and their interests
The directors who held office during the year are as follows:

Phang Song Hua	Appointed 31 March 2012
Robert John Goddard	Appointed 6 June 2012
Lawrence, Cheung Chor Kiu	Appointed 6 June 2012 and resigned 1 August 2013
Ajay Kumar Rajpal	Appointed 6 June 2012
Tan Meng Dong	Appointed 6 June 2012 and resigned 31 January 2014
Matthew Pau	Appointed 31 December 2013

The interests of those directors serving at the year ended 31 December 2013, all of which are beneficial, in the share capital of the Company, were as follows:

	At 31 December 2013	
	Shares of 0.1p each	**%**
Phang Song Hua	68,933,333	68.93%
Tan Meng Dong	8,800,000	8.8%
Robert John Goddard	250,000	0.25%
Matthew Pau	100,000	0.1%

Except as set out above, none of the Directors or their immediate families had at 31 December 2013 or 31 December 2012, acquired or disposed of since that date, any interest in any shares in the Company or any of its subsidiaries, any interest in any debentures of the Company or any of its subsidiaries or any rights to subscribe for shares in or debentures of the Company or any of its Subsidiaries.

Share Capital
Details of the Company's share capital are disclosed in Note 24 of the financial statements.

Financial Instruments
Details of the use of financial instruments by the Company and its subsidiary undertakings are disclosed in Note 29 to the financial statements.

DIRECTORS' REPORT (continued)

Statement to Auditors
So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Substantial Shareholdings
As at 28 May 2014, the following interests in 3% or more of the issued ordinary share capital appear in the register:

Shareholder	Number of shares	Percentage of issued share capital
Phang Song Hua	68,933,333	68.93%
Beaufort Nominees Limited	12,595,667	12.60%
Tan Meng Dong	8,800,000	8.80%
Lynchwood Nominees Limited	4,692,415	4.69%
Forest Nominees Limited	3,591,362	3.59%

Payment of Creditors
The Group does not follow any published code or statement on payment practice. However, it is the Group's policy to settle all amounts due to its creditors on a timely basis, taking into account the credit year given by each creditor. The average number of days credit taken by the Group as at 31 December 2013 was 33 days (2012: 34 days).

Post Balance Sheet Events
Details of post-balance sheet events are disclosed in Note 32 to the financial statements.

Directors' Responsibilities
The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the Financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- state whether applicable IFRS' as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT (continued)

Statement to Auditors

So far as the Directors, at the time of approval of their report, are aware:

- there is no relevant audit information of which the group's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Listing

The Company's ordinary shares have been traded on London's AIM Market, since 28 June 2012. Zeus Capital Limited are the Company's Nominated Advisor and Broker. The closing mid market share price at 31st December 2013 was 6p.

Publication of Financial Statements

The Company's financial statements will be made available on the Company's web-site www.newtrendlifestylegroup.com. The maintenance and integrity of the website is the responsibility of the directors. The directors' responsibility also extends to the financial statements contained therein.

Going Concern

After making appropriate enquiries, the directors consider that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. This is reflected in the section 'Going Concern' in Note 2 to the financial statements.

Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution proposing that Jeffreys Henry LLP be re-appointed as auditors will be put to the Annual General Meeting.

The Report of the Directors was approved by the Board on 3 June 2014 and signed on its behalf by:

Director
4 June 2014

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Code (the 'Code')

Though full compliance with the Code is not mandatory for the Group, the Board has sought to comply with a number of the provisions of the Code insofar as it considers them to be appropriate to a company of this size and nature. The small size of the Company and its current stage of development mean that it would not be sensible or even possible to adhere to some of the guidelines in the Code.

In addition to summarising its Corporate Governance procedures, the following statement also sets out some aspects of the Code with which the Company does not comply and explains why it does not or, in some cases, complies with the spirit of the Code by some other means.

The Role of the Board

At formal meetings, the board receives reports by Master Phang, or James Tan, or both on the overall performance over the previous period. They were supported by the Finance Director on financial detail. They are followed with reports on other matters, particularly progress with development projects. Minutes of board Committee meetings held since the previous formal board meeting are received and decisions made by those committees are submitted for ratification where such is needed.

There is a formal schedule of matters reserved for the board. This includes the setting of high-level targets, approval of budgets, strategy, funding, capital expenditure, license agreements and incentive schemes. Specific authority levels for expenditure are delegated to individual executives or management committees according to a schedule agreed by the board.

Whilst the bulk of the formulation of budgets and strategy is undertaken by executive directors, this is done against a framework set by the whole board, challenged by it in detail and finally approved by it.

Financial information submitted regularly to the board includes monthly balance sheets and profit & loss accounts; together with analyses of movements in cash, trade debtors and creditors, and fixed assets.

There are three board Committees; each with terms of reference set by the board. These are the combined Remuneration and Nomination Committee (RNC), the Audit & Risk Committee (ARC) and the AIM Compliance Committee (ACC). The Company's Nomad is present at meetings of the ACC and provides advice that is passed on to the main board as necessary.

In the normal course, board Committees make recommendations to the board but also have certain limited powers delegated to them. Minutes of Committee meetings are made available to the board as a whole but may be redacted at the discretion of the Chairman of the Committee, if appropriate in consultation with the Company Chairman. Where it is urgent that a recommendation of a Committee needs to be accepted by the board, this is done by a directors' resolution in writing.

Certain other high level decisions that cannot await the convening of a formal board meeting may be agreed by way of written resolutions. In such cases supporting papers are submitted to the directors and they are given the opportunity to discuss the matter with other directors and executive management. Written resolutions are deemed passed only if all directors vote in favour

Overcoming geographic and time differences

The board is conscious of the need to overcome the difficulties that can arise from the time differences and geographic separations that face directors; both between and within regions.

It is not practical or cost-justified for the whole board to meet face-to-face at every board meeting. So where one or more director is unable to be physically present, use is made of telephone conference calls.

During the course of 2013, there were six meeting of the board. Of these, James Tan was unable to attend two and Master Phang was unable to attend one. Apart from that all directors were present at all meetings, mostly in person but sometimes by telephone. The Company's chairman attended all of the six meetings and in person at two.

In addition to the board meeting, there are also frequent but less-formal telephone and email exchanges among directors. On these occasions there may be discussion of monthly management accounts or any other topic a director may wish to raise. These meetings are chaired by the Company's chairman.

In addition to using their influence at board and board Committee meetings, non-executive directors have direct access to the secretary of the board Committees. This individual reports directly to the chairman of the Audit & Risk Committee, is also the internal auditor for the group and has delegated to him all of the routine company secretarial work.

By these means, the non-executive directors believe that their roles are being discharged effectively.

Non-executive directors

It is not thought that the Company is large enough to warrant the formal appointment of a senior non-executive director. Instead, other non-executive directors are actively and regularly consulted by the Chairman and encouraged to provide feedback. James Tan and now Master Phang as well have maintained a dialogue with major shareholders and these directors have kept the Chairman and the board up to date with shareholders' views.

No formal mechanism exists for appraising the effectiveness of the board as a whole or of the Chairman alone. The Remuneration and Nomination Committee has not recommended that such a process is implemented.

Composition and effectiveness of the Board

By virtue of his substantial indirect shareholding in the Company, Mr Tan has not been considered to be an independent director. Each of the other two non-executive directors is considered to be 'independent' and now Matthew Pau, appointed at the year end, is also considered to be independent.

The service agreements for James Tan, Robert Goddard and Ajay Rajpal were agreed by the board before the Admission to AIM, and these have not been changed since. Matthew Pau has slightly different terms in order to reflect the fact that he was appointed after Admission. Copies of the service contracts of all current directors' are available for inspection at the Company's registered office and at the location of the AGM for a period before that meeting begins.

All directors may have access to independent professional advice at Company expense if this is felt by them in their own judgement that it is needed to enable them to discharge their duties and that the cost of such advice is reasonable in the circumstances.

Emphasis is placed by the Chairman on the importance of familiarity with the board pack and the contributions made by directors. However, given its size, a formal evaluation of board performance by an outside agency is not believed to be appropriate. Instead, the Chairman's frequent contact with other directors provides sufficient opportunity for frequent and effective two-way 'calibration'.

Incentive schemes for staff and directors

All Singapore-based staff enjoy a bonus of one-month, payable after the end of the calendar year if they remain in the employment of the Company. In addition, selected staff will be paid a discretionary bonus that depends upon personal and company performance. The broad guidelines for this are set by the Remuneration and Nomination Committee. The discretionary bonuses for a few of the most senior staff are also set by that Committee.

Selected senior members of staff participate in the Company's share option scheme and the overall award of grants to such staff is approved by the RNC according to the rules of that committee.

As previously-announced and now recorded elsewhere in this Annual Report, during the course of the year all directors except for the now-resigned Lawrence Cheung participated in the Company's share options scheme. All these are approved by the board as a whole, with the relevant member being conflicted out of voting when considering the grant that they are to receive.

Board Committees

There are three standing Committees of the board. At the end of 2013, membership of these Committees was[1]:

1. AIM Compliance Committee: Robert Goddard, James Tan & Ajay Rajpal
2. Audit and Risk Committee: Ajay Rajpal, James Tan & Robert Goddard
3. Remuneration and Nomination Committee: Robert Goddard, Ajay Rajpal & James Tan

In each case, the director whose name appears first above after the Committee name above is the Chairman of that Committee.

Each committee has written terms of reference approved by the board. These are kept under review and updated as needed.

During the year, the AIM Compliance Committee and Remuneration and Nomination Committee both sat once, and the Audit and Risk Committee sat twice. All members were present on each occasion.

The membership and the chairmen of board Committees is determined by the board but, given the small number of directors, refreshing membership on a regular or frequent basis is not viable.

The main purposes and general terms of reference of each board Committee are set out below.

<u>AIM Compliance Committee ("ACC")</u>

The AIM Compliance Committee is expected to meet at least annually with the Company's Nominated Adviser at appropriate times during the reporting and audit cycle, and otherwise as required. The duties of the ACC are to:

- i promote integrity, patterns of behaviour and accountability among the directors and executives of the Company to help ensure ethical and responsible decision making;
- ii make recommendations to the Board or the Chairman on procedures, resources and controls that will enable the Company's compliance with the AIM Rules;
- iii provide the Company's nominated adviser with information it requests in order for it to carry out its responsibilities under the AIM Rules;
- iv ensure that each of the directors accepts full responsibility, both collectively and individually, for compliance with the AIM Rules and
- v ensure that each director discloses without delay all information that the Company needs in order to comply with the AIM Rules for Companies; particularly with regard to Rules 17 and 26.

<u>Remuneration and Nomination Committee ("RNC")</u>

- i Determine and agree with the board the framework or broad policy for the remuneration and contractual terms of the Company's Chief Executive, Chairman, the executive directors and such other members of the executive management as it is designated to consider.
- ii Design, or approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes
- iii Review the design of all share incentive plans for approval by the board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to directors and other senior executives and

[1] At the beginning of 2014, Matthew Pau replaced James Tan on each of these committees.

the performance targets to be used.

iv Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

v Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, determine the total individual remuneration package of each executive director and other senior executives who report to the Chief Executive, including bonuses, incentive payments and share options, other share awards or other benefits.

vi Oversee any major changes in employee benefit structures throughout the Company or Group.

<u>Audit & Risk Committee (“ARC”)</u>

The Audit & Risk Committee is expected to meet formally twice each year with the Company’s auditor at appropriate times during the reporting and audit cycle, and otherwise as required. The duties of the ARC are to:

i Monitor the integrity of the financial statements, including the annual and interim reports; review the consistency of accounting policies; review whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements; review the methods used to account for significant or unusual transactions; review the clarity of disclosure in the Company’s financial reports; and review all material information presented with the financial statements.

ii Review the effectiveness of the Company’s internal controls and risk management systems, and to review and approve the statements included in the annual report concerning these.

iii Review the Company’s arrangements for its employees to raise concerns about possible wrongdoing and ensure that these arrangements allow proportionate and independent investigation; and to review the Company’s procedures for detecting and preventing bribery and fraud.

iv Consider and make recommendations in relation to the appointment, re-appointment and removal of the Company’s external auditor; oversee the relationship with the external auditor; maintain contact with the external auditor; review and approve the annual audit plan; review the findings of the audit with the external auditor; and review the effectiveness of the audit.

v Identify the risks that the Company may be exposed to and recommend to the board how these may be avoided, mitigated or insured against, or some combination of these.

Bribery Act, 2010 (the ‘Act’)

The Group has in place a full “Anti-bribery Policy” and this is augmented by a “Whistleblower’s Policy”. Both have been translated into the Chinese language and all members of staff are required to read and understand the policies and confirm in writing that they have done so.

Under guidelines set by the board, a designated ‘Group Compliance Officer’ manages the processes and procedures that flow from the policies, in particular the areas perceived to represent most risk. The Group Compliance Officer reports to the board or a board committee as needed.

Since its inception, the board has reviewed the practical implementation of the Anti-bribery Policy and will do so again at least once a year. The basic requirements include ensuring familiarity and acceptance of the policies, risk analysis and maintenance of an ‘incident’ book.

Business Reviews

The board reviews regularly both the financial position of the Group and information about non-financial performance. It does this monthly at each board meeting. Financial information includes monthly balance sheets and profit and loss accounts for the Group and its subsidiaries, together with analysis of movements in cash, trade debtors and creditors, and fixed assets. Close attention is also paid to the development of sales by sector and by customer as well as progress with initiatives to develop major new sectors and customers.

Non-financial information reviewed regularly by the board includes reports and key performance indicators, including plant performance, delivery performance, research and development activity, sales activity and health, safety and environmental performance.

Business Model and Strategy

Building on NTL's success with its Singaporean operations, the main focus of the Company's growth strategy is carefully-controlled expansion in mainland China. Based on the experience with the two trail outlets in Shen Zhen, and the distribution network in Guang Zhou, a programme has been initiated that sees the main thrust of development in China being by way of the grant of franchises for flagship outlets in major cities. Franchisees will be expected to have a proven ability to attract business through already-established networks.

Whilst the market in Singapore is not yet saturated, the growth opportunities there are fewer than in other territories. Accordingly, the strategy in Singapore is to consolidate and refresh the existing portfolio and potentially to promote different services related to existing ones. An example is beauty parlours and the project to open the first of these is nearing completion. The Singapore headquarters will support expansion elsewhere by providing experienced management and training staff; especially Masters. Being cash-generative, the Singapore operations will also provide financial support.

On behalf of the board,
Robert Goddard
Chairman
4 June 2014

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW TREND LIFESTYLE GROUP PLC

We have audited the financial statements of New Trend Lifestyle Group Plc for the year ended 31 December 2013, which comprise the Consolidated Statement of Comprehensive Income, Company Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows, Company Statement of Cash Flows and the related notes on pages 27 to 66. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Chairman's & CEO's Statement, Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any material misstatement or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view, of the state of the Group's and Parent Company's affairs as at 31 December 2013 and of the Group's and Parent Company's loss and Group's and Parent Company's cash flows for the year then ended;

- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and

- the financial statements have been properly prepared in accordance with the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT (continued…)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Sanjay Parmar
SENIOR STATUTORY AUDITOR

For and on behalf of Jeffreys Henry LLP, statutory auditor

Finsgate
5-7 Cranwood Street
London
EC1V 9EE
United Kingdom
Date: 4 June 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Continuing operations	Notes	Year ended 31 December 2013 SGD'000	Year ended 31 December 2012 SGD'000
Revenue	5	11,067	10,663
Direct purchases and costs		(2,825)	(2,840)
Personnel expenses	7	(4,638)	(4,054)
Depreciation and amortisation expenses		(609)	(424)
Finance expenses	8	(129)	(112)
Commission expenses		(125)	(19)
Advertising and promotional expenses		(402)	(274)
Bank charges		(347)	(337)
Operating lease expenses		(1,595)	(1,298)
Other operating expenses	9	(2,351)	(1,806)
Other income	6	914	1,336
AIM admission costs	9	-	(1,158)
Loss before tax		(1,040)	(323)
Income tax charges	10	(84)	(172)
Loss for the year		(1,124)	(495)
Other comprehensive profit / (loss)		(19)	(39)
Total comprehensive income for the year		(1,143)	(534)
Attributable to:			
- Owners of the parent		(1,143)	(534)
		SGD	**SGD**
Basic and diluted loss per share	11	(0.01)	(0.01)
Basic and diluted loss per share before AIM admission costs	11	(0.01)	(0.01)

The notes on pages 27 to 66 are an integral part of these consolidated financial statements.

Included in direct costs is an amount of SGD1,644k (2012: SGD1,666k) related to staff commission costs.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2013 SGD'000	31 December 2012 SGD'000
ASSETS			
Non-current assets			
Property, plant and equipment	**14**	2,236	1,791
Investment property	**13**	2,181	2,236
		4,417	4,027
Current assets			
Inventories	**15**	1,138	1,111
Trade and other receivables	**18**	1,097	1,162
Financial assets at fair value through profit or loss	**17**	99	1,050
Cash and cash equivalents	**19**	2,160	2,430
		4,494	5,753
Asset classified as held for sale	**20**	-	2,873
Total assets		8,911	12,653
EQUITY and LIABILITIES			
Capital and reserves attributable to equity shareholders			
Share capital	**24**	199	199
Share premium		1,731	1,731
Share based payment reserve		162	154
Group reorganisation reserve		2,845	2,845
Currency translation reserve		(60)	(41)
Accumulated surplus		123	1,247
Total equity		5,000	6,135

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

Current liabilities			
Trade and other payables	**21**	1,276	1,327
Current income tax liabilities		114	239
Borrowings	**22**	245	2,545
Restoration costs	**23**	10	11
		1,645	4,122
Non-current liabilities			
Restoration costs	**23**	180	48
Borrowings	**22**	2,086	2,348
		2,266	2,396
Total equity and liabilities		8,911	12,653

The notes on pages 27 to 66 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of directors and authorised for issue on 4 June 2014. They were signed on its behalf by:

Director

4 June 2014

Company Number: 8000104

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2013 SGD'000	Year ended 31 December 2012 SGD'000
Cash flows from operating activities			
Loss before income tax		(1,040)	(323)
Adjustments for:			
Depreciation and amortisation expense		714	424
Fixed assets written off		16	-
Interest expense		113	118
Interest income		(2)	(6)
Impairment loss on trading securities		988	-
(Gain)/Loss on disposal of plant and equipment		(477)	(72)
Gain on conversion of convertible loan notes		-	(630)
Impairment of the asset classified as held for sale		-	411
Net fair value gains on financial assets at fair value through profit or loss		-	(40)
Reversal of provision for restoration costs		-	-
Share based payment charge		8	-
		320	(66)
Changes in working capital:-			
Decrease in inventories		84	202
Decrease/(increase) in receivables		65	(621)
Increase/(decrease) in payables		(197)	314
Provision for restoration costs		131	3
Cash generated from operations		403	(168)
Interest received		2	6
Income tax paid		(278)	(389)
Net cash(outflow)/ inflow from operating activities		127	(551)
Cash flows from investing activities			
Acquisition of property, plant and equipment	14	(1,070)	(3,729)
Proceeds from disposal of PPE	14	3,350	52
Subscription to unsecured convertible loan notes		209	-
Net cash (outflow) from investing activities		2,489	(3,677)
Cash flows from financing activities			
Proceeds from issues of share capital	24	-	1,909
Proceeds from bank borrowings (net)		-	2,444
Repayment of bank loans		(2,584)	(365)
Repayment of finance lease liabilities	22	(187)	(488)
Interest paid		(113)	(118)
Repayment/(Placement) of fixed deposit		(1)	401
Advance to/from directors		(2)	-
Net cash from financing activities		(2,887)	3,783

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Notes	Year ended 31 December 2013 SGD'000	Year ended 31 December 2012 SGD'000
Net increase/(decrease) in cash and cash equivalents		(271)	(445)
Effects of changes in exchange rates		-	(39)
Cash and cash equivalents at start of year - cash		2,229	2,713
Cash and cash equivalents at end of year	**19**	1,958	2,229

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with maturity of three months or less, as adjusted for any bank overdrafts.

The notes on pages 27 to 66 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity shareholders of the Company						
		Share capital	Share premium	Accumulated surplus	Share based payment reserve	Group reorganisation reserve	Currency translation reserve	Total
		SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
At 1 January 2012		**3,000**	**-**	**1,742**	**-**	**-**	**(2)**	**4,740**
Comprehensive income								
Loss for the period		-	-	(495)	-	-	-	(495)
Other comprehensive income								
Currency translation reserve		-	-	-	-	-	(39)	(39)
Total comprehensive income for the year		**-**	**-**	**(495)**	**-**	-	**(39)**	**(534)**
Proceeds from shares issued		199	1,731	-	154	-	-	2,084
Group reorganisation reserve		(3,000)	-	-	-	2,845	-	(155)
At 31 December 2012		**199**	**1,731**	**1,247**	**154**	**2,845**	**(41)**	**6,135**
At 1 January 2013		**199**	**1,731**	**1,247**	**154**	**2,845**	**(41)**	**6,135**
Comprehensive income								
Loss for the period		-	-	(1,124)	-	-	-	(1,124)
Other comprehensive income								
Currency translation reserve		-	-	-	-	-	(19)	(19)
Total comprehensive income for the year		**-**	**-**	**(1,124)**	**-**	**-**	**(19)**	**(1,143)**
Share based payments	24	-	-	-	8	-	-	8
At 31 December 2013		199	1,731	123	162	2,845	(60)	5,000

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Share based payment reserve	Cumulative amounts charged in respect of unsettled warrants issued.
Group reorganisation reserve	Effect on equity of the group reorganisation. See Note 2.
Accumulated surplus	Cumulative surplus of the Group attributable to equity shareholders.

The notes on pages 27 to 66 are an integral part of these consolidated financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

Continuing operations	Notes	Period ended 31 December 2013	Period ended 31 December 2012
		SGD'000	SGD'000
Revenue		-	-
Personnel expenses		(145)	(79)
Finance expense		(18)	-
Other operating expenses		(287)	(175)
AIM admission costs		-	(1,158)
Profit/(Loss) before tax		(450)	(1,412)
Income tax charges		-	-
Profit/(Loss) for the year		(450)	(1,412)
Other comprehensive loss		-	(27)
Total comprehensive income for the year		(450)	(1,439)

The notes on pages 27 to 66 are an integral part of these consolidated financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2013 SGD'000	31 December 2012 SGD'000
ASSETS			
Non-current assets			
Investments in subsidiaries	12	5,225	5,225
		5,225	5,225
Current assets			
Trade and other receivables	18	705	638
Cash and cash equivalents		162	-
		867	638
Total assets		6,092	5,863
EQUITY and LIABILITIES			
Capital and reserves attributable to equity shareholders			
Share capital	24	199	199
Share premium		1,731	1,731
Share based payment reserve		162	154
Merger relief reserve		5,069	5,069
Currency translation reserve		(27)	(27)
Accumulated deficit		(1,862)	(1,412)
Total equity		5,272	5,714
Current liabilities			
Trade and other payables	21	611	149
Borrowings	22	209	-
		820	149
Total equity and liabilities		6,092	5,863

The notes on pages 27 to 66 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of directors and authorised for issue on 3 June 2014. They were signed on its behalf by:

Director

4 June 2014

Company Number: 8000104

COMPANY STATEMENT OF CASH FLOWS

	Notes	Period ended 31 December 2013 SGD'000	Period ended 31 December 2012 SGD'000
Cash flows from operating activities			
Profit/(loss) before income tax		(450)	(1,412)
			(1,412)
Changes in working capital:-			
Inventories		-	-
Decrease/(increase) in receivables		(68)	(638)
Increase/(decrease) in payables		463	149
Share based payments		8	-
Cash absorbed by operations		(47)	(1,901)
Interest received		-	-
Net cash inflow/(outflow) from operating activities		(47)	(1,901)
Cash flows from financing activities			
Proceeds from issues of share capital	24	-	1,909
Proceeds from issues of convertible loans	22	209	-
Net cash from financing activities		209	1,909
Net increase/(decrease) in cash and cash equivalents		162	8
Effects of changes in exchange rates		-	(8)
Cash and cash equivalents at start of year		-	-
Cash and cash equivalents at end of year		162	-

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with maturity of three months or less, as adjusted for any bank overdrafts.

The notes on pages 27 to 66 are an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company						
	Share capital	Share premium	Accumulated surplus	Share based payment reserve	Group reorganisation reserve	Currency translation reserve	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
At 1 January 2012	-	-	-	-	-	-	-
Comprehensive income							
Loss for the period	-	-	(1,412)	-	-	-	(1,412)
Other comprehensive income							
Currency translation reserve	-	-	-	-	-	(27)	(27)
Total comprehensive income for the year	**-**	**-**	**(1,412)**	**-**	**-**	**(27)**	**(1,439)**
Proceeds from shares issued	199	1,731	-	154	-	-	2,084
Merger relief reserve	-	-	-	-	5,069	-	5,069
At 31 December 2012	199	1,731	(1,412)	154	5,069	(27)	5,714
At 1 January 2013	199	1,731	(1,412)	154	5,069	(27)	5,714
Loss for the period	-	-	(450)	-	-	-	(450)
Other comprehensive income	-	-	-	-	-	-	-
Currency translation reserve	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-
Share based payments	-	-	-	8	-	-	8
At 31 December 2013	199	1,731	(1,862)	162	5,069	(27)	5,272

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Share based payment reserve	Cumulative amounts charged to in respect of unsettled warrants issued.
Merger relief reserve	Arises from the 100% acquisition of NTL on June 2012 whereby the excess of the fair value of the issued ordinary share capital issued over the nominal value of these shares is transferred to this reserve in accordance with section 612 of the Companies Act 2006.
Accumulated surplus	Cumulative surplus of the Group attributable to equity shareholders.

The notes on pages 27 to 66 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

New Trend Lifestyle Group Plc ("the Company") is a company incorporated in England on 21 March 2012 under the Companies Act 2006 but domiciled in Singapore. It was listed on the AIM market on 28 June 2012. The address of the registered office is given at the start of the annual report. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement on pages 1 to 4.

2. Basis of preparation and significant accounting policies

The consolidated financial statements of New Trend Lifestyle Group Plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS's as adopted by the EU), IFRS Interpretations Committee and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Going concern

These financial statements have been prepared on the assumption that the Group is a going concern.

When assessing the foreseeable future, the directors have looked at a period of twelve months from the date of approval of this report. The forecast cash-flow requirements of the business are contingent upon the ability of the Group to generate future sales.

After making enquiries, the directors firmly believe that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

New and amended standards adopted by the company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have a material impact on the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Standards, interpretations and amendments to published standards that are not yet effective.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

Reference	Title	Summary	Application date of standard	Application date of Group
Amendments to IFRS 2, IFRS 3	Amendments resulting from Annual Improvements 2010-12 Cycle	IFRS 2: clarifies definition of vesting conditions IFRS 3: clarifies contingent consideration in a business combination	1 July 2014	1 July 2014
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	Clarifies that the treatment of contributions when they are independent of the number of years of service	Periods commencing on or after 1 July 2014	1 January 2015
IFRS 9	Financial Instruments	Revised standard for accounting for financial instruments	Periods commencing on or after 1 January 2015	1 January 2015
IAS 36	Impairment of assets	Limited scope amendments to disclosure requirements	Periods commencing on or after 1 January 2014	1 January 2014
IAS 39	Hedge accounting and novation of derivatives	Provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria	Periods commencing on or after 1 January 2014	1 January 2014
IFRIS 21	Accounting for levies imposed by governments	Clarifies that the obligating event giving rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payment of the levy	Periods commencing on or after 1 January 2014	1 January 2014
IFRS 10, IFRS 12, IAS 27	Exception from consolidation for “investment entities”	Amendments have been made to define an “investment entity” and to introduce an exception from consolidation and the required disclosures	Periods commencing on or after 1 January 2014	1 January 2014
IAS 32	Financial instruments: Presentation	Clarifies the requirements for offsetting of financial assets and financial liabilities	Periods commencing on or after 1 January 2014	1 January 2014
IFRS 14	Regulatory deferral accounts	Aims to enhance the comparability of financial reporting by entities subject to rate-regulations	Periods commencing on or after 1 January 2016	1 January 2016

The Directors anticipate that the adoption of these standards and the interpretations in future periods will have no material impact on the financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31st December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the year of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the Parent Company. See also accounting policy on group reorganisation for acquisitions categorised as group reorganisation.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

Group reorganisation accounting

The Company acquired its 100% interest in New Trend Lifestyle Pte Ltd ("NTL") in 2012 by way of a share for share exchange. This is a business combination involving entities under common control and the consolidated financial statements are issued in the name of the Group but they are a continuance of those of NTL. Therefore the assets and liabilities of NTL have been recognised and measured in these consolidated financial statements at their pre combination carrying values. The retained earnings and other equity balances recognised in these consolidated financial statements are the retained earnings and other equity balances of the Company and NTL. The equity structure appearing in these consolidated financial statements (the number and the type of equity instruments issued) reflect the equity structure of the Company including equity instruments issued by the Company to effect the consolidation.

The difference between consideration given and net assets of NTL at the date of acquisition is included in a group reorganisation reserve.

Functional and presentation currency

The individual financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

The consolidated financial statements are presented in Singapore dollars (SGD), which is the functional currency of the Group.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are measured in the respective functional currencies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Transactions and balances (continued)
Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Translation of the Group's financial statements
The assets and liabilities of foreign operations are translated into Singapore dollars at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made.

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Revenue from services is recognised upon the delivery and acceptance of the service to the customer.

Revenue from franchise fees is derived from fees receivable from franchisees in China.
Rental income arising from operating leases is recognised on a straight-line basis over the lease terms.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

Government grants
Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grants (continued)
Where the grant relates to income, the government grant shall be recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as “Other income”. Alternatively, they are deducted in reporting the related expenses.

Employees’ benefits

i) Retirement benefits

The Group participates in the national schemes as defined by the laws of the countries in which it has operations.

Singapore
The Group makes contributions to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution pension schemes.

Foreign subsidiaries
The subsidiaries, incorporated and operating in the HK and PRC are required to provide certain retirement plan contribution to their employees under existing HK and PRC regulations. Contributions are provided at rates stipulated by the HK and PRC regulations and are managed by government agencies, which are responsible for administering these amounts for the subsidiaries’ employees.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date.

Borrowing costs
Borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Property, plant and equipment
All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of property, plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment is required to be replaced in intervals, the Group recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Property, plant and equipment (continued)
After initial recognition, property, plant and equipment except for freehold land is stated at cost less accumulated depreciation and any accumulated impairment loss.

Freehold land is subsequently stated at revalued amount less accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using for values at the balance sheet date.

Any revaluation increase arising on the revaluation of freehold land is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit arising on the revaluation of freehold land is charged to profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Freehold land is not depreciated. All items of property, plant and equipment are depreciated using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows: -

	Useful lives (Years)
Freehold building	50
Computers	3
Electrical equipment	5
Furniture and fittings	3
Motor vehicles	6
Office equipment	3
Renovation	2 to 5

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within “Other income (expenses)” and the asset revaluation reserve related to those asset, if any, is transferred directly to retained earnings.

Investment properties
Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met and they are accounted for as finance leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Investment properties (continued)

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss on the retirement or disposal of an investment property is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in profit or loss in the year of retirement or disposal within “Other income (expenses)”.

Financial instruments

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group’s contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group’s obligations specified in the contract expire or are discharged or cancelled.

Fair values

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the Group at the balance sheet date approximated their fair values, due to the relatively short term nature of these financial instruments.

The Company provides financial guarantees to licensed banks for credit facilities extended to a subsidiary company. The fair value of such financial guarantees is not expected to be significantly different as the probability of the subsidiary company defaulting on the credit lines is remote.

Financial assets

Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are initially recognised at fair value plus, in the case of financial assets classified as held-to-maturity, directly attributable transaction costs.

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturity investments, re-evaluates this designation at every balance sheet date. As at the balance sheet date, the Group has no financial assets in the category of held-to-maturity investments and available-for-sale financial assets.

Subsequent measurement

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if they are acquired principally for the purpose of selling or repurchasing in the short term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets designated at fair value through profit or losses are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Group's investment policy. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains and losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables comprise cash and cash equivalents, trade and other receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace concerned.

Derivative financial instruments

A derivative financial instrument is initially recognized at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Derivative financial instruments (continued)
Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settle within 12 months. Other derivatives are presented as current assets or current liabilities.

Impairment of financial assets
The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Financial assets carried at cost
If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. As at the balance sheet date, the Group did not have any financial liabilities in the category of financial liabilities at fair value through profit or loss.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that 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 reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried for at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantively enacted by the balance sheet date in the countries where the Group operates and generates taxable income. Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Impairment of non-financial assets (continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit and loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Inventories

Inventories comprise finished goods held for resale and are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and comprises 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 in the ordinary course of business, less estimated costs of completion and estimated costs necessary to be incurred for selling and distribution.

Assets classified as held for sale

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Share Capital

Ordinary shares are classified as equity. Proceeds from issuance of ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Leases

i As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in this Note. Contingent rents are recognised as revenue in the period in which they are earned.

ii. As lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are treated as reduction of the lease obligation on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental leases 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 operating leases (net of any incentives received from the lessor) are charged to the income statement.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Related parties (continued)

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Critical accounting estimates and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i. Critical accounting estimates and assumptions.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of freehold building

The cost of freehold building is depreciated on a straight-line basis over the estimated economic useful lives. Management estimates the useful lives of the freehold building to be 50 years. This is a common life expectancy applied in the industry. Changes in the physical conditions of the freehold building and/or expected level of usage and technological developments could impact the economic useful life of the asset. Therefore, future depreciation charges could be revised. As at 31 December 2013, there are no indications that the remaining economic useful life of the asset is significantly lower than the remaining useful life. The carrying amount of the Group's freehold building at the balance sheet date is disclosed in Note 14 to the financial information.

(b) Impairment of inventories

An impairment review is made periodically on inventory for excess inventory, obsolescence and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require management to estimate future demand for the products. Possible changes in these estimates could result in revisions to the valuation of inventory. The carrying amount of inventories as at 31 December 2013 is disclosed in Note 15 to the financial information.

(c) Fair value measurement of the derivative financial instrument and convertible loan

Where the fair values of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The determination of the fair value is based on a probability – weighted expected outcome for the conversion right and taking into consideration of certain parameters such as the issuer's probability of listing on AIM from inception until the maturity of the convertible loan note and the expected return based on the issuer's estimated credit rating. Changes in assumptions about these factors could affect the reported fair value of the derivative financial instrument and convertible loan.

The basis of estimates and the carrying amounts of the derivative financial instrument and convertible loan as at 31 December 2013 are disclosed in Note 16 to the financial information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Critical accounting estimates and judgements (continued)

ii. Critical judgement in applying the entity's accounting policies

In the opinion of the management, there are no critical judgements made in applying the Group's accounting policies, apart from those involving estimations, which has a significant effect on the amounts recognised in the financial statements.

4. Segmental reporting

In the opinion of the Directors the Group has one class of business, being the provider of Feng Shui services in Singapore, Hong Kong and People's Republic of China.

The Group's primary reporting format is determined by the geographical segment according to the location of its establishments. There are currently two geographic reporting segments: Singapore and, China.

	2013				2012			
	Singapore	China and HK	Other	Total	Singapore	China and HK	Other	Total
	SGD '000	SGD '000	SGD '000	SGD '000	SGD '000	SGD '000	SGD '000	SGD '000
Income Statement								
Revenues from external customers	10,600	467	-	11,067	10,518	145	-	10,663
Other income	421	13	-	434	568	768	-	1,336
Interest expense	(111)	-	(18)	(129)	(112)	-	-	(112)
Depreciation and amortisation	(558)	(51)	-	(609)	(400)	(24)	-	(424)
Impairment of assets	-	(951)	-	(951)	(411)	(40)	-	(451)
Gain on disposal of property, plant and equipment	482	-	-	482	19	1	-	20
Direct and operating costs	(9,754)	(1,148)	(432)	(11,334)	(9,396)	(547)	(254)	(10,197)
AIM admission costs	-	-	-	-	-	-	(1,158)	(1,158)
Group profit / (loss) before tax	**1,080**	**(1,670)**	**(450)**	**(1,040)**	**786**	**303**	**(1,412)**	**(323)**
Assets and Liabilities								
Segment Assets	7,938	804	169	8,911	10,772	1,877	4	12,653
Segment Liabilities	(3,363)	(221)	(327)	(3,911)	(6,290)	(79)	(149)	(6,518)
Net Segment Assets	4,575	583	(159)	5,000	4,482	1,798	(145)	6,135

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2012: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Revenue

	2013 SGD'000	2012 SGD'000
Sale of products	6,486	6,285
Services rendered	4,425	4,315
Franchise fees	156	63
	11,067	10,663

6. Other income

	2013 SGD'000	2012 SGD'000
Forfeiture of customers' deposits	11	62
Gain on disposal of property, plant and equipment	482	20
Gain on conversion of convertible loan notes (Note 16)	-	630
Government grants	5	98
Fair value gains on financial assets at fair value through profit or loss (Note 17)	-	40
Rental income	396	423
Reversal of provision for restoration cost	-	-
Service fees charged to a related party	-	-
Costs recoverable from a related party	-	-
Others	20	63
Total other income	914	1,336

7. Personnel expenses and staff numbers (including Directors)

	Group		Company	
	2013 Number	2012 Number	2013 Number	2012 Number
The average number of employees in the year were:				
- Directors	5	5	5	5
- Operations	91	78	-	-
	96	83	5	5
	SGD'000	SGD'000	SGD'000	SGD'000
The aggregate payroll costs for these persons were:				
- Salaries, wages and bonuses	3,864	3,342	145	79
- Pension contribution	432	433	-	-
- Employee benefits	342	279	-	-
Total personnel expense	4,638	4,054	145	79

7. Personnel expenses and staff numbers (including Directors) (continued)

Directors' remuneration	Year ended 31 December 2013			Year ended 31 December 2012		
	Salaries and fees	Pension contri-butions	Total	Salaries and fees	Pension contri-butions	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Robert Goddard	78	-	78	45	-	45
Hillary Phang Song Hua	681	14	695	675	14	689
Lawrence Cheung	107	2	109	106	-	106
James Tan	60	-	60	34	-	34
Ajay Kumar Rajpal	59	-	59	34	-	34
Matthew Pau	-	-	-	-	-	-
	985	16	1,001	894	14	908

8. Finance expenses, net

	2013 SGD'000	2012 SGD'000
Finance income: Fixed deposits	2	6
	2	6
Less Finance costs		
- Lease obligations	9	38
- Term loans	104	80
- Convertible loan	18	-
	131	118
Finance costs/(income), net	129	112

9. Other operating expenses

	2013 SGD'000	2012 SGD'000
Foreign exchange (gain) / loss, net	(25)	76
Impairment loss on asset classified as held for sale (Note 20)	-	- 411
Impairment loss on trading securities (Note 17)	951	-
Auditors' fees: - Audit	106	40
Non-audit fees paid	-	-
Professional fees	234	448
Printing and stationery	39	66
Repairs and maintenance	58	58
Stamp duties	87	107
Telephone and insurance	131	117
Travelling and transportation	145	70
Utilities	139	165
Other	486	248
Total other expense	2,351	1,806

Included within AIM admission costs in 2012 is SGD 119,000 relating to fees paid to the auditors for acting as the Reporting Accountants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Taxation

The reconciliation of the tax expense and the product of accounting profit multiplied by the effective rate is as follows:

	2013 SGD'000	2012 SGD'000
Accounting profit/(loss)	978	(323)
Tax at the effective tax rate of 17% (2012: 17%)	166	(55)
Tax effect on non-deductible expenses	462	93
Tax effect on non-taxable income	(82)	(114)
Utilisation of capital allowances	(40)	-
Tax effect of (under)/over-provision in prior years	55	28
Partial tax exemption	(26)	(26)
Effect of deferred tax assets not recognised	77	246
Corporate tax rebate	(12)	-
Other adjustments	(516)	-
Income tax expenses	84	172

The Company is incorporated in the UK but is treated as a Singapore resident for tax purposes.

11. Loss per share

Loss per share data is based on the Group profit for the year and the weighted average number of shares in issue.

	Year ended 31 December 2013 SGD	Year ended 31 December 2012 SGD
Basic and diluted profit per share	(0.01)	(0.01)
Profit/(loss) for the purposes of basic and diluted profit per share	(1,124,000)	(494,695)
Basic and diluted profit per share before AIM admission costs	(0.01)	(0.01)
Profit/(loss) for the purposes basic and diluted profit per share before AIM admission costs	(1,124,000)	663,000
Number of shares	No.	No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	100,000,000	94,015,849

In order to calculate diluted earnings per share, the weighted average number of ordinary shares in issue would be adjusted to assume conversion of all dilutive potential ordinary shares according to IAS 33. In each of the years ended 31 December 2013 and 2012 the Group has made a profit after taxation and the effect of the potential ordinary shares is anti-dilutive and therefore the diluted earnings per share is the same as basic earnings per share. The weighted average number of potentially dilutive shares for the year ended 31 December 2013 was 100,250,000 (2012: 94,015,849).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Subsidiaries

Name of companies	**Principal activities**	**Country of incorporation and place of business**	**Proportion (%) of equity interest 2013 and 2012**
			%
Held by the Company			
New Trend Lifestyle Pte Limited	Trading	Singapore	100
Held by New Trend Lifestyle Pte Limited			
New Trend Lifestyle (HK) Limited (1)	Investment holding and provision of management services	Hong Kong	100
Held by New Trend Lifestyle (HK) Limited			
New Trend Lifestyle (Shenzhen) Ltd (2)	Trading	People's Republic of China	100

13. Investment property

Group	**2013**	**2012**
	SGD'000	**SGD'000**
Balance Sheet:		
Cost		
As at the beginning of the year	2,273	-
Transfer from property, plant and equipment (Note 14)	-	2,273
As at the end of the year	2,273	2,273
Amortisation		
As at the beginning of the year	37	-
Charge for the year	55	37
As at the end of the year	92	37
Net carrying amount	**2,181**	**2,236**

Income statement:	**2013 SGD'000**	**2012 SGD'000**
Rental income from investment property:		
Minimum lease payments	396	165
Direct operating expenses (including repairs and maintenance) arising from:		
Rental generating property	139	98

Transfer from property, plant and equipment
On 21 May 2012, the Group transferred leasehold building that was held as owner-occupied property to investment property

The investment property held by the Group as at 31 December 2013 is as follows;

Description	**Existing use**	**Tenure**	**Floor area**	**Fair Value**
No. 22 Kaki Bukit Crescent, Kaki Bukit Techpark I, Singapore 416253	Offices	Leasehold	1,011.5 square meter	SGD 4,581,583

Valuation of investment property
The fair value of the leasehold property is determined by an independent professional valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the property being valued. Valuation is based on the comparison method that considers the sales of similar properties that have been transacted in the open market with adjustments for difference in factors that affect the value.

Property pledge as security
Investment property is secured against the Group's borrowings (Note 22).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Property, plant and equipment

	Freehold building SGD'000	Leasehold building SGD'000	Computer equipment SGD'000	Electrical equipment SGD'000
Cost				
At 1 January 2012	760	-	381	207
Additions	-	3,200	53	13
Disposals/written off	-	-	(30)	(46)
Reclassified as investment property (Note A)		(2,273)	-	-
Reclassified as asset held for sale (Note 20)	(760)	-	-	(18)
Currency translation differences	-	-	(2)	-
As at 31 December 2012	-	927	402	156
As at 1 January 2013	-	927	402	156
Additions	-	-	28	14
Disposals/written off	-	-	(1)	(8)
Reclassified as investment property (Note A)	-	-	-	-
Reclassified as asset held for sale (Note 20)		-	-	-
Currency translation differences	-	-	-	-
As at 31 December 2013	-	927	429	162
Accumulated Depreciation				
At 1 January 2012	1	-	219	133
Charge for the year	11	52	99	28
Disposals/written off	-	-	(25)	(46)
Reclassified as investment property (Note A)	-	(37)	-	-
Reclassified as asset held for sale (Note 20)	(12)	-	-	(12)
As at 31 December 2012	-	15	293	103
As at 1 January 2013	-	15	293	103
Charge for the year	-	23	75	24
Disposals/ written off	-	-	-	(6)
As at 31 December 2013	-	38	368	121
Net book values				
At 31 December 2013	-	889	61	41
At 31 December 2012	-	912	109	53

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Property, plant and equipment (continued)

	Furniture and fittings SGD'000	Motor vehicles SGD'000	Office equipment SGD'000	Software development costs SGD'000	Renovation SGD'000	Total SGD'000
Cost						
At 1 January 2012	8	327	68	-	1,113	5,304
Additions	35	55	12	94	267	3,729
Disposals	-	(100)	(68)	-	(263)	(507)
Disposals/written off	-	-	-	-	-	(2,273)
Reclassified as investment property (Note A)	-	-	-	-	(92)	(3,310)
Reclassified as asset held for sale (Note 20)	-	-	-	-	(3)	(5)
Currency translation differences						
As at 31 December 2012	43	282	12	94	1,022	2,938
As at 1 January 2013	43	282	12	94	1,022	2,938
Additions	148	37	2	13	867	1,109
Disposals/written off	-	(38)	-	-	(288)	(335)
Currency translation differences	-	-	5	-	8	13
As at 31 December 2013	191	281	19	107	1,609	3,725
Accumulated Depreciation						
At 1 January 2012	3	144	68	-	692	1,260
Charge for the year	7	51	2	-	174	424
Disposals/written off	-	(74)	(68)	-	(262)	(475)
Reclassified as investment property (Note A)	-	-	-	-	-	(37)
Reclassified as asset held for sale (Note 20)	-	-	-	-	(1)	(24)
Currency translation differences	-	-	-	-	-	(1)
As at 31 December 2012	10	121	2	-	603	1,147
As at 1 January 2013	10	121	2	-	603	1,147
Charge for the year	53	44	6	35	296	556
Disposals/ written off	-	(38)	-	-	(171)	(215)
Currency translation differences	-	-	-	-	1	(5)
As at 31 December 2013	63	127	8	35	729	1,489
Net book values						
At 31 December 2013	128	154	11	72	880	2,236
At 31 December 2012	33	161	10	94	419	1,791

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Property, plant and equipment (continued)

Note A
In the previous financial year, the Group completed the acquisition of a leasehold building with a total floor area of 1,424 square metre for a purchase consideration of SGD 3.2 million from a third party. The Group has also reclassified a certain portion of the leasehold building with a net carrying amount of SGD 2,236,074 to investment property (Note 13) as it has been leased to a third party to generate income during the current financial year. Accordingly, the remaining portion of the leasehold building is used by the Group as its corporate office.

Assets held under finance leases

During the previous financial year, the Group acquired motor vehicles with an aggregate cost of SGD Nil (2012: SGD 183,499) by means of finance lease.

The carrying amount of office equipment, motor vehicles and renovation held under finance leases at the balance sheet date was SGD 183,499 (2012: SGD 160,356).

Leased assets are pledged as security for the lease obligations (Note 22).

15. Inventories

	2013 SGD'000	**2012 SGD'000**
Finished goods	1,834	1,791
Less: Allowance for inventories obsolescence	(696)	(680)
	1,138	1,111

The cost of inventories recognised as expense and included in 'direct purchase and costs' amounted to SGD 1,056,635 (2012: SGD 1,037,110).

16. Derivative financial asset

On 22 September 2012, NTL, through its subsidiary, New Trend Lifestyle (HK) Limited ("NTL HK"), entered into a convertible loan agreement ("Agreement") with a third party (the "Issuer") to subscribe for unsecured convertible loan notes ("Convertible Loan Notes") amounting to HKD 2,500,000 (equivalent to SGD 417,875), satisfied in full by cash payment. Under the terms of the Agreement, upon the Issuer's admission to the London's Alternative Investment Market, the Group had the right, but not the obligation, to convert the principal amount into ordinary shares at 50 percent of the subscription price.

Pursuant to the terms of the Agreement, the principal amount was repayable in full, with 6% interest charged per annum, if the conversion did not take place by 31 March 2012. On 30 March 2012, NTL HK and the Issuer agreed to extend the conversion date to 30 September 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Derivative financial asset (continued)

In accordance with IAS 39 Financial Instruments: Recognition and Measurement, the Group has assessed and classified the Convertible Loan Notes as an embedded derivative. Accordingly the Group has engaged an independent professional valuer to determine the fair value of the convertible loan and the derivative financial instrument, taking into consideration certain parameters such as the issuer's probability of listing on AIM from inception until the maturity of the convertible loan note and the expected return based on the issuer's estimated credit rating.

The total subscribed amount for the unsecured convertible loan notes of HKD 2,500,000 (equivalent to SGD 417,875), were segregated into derivative financial instrument component and other receivables (Note 18) of HKD1,219,359 (equivalent to SGD 203,816) and HKD1,280,641 (equivalent to SGD 214,059) respectively.

On 2 August 2012, the Issuer, another third party ("Investee") and NTL HK entered into another agreement ("Second Agreement") and agreed that, subject to the admission of the issued ordinary shares of the Investee on the AIM, NTL HK would subscribe for the Investee's shares and the Investee would allot and issue the Investee's shares to NTL HK at a fully issued and paid up price of £0.04 per share. Accordingly, the principal amount of the Convertible Loan Notes payable by the Issuer under the First Agreement would be applied in satisfaction of the amount to be subscribed by NTL HK for the Investee's shares.

On 17 August 2012 ("Conversion Date"), all the terms and conditions of the Second Agreement were fulfilled and the Convertible Loan Notes were converted into 5,000,000 ordinary shares of the Investee ("Quoted Investments"). Accordingly, the carrying amounts of the derivative financial instrument and other receivable were derecognised and the fair value of the Quoted Investments was recognised at the Conversion Date. The directors assessed, based on the nature and purpose of the Quoted Investments, and concluded to classify as financial assets held at fair value through profit and loss (Note 17). The difference between the carrying amounts of Convertible Loan Notes and the fair value of the Quoted Investments, amounting to HKD 3,907,625 (equivalent to SGD 629,518) was recognised in the consolidated income statement as a gain on conversion during the financial year ended 31 December 2012.

17. Financial assets at fair value through profit or loss

	2013 SGD'000	2012 SGD'000
Quoted investments:		
Equity securities (Note 16)	99	1,050
Market value of quoted investments		
Equity securities	99	1,050

Movements of financial assets, at fair value through profit or loss are as follows:

	2013	2012
1 January 2013	1,050	-
Conversion of convertible loan notes into equity securities		1,010
Less: impairment loss	(951)	
Fair value gain (Note 6)	-	40
At 31 December 2013	99	1,050

18. Trade and other receivables

	Group		Company	
	2013 SGD'000	2012 SGD'000	2013 SGD'000	2012 SGD'000
Other receivables:				
Others	273	92	-	-
Advance payment	54	102	-	-
Due from a subsidiary (non-trade)*	-	-	698	634
Due from a director (non-trade)**	1	-	-	-
Deposits***	459	493		-
Prepayments	167	182	7	4
Tax Recoverable	53			
Other receivables (non-trade)****	90	293	-	-
	1,097	1,162	705	638

* This amount is unsecured, interest-free and repayable on demand.

** This amount is unsecured, repayable on demand and earns interest at 5.38% (2012: 5.38%) per annum.

*** Included in deposits are refundable rental deposits, amounting to SGD 465,994 (2012: SGD 241,677) paid in respect of office premises and retail outlets.

**** On 23 September 2012, the Group, through its subsidiary, New Trend Lifestyle (Shenzhen) Ltd ("Subsidiary"), entered into a licensing agreement ("Agreement") with a third party, Guangzhou Yuanzhongxiu Commodity Information Consulting Co., Ltd ("GYCIC") to establish the Group's products and services in the five retail outlets operated by GYCIC in Guangzhou, China. The Agreement became effective from November 2012, and contains the following principal terms and conditions:

(a) The Subsidiary agreed to lend up to RMB 3.0 million (equivalent to SGD 581,100) to GYCIC ("Loan") as working capital;
(b) The Loan is interest-free and repayable in two years, commencing from September 2012;
(c) The Loan is secured by the fixed assets of GYCIC;
(d) GYIC will pay the Subsidiary a monthly royalty fee of RMB 100,000 (equivalent to SGD 19,770) for 16 months, commencing from September 2012 ;
(e) The Subsidiary has the option, at its sole discretion, to call upon 50% of the total issued and unissued share capital of GYCIC, in satisfaction of the Loan at any time between 1 January 2013 to 30 June 2014 ("Validity Period")
(f) During the Validity Period, the Subsidiary has the right, at its sole discretion, to acquire the remaining 50% of total issued and unissued share capital of GYCIC, settled by cash consideration or the holding company's shares at their then-current mid-market price at a value equivalent to four times the net profit of GYCIC in 2013, inclusive of royalty fees of RMB 1.2 million.

As at 31 December 2012, the Group had extended a loan amounting to an aggregate of RMB 1.5 million (equivalent to SGD 291,216) to GYCIC and received royalty fees of RMB 388,349 (equivalent to SGD 76,996). The Group had not exercised its options to acquire the share capital of GYCIC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Trade and other receivables (continued)

During the year, the Subsidiary received partial settlement of the loan of RMB 1,241,914 (equivalent to SGD 257,531) from GYCIC. The Board of Directors have assessed and concluded that as the loan will be fully settled in cash, the subsidiary will not be exercising its option and accordingly, the option has no value as at 31 December 2013.

The Group fully expects to recover the balance outstanding of RMB 258,086 (equivalent to SGD 53,518).

19. Cash and cash equivalents

	2013 SGD'000	2012 SGD'000
Cash and bank balances	1,958	2,229
Fixed deposits (Note A)	202	201
Cash and bank balances as presented in balance sheets	2,160	2,430
Less: Pledged fixed deposits (Note A)	(202)	(201)
Cash and cash equivalents as presented in consolidated statement of cash flows	1,958	2,229

Note A:
Fixed deposits bear interest rates ranging from 0.25% to 0.35% (2012: 0.35% to 0.35%) per annum with an average maturity period of 8 months (2012: 8 months).

Fixed deposits are pledged in connection with lease obligations (Note 22).

20. Asset classified as held for sale

On 25 January 2013, the Group entered into an option-to-purchase agreement to dispose its property at 145/145A Sims Avenue in Singapore to a third party for a cash consideration of SGD 3,350,000. The sale was completed in March 2013. Accordingly as at the previous balance sheet date, the non-current asset held for sale was classified and presented separately on the balance sheet as follows:

	Group and Company	
	2013 SGD'000	2012 SGD'000
Asset classified as held for sale		
Property stated at fair value less cost to sell	-	2,873

An impairment loss of SGD 411,294 was recognised during the previous financial year to reduce the carrying amount of the property classified as held for sale to its fair value less costs to sell based on the contracted amount and estimated transaction costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Trade and other payables

	Group		Company	
	2013 SGD'000	**2012 SGD'000**	**2013 SGD'000**	**2012 SGD'000**
Trade payables	261	203	-	-
Other payables:				
Due to a director (non-trade)*	2	7	-	-
Due to a subsidiary (non-trade)*			492	-
Accrued expenses **	899	972	110	149
Customers' deposits	79	61		-
Rental deposits	-	34		-
Others	35	50	9	-
	1,015	1,124	611	149
	1,276	1,327	611	149

* These amounts are unsecured, interest-free and repayable on demand.

** Included in the accrued expenses of the Group as at 31 December 2013 mainly is an amount of SGD 536,553 (2012: SGD 416,267) which relates to commission and bonuses that are payable to its Group's personnel subsequent to the year end.

22. Financial liabilities

Group	**2013 SGD'000**	**2012 SGD'000**
Current liabilities		
Finance lease liabilities	36	187
Bank loan	-	2,358
Convertible loan (Group and Company)	209	-
	245	2,545
Non-current liabilities		
Finance lease liabilities	22	58
Other loan	2,064	2,290
	2,086	2,348

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Financial liabilities (continued)

	Minimum lease payments	Interest	Present value of payments
	SGD'000	SGD'000	SGD'000
2013			
Not later than one year	38	2	36
Later than one year and not later than five years	23	1	22
	61	3	58

	Minimum lease payments	Interest	Present value of payments
	SGD'000	SGD'000	SGD'000
2012			
Not later than one year	196	9	187
Later than one year and not later than five years	61	3	58
	257	12	245

Lease obligations are secured by the following:

(a) Motor vehicles of the Group (Note 14);
(b) Fixed deposits (Note 19); and
(c) Personal guarantee by Master Phang.

The weighted average effective interest rate for finance leases is 5.48% (2012: 7.13%) per annum. The carrying amounts of the Group's finance lease liabilities are approximate their fair value.

Bank loan

	2013	2012
	SGD'000	SGD'000
Term loan 1	-	47
Term loan 2	-	135
Term loan 3 (Sims Avenue)	-	2,176
Term loan 4 (Kaki Bukit)	2,064	2,290
	2,064	4,648

Terms loans of the Group are secured by the following:
(a) a personal guarantee by Master Phang; and
(b) a mortgage on the Group's investment property (Note 13)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Financial liabilities (continued)
Bank loan

The repayment terms of the term loans are as follows:

(a) Term loan 1 is repayable in 36 monthly instalments of SGD 4,946, commencing from November 2010 and has been fully settled during the financial year.
(b) Term loan 2 is repayable in 48 monthly instalments of SGD 11,515, commencing from December 2009 and has been fully settled during the financial year.
(c) Term loan 3 is repayable in 300 monthly instalments of SGD 9,332, commencing from February 2012 and has been fully settled during the financial year.
(d) Term loan 4 is repayable in 300 monthly instalments of SGD 21,741, commencing from June 2012.

Notwithstanding to the above, the term loans are subject at the lenders' discretion to review, recall, alter or cancel the term loans, irrespective of whether a default event has occurred. Accordingly, these loans are classified under current liabilities. Whereas for term loan 4, the term loan agreement does not include any overriding repayment on demand clause, hence it has been classified under non-current liabilities.

The borrowings are denominated in Singapore Dollar. As at 31 December 2013, the weighted effective interest rate for borrowings ranged from 1.68% to 2.53% (2012: 0.12% to 0.91%) per annum.

Convertible loan

	2013 SGD'000	**2012 SGD'000**
Convertible loan notes	209	-
	209	-

In May 2013 the Company created created a convertible loan note ("Loan Note") to raise up to £250,000 and issued Loan Notes amounting to £100,000.

The Loan Notes will pay interest at 12 per cent per annum and will be convertible by the Note Holders into new Ordinary Shares in the Company at a price of 10p per Ordinary Share at any time between the date of issue and the third anniversary thereof. In the event that the conversion does not take place the Loan Notes are repayable by the Company on 30 April 2016. The conversion price of 10p is at a 48% premium to the mid-price of 6.75p as at the close of market on 8 May 2013.

Application will be made to the London Stock Exchange for any new Ordinary Shares (which rank parri passu with the existing Ordinary Shares) to be admitted to trading upon conversion.

The convertible loan notes amounting to SGD 209,000 have been classified as debt. In accordance with IAS32, the company has estimated that using an interest rate of 12%, the equity element of the convertible loan is SGD nil.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Provision for Restoration Costs

	2013 SGD'000	2012 SGD'000
Not later than one year	10	11
Later than one year and not later than five years	180	48
	190	59

The movement in provision for restoration costs is as follows:

	2013 SGD'000	2012 SGD'000
At 1 January	59	57
Provision made	153	11
Provision utilised	(22)	(9)
	190	59

Provision for restoration costs relate to the estimated cost of dismantling, removing and restoring the premises to their original conditions upon expiration of the leases. The provision is expected to be recognised after one year but within three years from the balance sheet date.

24. Share capital

	2013 SGD'000	2012 SGD'000
At the beginning and end of year	199	199

The issued share capital as at 31 December 2013 was 100,000,000 Ordinary Shares of 0.1p each.

25. Warrants

	Number of warrants	Exercise price	Weighted average remaining contractual life
At 1 January 2013	3,000,000	8p	6.6 years
Warrants issued in the year	-	-	-
At 31 December 2013	3,000,000	8p	5.6 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Warrants (continued)

The fair value of the warrants issued in the previous year was £0.026 and was derived using the Black Scholes model. The following assumptions were used in the calculation:

Bid price discount	25%
Risk-free rate	0.88%
Volatility	60%

26. Share options

	Number of options	Exercise price	Weighted average remaining contractual life
At 1 January 2013	0	-	-
Options issued in the year	600,000	8p	9.4 years
At 31 December 2013	600,000	8p	9.4 years

On 31 July 2013, 600,000 options were granted equally amongst the four serving directors at that time, with an exercise price of 8p and exercisable at any time up to the tenth anniversary of the grant.

The fair value of the share options issued in the current year is £0.009 and was derived using the Black Scholes model. The following assumptions were used in the calculation:

Bid price discount	25%
Risk-free rate	0.67%
Volatility	60%
Expected life	3 years

Expected volatility was determined by calculating the historical volatility of the Company's share price since flotation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions, and behavioural considerations.

27. Related-party transactions

Some of the arrangements with related parties (as defined in Note 2) and the effects of these bases determined between the parties are reflected elsewhere in this report. Details of transactions between the Group and related parties are disclosed below:

	2013 SGD'000	2012 SGD'000
Transactions and balances with Group members		
Loans provided from the Company to:		
- NTL	(492)	17
- NTL HK	698	617
Key management personnel compensation		
Directors' remuneration		
- Salaries, wages and bonuses	776	781
- Pension contributions	16	14
- Directors' fees	197	113
- Share based payment	8	-
Other key management personnel		
- Salaries, wages and bonuses	-	433
- Pension contributions	-	26

Related parties comprise mainly companies which are controlled or jointly controlled by Master Phang and his close family members.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity.

During the year, SGD 58,795 (2012: 33,857) was paid to NAS Corporate Services Limited and SGD 78,471 (2012: 45,143) was paid to Redstart Partners LLP for non-executive directors fees in relation to Ajay Kumar Rajpal and Robert John Goddard respectively.

Significant Related Party Balances

	2013 SGD'000	2012 SGD'000
Phang Song Hua	(2)	-
Lawrence, Cheung Chor Kiu	2	(7)

On 27 November 2013 Phang Song Hua obtained a short term loan from Hao Tian Development Group Limited ("Hao Tian") in the sum of HK$6 million (approximately SGD 1 million).

Hao Tian is the subsidiary of a substantial company (Ha Tian Resources Limited) listed on the HK Stock Exchange. As security for the loan, which is due to be fully repaid by August 2014, Phang Song Hua has pledged, in favour of Hao Tian, 54,721,333 shares of the Company representing approximately 54% of the entire issued share capital of Company.

28. Operating lease commitments

(i) Where the Group is the lessee
The Group leases certain retail outlets and premises under non-cancellable operating lease agreements. The leases have varying terms, renewal rights and contingent rent. The Group is required to pay either absolute fixed annual increase to the lease payments or contingent rents computed based on its sales achieved during the lease period.

The future aggregate minimum leases payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities are as follows:

	2013 SGD'000	2012 SGD'000
Not later than one year	1,466	772
Later than one year and not later than five years	2,262	840
	3,728	1,612

The leases on the retail outlets and office premises on which rentals are payable will expire between February 2014 to March 2017 (2012: January 2013 to April 2016). The current rent payable on the leases ranges from SGD 1,900 to SGD 23,672 (2012: SGD 1,900 to SGD 17,836) per month.

(ii) Where the Group is the lessor
The future aggregate minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables are as follows:

	2013 SGD'000	2012 SGD'000
Not later than one year	396	165
Later than one year and not later than five years	561	-

The leases on the Group office premises leased to a third party on which rentals are receivable will expire on May 2016 (2012: May 2013). The current rent receivable on the lease is at SGD 33,000 per month (2012: SGD 33,000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Financial instruments

Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are market risks (including foreign exchange risk and interest rate risk), liquidity risk and credit risk. The Director reviews and agrees policies and procedures for the management of these risks.

It is the Group's policy not to trade in derivative contracts.

(a) Market risk

i) Foreign currency risk
The Group is exposed to movement in foreign currency exchange rates arising from normal trading transactions that are denominated in currencies other than the respective functional currencies of the Group entities, primarily with respect to United States dollars and Hong Kong dollars. The group does not have a policy to hedge its exposure to foreign currency exchange risk.

2013	**SGD**	**RMB**	**HKD**	**GBP**	**Total**
	SGD' 000	**SGD' 000**	**SGD' 000**	**SGD '000**	**SGD' 000**
Financial assets					
Financial assets at fair value through profit or loss	-	-	-	99	99
Other receivables	330	477	92	93	992
Cash and bank balances	1,912	26	55	167	2,160
	2,242	503	147	359	3,251
Financial liabilities					
Trade and other payables	1,012	79	66	118	1,275
Lease obligations	58	-	-	-	58
Borrowings, secured	2,064	-	-	-	2,064
Convertible loans	-	-	-	209	209
	3,134	79	66	327	3,606
Net financial assets/(liabilities)	(892)	424	81	32	(355)
Less: Net financial assets denominated in the respective entities' functional currencies	892	(410)	9	168	660
Foreign currency exposure	-	14	90	200	305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Financial instruments (continued)

2012	**SGD**	**RMB**	**HKD**	**GBP**	**Total**
	SGD' 000	**SGD' 000**	**SGD' 000**	**SGD '000**	**SGD' 000**
Financial assets					
Financial assets at fair value through profit or loss	-	-	1,050	-	1,050
Other receivables	462	415	989	-	1,866
Cash and bank balances	2,265	25	123	17	2,430
	2,728	439	2,162	4	5,347
Financial liabilities					
Trade and other payables	1,027	56	1,604	17	2,705
Lease obligations	245	-	-	-	245
Borrowings, secured	4,648	-	-	-	4,648
	5,920	56	1,604	17	7,597
Net financial assets/(liabilities)	(3,192)	383	558	336	(2,251)
Less: Net financial assets denominated in the respective entities' functional currencies	3,192	-	989	-	4,181
Foreign currency exposure	-	383	1,547	336	1,931

Foreign exchange risk sensitivity

The following table details the sensitivity to a 10% increase and decrease in the Singapore Dollars against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the foreign currencies strengthen by 10% against the relevant functional currencies, with all other variables held constant profit or loss and other equity will increase (decrease) by:

2013	**RMB**	**HKD**	**GBP**
	SGD '000	**SGD '000**	**SGD '000**
Profit (Loss)/Other comprehensive income	1	8	17

2012	**RMB**	**HKD**	**USD**
	SGD '000	**SGD '000**	**SGD '000**
Profit (Loss)/Other comprehensive income	32	128	28

29. Financial instruments (continued)

A 10% weakening of foreign currencies against the respective functional currencies at the balance sheet date would have had the equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remains constant.

(ii) Interest rate risk

The Group obtains additional financing through bank borrowings (interest bearing). The Group's policy to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group constantly monitors its interest rate risk and does not utilise interest rate swap or other arrangements for trading or speculative purposes. As at 31 December 2012, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

Summary quantitative data of the Group's interest-bearing financial instruments can be found in part (b) of this note.

Interest in financial instruments subject to floating interest rates is repriced regularly. The other financial instruments of the Group that are not included in the above table are not subject to interest rate risks.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting periods in the case of instruments that have floating rates. A 100 basis point increase or decrease is used as it represents management's assessment of the possible change in interest rates.

Interest risk sensitivity

If the interest rates had been 100 basis point higher or lower and all other variables were held constant, the Group's profit for the year ended 31 December 2013 would decrease or increase by SGD 6,845 (2012: SGD 46,476). This mainly is attributable to the Group's exposure to interest rates on its variable rate borrowings.

(b) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. Management monitors the Group's liquidity reserve, comprising cash and cash equivalents (Note 19) on the basis of expected cash flows.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Financial instruments (continued)

2013	**Weighted average interest rate**	**On demand or not later than 1 year**	**Later than 1 year and not later than 5 years**
	%	**SGD'000**	**SGD'000**
Trade and other payables		264	-
Lease obligations (Fixed rates)	5.48	22	-
Borrowings, secured (Floating	1.68 – 2.53		-
rates)		2,064	
Convertible loans	12	209	-
		2,559	-

(b) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. Management monitors the Group's liquidity reserve, comprising cash and cash equivalents (Note 19) on the basis of expected cash flows.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

2013	**Weighted average interest rate**	**On demand or not later than 1 year**	**Later than 1 year and not later than 5 years**
	%	**SGD'000**	**SGD'000**
Trade and other payables		264	-
Interest bearing borrowings,	5.48		-
secured:		22	
Lease obligations (Fixed rates)	1.68 – 2.53	2,064	-
Borrowings, secured (Floating	12		-
rates)		209	
		2,559	-
2012			
Trade and other payables	-	1,777	-
Interest bearing borrowings, secured:			
Lease obligations (Fixed rates)	7.13	196	61
Borrowings, secured (Floating rates)	0 – 0.87	3,148	2,572
		5,122	2,633

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Financial instruments (continued)

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The carrying amounts of other receivables and cash and bank balances represent the Company's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instruments presented on the balance sheet.

Cash and bank balances, including fixed deposits are placed with reputable financial institutions.

(d) Financial instruments by category

The following table sets out the financial instruments as at the statement of balance sheet date:

	2013	**2012**
	SGD'000	**SGD'000**
Derivative financial instrument	-	204
Financial assets at fair value through profit or loss	99	1,050
Loans and receivables (including cash and cash balances)	3,037	3,308
	3,136	4,358
Financial liabilities at amortised cost	4,624	6,608

Capital risk management policies and objectives

The Group's policy is to maintain adequate capital based on ensure continuity as a going concern while maximising the return to shareholder through the optimisation of the debts and equity balance.

The capital structure of the Company consists of equity, comprising issued capital and retained earnings as disclosed in the financial statements. The Group's overall strategy remains unchanged since 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Fair value of financial instruments

(i) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy as at 31 December:

	Group			
	Level 1	**Level 2**	**Level 3**	**Total**
2013				
Financial asset:				
Financial assets at fair value through profit or loss (Note 17)	99	-	-	99
2012				
Financial asset:				
Financial assets at fair value through profit or loss (Note 17)	1,050	-	-	1,050

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There have been no transfers between Level 1 and Level 2 during the financial years ended 31 December 2013 and 2012.

Determination of fair value
Financial assets at fair value through profit or loss (Note 17):

The fair value of financial assets at fair value through profit or loss is determined by direct reference to their bid quotations in an active market at the balance sheet date.

Derivative financial instrument (Note 16):

The fair value of the derivative financial instrument is estimated by using a discounted cash flow model based on various assumptions and certain parameters such as the probability of the listing date from inception until maturity of the of the convertible loan notes and the expected return based on the estimated credit rating.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Fair value of financial instruments (continued)

(ii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

As at balance sheet date, there are no financial instruments in this category.

31. Controlling Party Note

The Group is controlled by the director, Phang Song Hua.

32. Events subsequent to 31 December 2013

James Tan resigned as a director of the Company with effect from 31 January 2014.

On 28 May 2014, the Company raised SGD1,140,000 by way of the issue of convertible loan notes, at a conversion price of 10p. The funds will be used for general working capital purposes.