

**New Trend Lifestyle Group PLC**  
**Report and Accounts**  
**for the year ended 31 December 2015**

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

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# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## COMPANY INFORMATION

Directors	Robert John Goddard (Non-executive Chairman) Phang Song Hua (Chief Executive Officer) Ajay Kumar Rajpal (Non-executive director and interim Finance Director)
Secretary and Registered Office	International Registrars Limited Finsgate 5-7 Cranwood Street London EC1V 9EE
Nominated Adviser & Joint Broker	Zeus Capital Limited 82 King Street Manchester M2 4WQ
Solicitors	Bracher Rawlins Kingsway London WC2B 6SR
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	Robert Wang & Woo LLP 9 Temasek Boulevard #41-01 Suntec Tower 2 Singapore 038989

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

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

### Background and summary of trading performance

Trading conditions in Singapore have been challenging throughout the year, and the Company has continued with its efforts on cost reduction, whilst implementing new sales and marketing initiatives to improve sales. In April 2015, the Company ceased all operations in China, whilst continuing with the China business development projects from Singapore. These actions helped to reduce the loss in China, and curtail the loss in Singapore.

### Trading

#### *Profit and loss (Singapore)*

Sales in Singapore fell back by 10.5% from SGD8,776k in 2014 to SGD7,852k in 2015. Despite reducing direct and operating costs to SGD8,487k (2014 : SGD9,041k), this resulted in a loss before tax of SGD635k (2014 : SGD395k).

#### *Profit and loss (China and other)*

The loss from the discontinued operations in China was SGD407k in the year (reduced from SGD490k in 2014). The result this year includes a bad debt provision of SGD278k, which would otherwise have shown a more improved position in China due to the change in strategy in April 2015. The China business development projects have not been able to progress to any satisfactory state to date.

#### *Profit and loss (UK)*

The loss to group as a result of the ongoing costs in the UK were SGD515k (2014: SGD599k)

#### *Balance sheet*

Fixed assets reduced to SGD3,604k (2014: SGD4,092k) mainly as a result of depreciation and amortisation charged in the year of SGD662k.

Net inventories decreased to SGD864k (2014: SGD1,155k) as a result of a focus on reducing inventories throughout the Company.

Current liabilities remained broadly in line with the prior year at SGD2,737k (2014 : SGD2,760k). The Company repaid convertible loan notes of SGD209k, which reduced the overall borrowings of the Group.

#### *Cash flow*

Cash on hand was SGD2,854k at the year-end (2014 : SGD3,260k). The Group continues to manage its cash within its available resources.

#### *Exchange rate*

Exchange rates used for translating foreign operations are disclosed on page 28.

# **New Trend Lifestyle Group Plc**

**Year ended 31 December 2015**

**CHAIRMAN'S & CEO'S STATEMENT, INCLUDING FINANCIAL REVIEW (continued)**

## **CURRENT TRADING AND OUTLOOK**

The Group's performance in 2015 remained weak, with total comprehensive loss for the year at SGD1,607k (2014 : SGD1,625k). Trading conditions are expected to remain tough throughout 2016, and the Group continues with its cost control and new sales and marketing initiatives.

The Board continues to evaluate new strategies for the Company, and will update shareholders as and when appropriate.

## **POST BALANCE SHEET EVENTS**

There were no significant post balance sheet events.

Robert John Goddard  
**Chairman**

Phang Song Hua  
**Chief Executive**

**31 May 2016**

## **New Trend Lifestyle Group Plc**

**Year ended 31 December 2015**

### **DIRECTORS AND OFFICERS**

#### **Robert John Goddard (aged 65) – 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 has lived overseas for many years, mainly in the Asia Pacific region.

#### **Phang Song Hua (aged 48) – 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 46) – 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.

Robert Goddard and Ajay Rajpal both reside in the UK and Master Phang in Singapore.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## 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 and CEO's Statement on pages 2 to 3.

### 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.

	2015 SGD'000	2014 SGD'000	Change SGD'000	%
Sale of products	3,624	5,134	(1,510)	(29.4)
Services rendered	4,228	3,642	586	16.1
Total revenue	<u>7,852</u>	<u>8,776</u>	<u>(924)</u>	<u>(10.5)</u>
Gross profit	5,615	6,464		
Gross profit margin	71.5%	73.7%		
Net loss from continuing operations	1,079	1,058	21	2.0
Net assets	1,966	3,573	(1,607)	(45.0)
Cash and cash equivalents	2,854	3,260	(406)	(12.5)

For a summary of the trading performance please refer to the Chairman's & CEO's statement.

### 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 31 May 2016 and signed on its behalf by:

Ajay Rajpal  
Director  
31 May 2016

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## 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 2015.

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 2012. On 28 June 2012 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 16. The Directors do not recommend a dividend.

### Directors and their interests

The directors who held office during the year are as follows:

Hillary Phang Song Hua

Robert John Goddard

Ajay Kumar Rajpal

Matthew Pau

(Resigned 28 February 2015)

The interests of those directors serving at the year ended 31 December 2015, all of which are beneficial, in the share capital of the Company, were as follows:

			At 31 December 2015	
			Shares of 0.1p each	%
Hillary Phang Song Hua			61,453,333	61.45%
Robert John Goddard			250,000	0.25%

Hillary Phang Song Hua, Robert John Goddard and Ajay Kumar Rajpal each have 150,000 share options that are exercisable at 8 pence per share and expire on 30 July 2023.

### Share Capital

Details of the Company's share capital are disclosed in Note 25 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.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## 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 31 December 2015, 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
Hillary Phang Song Hua	61,453,333	61.45%
Beaufort Nominees Limited	11,936,500	11.94%
Tan Meng Dong	8,800,000	8.80%
Spruson Investments Limited	7,480,000	7.48%
Lynchwood Nominees Limited	4,692,415	4.69%
CGWL Nominees Limited	3,591,362	3.59%

### Post Balance Sheet Events

Details of post-balance sheet events are disclosed in Note 31 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.

# **New Trend Lifestyle Group Plc**

**Year ended 31 December 2015**

## **DIRECTORS' REPORT (continued)**

### **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 2015 was 0.5p.

### **Publication of Financial Statements**

The Company's financial statements will be made available on the Company's web-site [www.newtrendlifestylegroup.com](http://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 Jeffrey's 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 31 May 2016 and signed on its behalf by:

Ajay Rajpal  
**Director**  
31 May 2016

# **New Trend Lifestyle Group Plc**

**Year ended 31 December 2015**

## **CORPORATE GOVERNANCE STATEMENT**

### **The Corporate Governance Code (the 'Code')**

The Board has sought to comply with a number of provisions of the 2014 UK Corporate Governance Code ('the Code') in so far as it considers them to be appropriate for a company of this size and nature. They make no statement of compliance with the Code overall and do not 'explain' in detail any aspect of the Code with which the Group does not comply.

### **The Role of the Board**

At formal meetings, the board receives reports by the CEO, Master Phang on the overall performance since the previous board meeting. He is supported by the Interim Finance Director on financial detail. They are followed by reports on other matters, particularly progress with development projects. Minutes of board Committee meetings held since the preceding 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 senior management, 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 2015, there were six meetings of the board. All directors were present at all meetings, mostly by telephone but sometimes in person. The Company's chairman attended all of the six meetings and in person at two.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## **CORPORATE GOVERNANCE STATEMENT (continued)**

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.

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. Master Phang has 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**

Each of the non-executive directors is considered to be 'independent'.

The service agreements for Robert Goddard and Ajay Rajpal were agreed by the board before the Admission to AIM, and these have not been changed since. 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 recorded elsewhere in this Annual Report, during the course of the year all directors participated in the Company's share options scheme. All options granted, and their terms, 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.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## CORPORATE GOVERNANCE STATEMENT (continued)

### Board Committees

There are three standing Committees of the board. At the end of 2015, membership of these Committees was:

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

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, each of the AIM Compliance Committee, Remuneration and Nomination Committee 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.

#### AIM Compliance Committee (“ACC”)

The AIM Compliance Committee meets 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.

#### Remuneration and Nomination Committee (“RNC”)

- 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 the performance targets to be used.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## **CORPORATE GOVERNANCE STATEMENT (continued)**

- 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.

### Audit & Risk Committee ("ARC")

The Audit & Risk Committee is expected to meet formally at least once a year with the Company's auditor at an appropriate time 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 continue do so at least once a year. The basic requirements include ensuring familiarity and acceptance of the policies, risk analysis and maintenance of an 'incident' book.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## **CORPORATE GOVERNANCE STATEMENT (continued)**

### **Business Reviews**

The board reviews regularly both the financial position of the Group and information about non-financial performance. It does this at each board meeting. Financial information includes monthly management accounts, including 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**

The strategy in the short to medium term is now to concentrate resources on revitalising the Singapore operations so as to try and achieve positive profitability by the end of 2016. To the extent that they can be managed at modest cost out of Singapore, certain of the China projects will still be developed. These include the identification and appointment of suitable franchise partners in major cities.

The strategy in Singapore is to consolidate and refresh the existing portfolio and promote different services related to existing ones, whilst targeting new customers through new sales and marketing initiatives.

The Board continues to evaluate new strategies for the Company, and will update shareholders as and when appropriate.

On behalf of the board,  
Robert Goddard  
**Chairman**  
31 May 2016

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## 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 2015, 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 26 to 64. 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 7, 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 and CEO's Statement and Review, Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent 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 2015 and of the Group's and Parent Company's loss and 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

## **New Trend Lifestyle Group Plc**

**Year ended 31 December 2015**

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

### **INDEPENDENT AUDITORS' REPORT (continued...)**

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

#### **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 Parent 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 Jeffrey's Henry LLP, statutory auditor

Finsgate  
5-7 Cranwood Street  
London  
EC1V 9EE  
United Kingdom  
Date: 31 May 2016

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Continuing operations	Notes	Year ended 31 December 2015 SGD'000	Year ended 31 December 2014 SGD'000 As restated Note 12 & 13
Revenue	5	7,852	8,776
Direct purchases and costs		(2,237)	(2,312)
Personnel expenses	7	(3,560)	(3,942)
Depreciation and amortisation expenses		(651)	(648)
Finance expenses	8	(188)	(156)
Commission expenses		(29)	(4)
Advertising and promotional expenses		(217)	(338)
Bank charges		(247)	(283)
Operating lease expenses		(1,508)	(1,669)
Other operating expenses	9	(1,093)	(1,024)
Other income	6	728	606
<b>Loss before tax</b>		(1,150)	(994)
Income tax (charges) / credits	10	71	(64)
<b>Loss from continuing operations</b>		(1,079)	(1,058)
Loss on discontinued operation	12	(407)	(490)
Loss for the year		(1,486)	(1,548)
<b>Other comprehensive income:</b>			
Exchange loss arising on translation of foreign operations		(121)	(77)
<b>Total comprehensive loss for the year</b>		(1,607)	(1,625)
Attributable to:			
- Owners of the parent		(1,607)	(1,625)
		<b>SGD</b>	<b>SGD</b>
Basic and diluted loss per share	11	(0.01486)	(0.01548)
Basic and diluted loss per share from continuing operations	11	(0.01079)	(0.01058)

The notes on pages 26 to 65 are an integral part of these consolidated financial statements.

Included in direct costs is an amount of SGD 544,000 (2014: SGD 682,000) related to commission costs.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2015 SGD'000	As at 31 December 2014 SGD'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	15	2,070	2,125
Property, plant and equipment	16	1,454	1,920
Intangible assets	17	80	47
		3,604	4,092
<b>Current assets</b>			
Inventories	18	864	1,155
Trade and other receivables	20	767	1,549
Financial assets at fair value through profit or loss	19	-	15
Cash and cash equivalents	21	2,854	3,260
		4,485	5,979
<b>Total assets</b>		8,089	10,071
<b>EQUITY and LIABILITIES</b>			
<b>Capital and reserves attributable to equity shareholders</b>			
Share capital	25	199	199
Share premium		1,731	1,731
Other reserves		360	360
Group reorganisation reserve		2,845	2,845
Currency translation reserve		(258)	(137)
Accumulated deficit		(2,911)	(1,425)
<b>Total equity</b>		1,966	3,573

## New Trend Lifestyle Group Plc

Year ended 31 December 2015

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

#### Current liabilities

Trade and other payables	22	1,282	1,253
Current income tax liabilities		-	6
Borrowings	23	1,310	1,486
Restoration costs	24	145	15
		<hr/>	<hr/>
		2,737	2,760

#### Non-current liabilities

Restoration costs	22	20	172
Deferred tax liability	10	-	65
Borrowings	23	3,366	3,501
		<hr/>	<hr/>
		3,386	3,738
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		8,089	10,071

The notes on pages 26 to 65 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of directors and authorised for issue on 31 May 2016. They were signed on its behalf by:

Ajay Rajpal  
**Director**

31 May 2016

Company Number: 08000104

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2015 SGD'000	Year ended 31 December 2014 SGD'000
<b>Cash flows from operating activities</b>			
Loss before income tax		(1,557)	(1,484)
Adjustments for:			
Depreciation and amortisation expense		662	689
Loss on disposal of fixed assets		22	-
Interest expense		199	93
Interest income		(11)	-
Impairment loss on trading securities		15	-
Reversal of provision for restoration costs		(22)	(2)
Foreign exchange differences		(121)	-
		<u>(813)</u>	<u>(704)</u>
Changes in working capital:-			
Decrease in inventories		291	(17)
Decrease/(increase) in receivables		782	(453)
Increase/(decrease) in payables		(152)	(49)
Deferred revenue		39	31
Cash generated from operations		<u>147</u>	<u>(1,192)</u>
Interest received		11	-
Income tax paid		-	15
Net cash(outflow)/ inflow from operating activities		<u>158</u>	<u>(1,177)</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	16	(227)	(354)
Proceeds from disposal of PPE		106	-
Acquisition of intangible assets	17	(75)	(12)
Net cash (outflow) from investing activities		<u>(196)</u>	<u>(366)</u>
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings		200	2,500
Repayment of bank borrowings		(350)	(759)
Proceeds from convertible loan notes		-	1,110
Repayment of convertible loan notes		(210)	-
Proceeds from obligations under finance leases	23	70	-
Repayment of obligations under finance leases	23	(21)	-
Interest paid		(57)	(93)
Net cash from financing activities		<u>(368)</u>	<u>2,758</u>
Net increase/(decrease) in cash and cash equivalents		(406)	1,215
Effects of changes in exchange rates		-	87
Cash and cash equivalents at start of year - cash		<u>3,260</u>	<u>1,958</u>
Cash and cash equivalents at end of year	21	<u>2,854</u>	<u>3,260</u>

## **New Trend Lifestyle Group Plc**

**Year ended 31 December 2015**

### **CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

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 26 to 65 are an integral part of these consolidated financial statements.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company						
	Share capital	Share premium	Accumulated deficit	Other reserves	Group reorganisation reserve	Currency translation reserve	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
<b>At 1 January 2014</b>	199	1,731	123	162	2,845	(60)	5,000
<b>Comprehensive income</b>							
Loss for the period	-	-	(1,548)	-	-	-	(1,548)
<b>Other comprehensive income</b>							
Currency translation reserve	-	-	-	-	-	(77)	(77)
<b>Total comprehensive income for the year</b>	-	-	(1,548)	-	-	(77)	(1,625)
Issue of convertible loan notes	-	-	-	198	-	-	198
<b>At 31 December 2014</b>	199	1,731	(1,425)	360	2,845	(137)	3,573
<b>At 1 January 2015</b>	199	1,731	(1,425)	360	2,845	(137)	3,573
<b>Comprehensive income</b>							
Loss for the period	-	-	(1,486)	-	-	-	(1,486)
<b>Other comprehensive income</b>							
Currency translation reserve	-	-	-	-	-	(121)	(121)
<b>Total comprehensive income for the year</b>	-	-	(1,486)	-	-	(121)	(1,607)
<b>At 31 December 2015</b>	199	1,731	(2,911)	360	2,845	(258)	1,966

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Other reserves	Cumulative amounts charged in respect of share based payments for unsettled warrants issued and the equity portion of convertible loans 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 26 to 65 are an integral part of these consolidated financial statements.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## COMPANY STATEMENT OF COMPREHENSIVE INCOME

Continuing operations	Notes	Year ended	Year ended
		31 December 2015	31 December 2014
		SGD'000	SGD'000
Revenue		-	-
Personnel expenses		(142)	(247)
Finance expense		(141)	(68)
Other operating expenses		(931)	(284)
<b>Profit/(Loss) before tax</b>		<b>(1,214)</b>	<b>(599)</b>
Income tax charges		-	-
<b>Profit/(Loss) for the year</b>		<b>(1,214)</b>	<b>(599)</b>
Other comprehensive loss		-	(1)
<b>Total comprehensive loss for the year</b>		<b>(1,214)</b>	<b>(600)</b>

The notes on pages 26 to 65 are an integral part of these consolidated financial statements.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2015 SGD'000	As at 31 December 2014 SGD'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	14	5,225	5,225
		<u>5,225</u>	<u>5,225</u>
<b>Current assets</b>			
Trade and other receivables	20	3	914
Cash and cash equivalents		20	17
		<u>23</u>	<u>931</u>
<b>Total assets</b>		<u>5,248</u>	<u>6,156</u>
<b>EQUITY and LIABILITIES</b>			
<b>Capital and reserves attributable to equity shareholders</b>			
Share capital	25	199	199
Share premium		1,731	1,731
Other reserves		360	360
Merger relief reserve		5,069	5,069
Currency translation reserve		-	(28)
Accumulated deficit		(3,703)	(2,461)
<b>Total equity</b>		<u>3,656</u>	<u>4,870</u>
<b>Current liabilities</b>			
Trade and other payables	22	680	164
Borrowings	23	912	1,122
		<u>1,592</u>	<u>1,286</u>
<b>Total equity and liabilities</b>		<u>5,248</u>	<u>6,156</u>

The notes on pages 26 to 65 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of directors and authorised for issue on 31 May 2016. They were signed on its behalf by:

Ajay Rajpal  
Director

30 May 2016

Company Number: 08000104

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## COMPANY STATEMENT OF CASH FLOWS

Notes	31 December 2015 SGD'000	31 December 2014 SGD'000
<b>Cash flows from operating activities</b>		
Profit/(loss) before income tax	(1,214)	(599)
Adjustments for:		
Interest expense	141	-
Changes in working capital:-		
Decrease/(increase) in receivables	911	(209)
Increase/(decrease) in payables	400	(447)
Share based payments	-	-
Net cash inflow/(outflow) from operating activities	<u>238</u>	<u>(1,255)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issues of convertible loans	-	1,110
Repayment of convertible loans	(210)	-
Interest paid on borrowings	(25)	-
Net cash from financing activities	<u>(235)</u>	<u>1,110</u>
Net increase/(decrease) in cash and cash equivalents	3	(145)
Cash and cash equivalents at start of year	<u>17</u>	<u>162</u>
Cash and cash equivalents at end of year	<u>20</u>	<u>17</u>

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 26 to 65 are an integral part of these consolidated financial statements.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## COMPANY STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company						Total SGD'000
	Share capital	Share premium	Accumulated deficit	Other reserves	Merger relief reserve	Currency translation reserve	
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	
<b>At 1 January 2014</b>	199	1,731	(1,862)	162	5,069	(27)	5,272
Loss for the period	-	-	(599)	-	-	-	(599)
Currency translation reserve	-	-	-	-	-	(1)	(1)
Issue of convertible loan notes	-	-	-	198	-	-	198
<b>At 31 December 2014</b>	199	1,731	(2,461)	360	5,069	(28)	4,870
<b>At 1 January 2015</b>	199	1,731	(2,461)	360	5,069	(28)	4,870
Loss for the period	-	-	(1,214)	-	-	-	(1,214)
Currency translation reserve	-	-	(28)	-	-	28	-
<b>At 31 December 2015</b>	199	1,731	(3,703)	360	5,069	-	3,656

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Other reserves	Cumulative amounts charged in respect of share based payments for unsettled warrants issued and the equity portion of convertible loans 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 deficit	Cumulative deficit of the Group attributable to equity shareholders.

The notes on pages 26 to 65 are an integral part of these consolidated financial statements.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## 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 2 to 3.

### 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, 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. The Group is also seeking to raise new finances which will add to the working capital and ensure the Group can continue as a going concern.

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 2015 that would be expected to have a material impact on the group.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## 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 2015 and have not been early adopted:

Reference	Title	Summary	Application date of standard (Periods commencing on or after)
IFRS 14	Regulatory accounts deferral	Aims to enhance the comparability of financial reporting by entities subject to rate-regulations	1 January 2016
IFRS 15	Revenue from contracts with customers	Specifies how and when to recognise revenue from contracts as well as requiring more information and relevant disclosures.	1 January 2017
Amendments to IFRS 11	Joint arrangements	On acquisitions of interest in joint operations	1 January 2016
Amendments to IAS 16 and IAS 41	IAS 16: Property plant and equipment and IAS 41: Agriculture	On Bearer plants	1 January 2016
Amendments to IAS 16 and IAS 38	Intangible Assets	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 27	Separate financial statements	Equity method in separate financial statements	1 January 2016
Amendments to IFRS 10 and IAS 28	IFRS 10:Consolidated financial and IAS 28: Investments in Associates	Investment entities: Applying the consolidation exception	1 January 2016
Amendments to IFRS 10 and IAS 28	IFRS 10:Consolidated financial and IAS 28: Investments in Associates	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendments to IAS 1	Presentation of Financial statements	Disclosure initiative	1 January 2016
Improvements to IFRS 5	Non current assets held for sale and discontinued operations	Methods of disposal	1 January 2016
Improvements to IFRS 7	Financial instruments	Disclosures on servicing contracts and interim financial statements	1 January 2016
Improvements to IAS 19	Employee benefits	Determining the discount rates for post-employment obligations	1 January 2016
Improvements to IAS 34	Interim financial reporting	Information disclosed elsewhere in the interim financial report	1 January 2016
IFRS 9	Financial instruments	Requirements on the classification and measurement of financial assets and liabilities and includes an expected credit losses model which replaces the current incurred loss impairment model. Also includes the hedging amendment that was issued in 2013	1 January 2018

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.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## 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 31<sup>st</sup> 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.

	<b>2015</b>		<b>2014</b>	
	Year End	Average	Year End	Average
GBP to RMB	9.59	9.61	9.56	10.12
GBP to SGD	2.09	2.10	2.06	2.09
GBP to HKD	11.44	11.85	12.05	12.77

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### ***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.

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 trademarks 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.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### **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.

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.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### ***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.

After initial recognition, property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment loss.

All items of property, plant and equipment are depreciated or amortised using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows: -

	<u>Useful lives (Years)</u>
Office equipment, computers and furniture and fittings	3
Electrical equipment	5
Motor vehicles	6
Leasehold property	41
Leasehold improvements	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.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### ***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.

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 depreciated or amortised using the straight-line method to write-off the cost of the asset over its estimated useful life of 41 years.

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)".

### ***Intangible assets***

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

The significant intangibles recognised by the Group and their useful economic lives are as follows:

	<u>Useful lives (Years)</u>
Software development costs	3

### ***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.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### *Financial instruments (continued)*

#### **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.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### *Financial instruments (continued)*

#### **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.

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.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### *Financial instruments (continued)*

#### **Impairment of financial assets (continued)**

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.

#### **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.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## **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 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.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

## **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.

## **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.

## **New Trend Lifestyle Group Plc**

**Year ended 31 December 2015**

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.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### ***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.

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***

# New Trend Lifestyle Group Plc

## Year ended 31 December 2015

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.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 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 2015, 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 15 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 2015 is disclosed in Note 18 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 2015 are disclosed in Note 23 to the financial information.

#### 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.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 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.

	2015				2014			
	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
<b>Income Statement</b>								
Revenues from external customers	7,852	253	-	8,105	8,776	452	-	9,228
Other income	728	72	-	800	606	20	-	626
Interest expense	(47)	-	(141)	(188)	(88)	-	(68)	(156)
Depreciation and amortisation	(651)	(11)	-	(662)	(648)	(41)	-	(689)
Gain/(loss) on disposal of tangible assets	(30)	8	-	(22)	-	-	-	-
Direct and operating costs	(8,487)	(729)	(374)	(9,590)	(9,041)	(921)	(531)	(10,493)
<b>Group profit / (loss) before tax</b>	<b>(635)</b>	<b>(407)</b>	<b>(515)</b>	<b>(1,557)</b>	<b>(395)</b>	<b>(490)</b>	<b>(599)</b>	<b>(1,484)</b>
<b>Assets and Liabilities</b>								
Segment Assets	7,989	77	23	8,089	9,396	652	25	10,073
Segment Liabilities	(4,895)	(29)	(1,199)	(6,123)	(4,969)	(245)	(1,285)	(6,499)
	3,094	48	(1,176)	1,966	4,427	407	(1,260)	3,574

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2014: nil).

### 5. Revenue

	2015 SGD'000	2014 SGD'000 As restated
From continuing operations:		
Sale of products	3,624	5,134
Services rendered	4,228	3,642
	<u>7,852</u>	<u>8,776</u>

**New Trend Lifestyle Group Plc**

**Year ended 31 December 2015**

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## New Trend Lifestyle Group Plc

Year ended 31 December 2015

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 6. Other income

	2015 SGD'000	2014 SGD'000 As restated
Forfeiture of customers' deposits	4	2
Government grants	209	62
Rental income	396	396
Others	119	146
	<hr/>	<hr/>
Total other income	728	606
	<hr/> <hr/>	<hr/> <hr/>

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

	Group		Company	
	2015 Number	2014 Number	2015 Number	2014 Number
The average number of employees in the year were:				
- Directors	5	5	5	5
- Operations	53	78	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	58	83	5	5
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	SGD'000	SGD'000 As restated	SGD'000	SGD'000
The aggregate payroll costs for these persons were:				
- Salaries, wages and bonuses	2,860	3,338	142	247
- Pension contribution	391	421	-	-
- Employee benefits	309	183	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total personnel expense	3,560	3,942	142	247
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Directors' remuneration	Year ended 31 December 2015			Year ended 31 December 2014		
	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	76	-	76	82	-	82
Hillary Phang Song Hua	593	17	610	698	14	712
James Tan	-	-	-	5	-	5
Ajay Kumar Rajpal	144	-	144	104	-	104
Matthew Pau	9	-	9	62	-	62
	<u>822</u>	<u>17</u>	<u>839</u>	<u>951</u>	<u>14</u>	<u>965</u>

Robert Goddard and Ajay Rajpal agreed to waive SGD 8,400 and SGD 6,300 of director fees due to them from the Company during the year.

### 8. Finance expenses, net

	2015 SGD'000	2014 SGD'000
Finance income: Fixed deposits	6	5
Finance income: Shareholder loans	5	-
	<u>11</u>	<u>5</u>
Less Finance costs		
- Lease obligations	3	2
- Term loans	55	91
- Convertible loan	141	68
	<u>199</u>	<u>161</u>
Finance costs, net	<u>188</u>	<u>156</u>

## New Trend Lifestyle Group Plc

Year ended 31 December 2015

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 9. Other operating expenses

	<b>2015</b> <b>SGD'000</b>	<b>2014</b> <b>SGD'000</b> <b>As restated</b>
Foreign exchange (gain) / loss, net	99	(72)
Impairment loss on trading securities (Note 19)	-	-
Auditors' fees: - Audit	74	75
Non-audit fees paid	-	6
Professional fees	483	333
Printing and stationery	33	30
Repairs and maintenance	59	40
Telephone and insurance	107	92
Travelling and transportation	97	165
Utilities	113	136
Other	28	219
	<hr/>	<hr/>
Total other expenses	1,093	1,024
	<hr/> <hr/>	<hr/> <hr/>

Audit fees payable to the group auditor were SGD 35,000 (2014 – SGD 35,000)

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 10. Taxation

The major components of income tax (credit)/expense recognised in profit or loss for the year ended 31 December 2015 and 2014 were as follows:

	2015 SGD'000	2014 SGD'000
Current income tax		
- Overprovision in respect of previous years	(6)	(1)
Deferred tax:		
- Origination and reversal of temporary difference	-	65
- Benefits from previously unrecognised tax losses	(65)	-
Total tax charge / (credit) recognised in the profit and loss	<u>(71)</u>	<u>64</u>

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

	2015 SGD'000	2014 SGD'000
Accounting profit/(loss)	<u>(1,557)</u>	<u>(1,484)</u>
Tax at the effective tax rate of 17% (2014: 17%)	(265)	(259)
Tax effect on non-deductible expenses	481	198
Tax effect on non-taxable income	-	(28)
Utilisation of capital allowances	-	(40)
Tax effect of (under)/over-provision in prior years	(6)	55
Partial tax exemption	(44)	-
Effect of deferred tax assets not recognised	92	77
Other adjustments	(329)	17
Income tax (credit) / expenses	<u>(71)</u>	<u>64</u>

The Company is incorporated in the UK but is treated as a Singapore resident for tax purposes. The Singapore Government has announced that for Years of Assessment ("YA") 2016 and 2017, all companies will receive a 30% Corporate Income Tax ("CIT") Rebate that is subject to a cap of \$20,000 per YA (YA 2013 to YA 2015: cap of \$30,000 per YA).

<b>Deferred tax liabilities</b>	<b>2015 SGD'000</b>	<b>2014 SGD'000</b>
<u>Accelerated capital allowances:</u>		
As at the beginning of the year	65	-
Recognised in profit and loss	(65)	65
As at the end of the year	<u>-</u>	<u>65</u>

### Unrecognised tax losses and capital allowances

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised tax losses of SGD 104,000 (2014: SGD 112,000) and capital allowances of SGD 234,000 (2014: Nil) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses and capital allowances have no expiry date.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 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 2015	Year ended 31 December 2014
	SGD	SGD As restated
Basic and diluted loss per share from continuing operations	(0.01079)	(0.01058)
Loss from continuing operations for the purposes of basic and diluted profit per share	(1,079,000)	(1,058,000)
Number of shares	No.	No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	100,000,000	100,000,000
	<b>SGD</b>	<b>SGD</b>
Basic and diluted loss per share from continuing and discontinued operations	(0.01486)	(0.01548)
Loss from continuing and discontinued operations for the purposes of basic and diluted profit per share	(1,486,000)	(1,548,000)
Number of shares	No.	No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	100,000,000	100,000,000
	<b>SGD</b>	<b>SGD</b>
Basic and diluted loss per share from discontinued operations	(0.00407)	(0.0049)
Loss from discontinued operations for the purposes of basic and diluted profit per share	(407,000)	(490,000)
Number of shares	No.	No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	100,000,000	100,000,000

Basic and diluted loss per share are the same, since where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. As at 31 December 2015 there were 600,000 (2014 – 600,000) share options and 3,000,000 (2014 – 3,000,000) share warrants outstanding that are both potentially dilutive.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12. Discontinued operations

Discontinued operations refers to the closure of the operation in Hong Kong and China. Analysis of the operations is as follows:

	2015 Continuing operations SGD'000	2015 Discontinued operations SGD'000	2015 Total SGD'000
Revenue	7,852	253	8,105
Direct purchases and costs	(2,237)	(127)	(2,364)
Personnel expenses	(3,560)	(15)	(3,575)
Depreciation and amortisation expenses	(651)	(11)	(662)
Finance expenses	(188)	-	(188)
Commission expenses	(29)	-	(29)
Advertising and promotional expenses	(217)	-	(217)
Bank charges	(247)	-	(247)
Operating lease expenses	(1,508)	(34)	(1,542)
Other operating expenses	(1,093)	(544)	(1,637)
Other income	728	71	799
<b>Loss before tax</b>	(1,150)	(407)	(1,557)
Income tax (charges) / credits	71	-	71
Loss for the year	(1,079)	(407)	(1,486)

The net cash outflow from discontinued operations in the year was SGD 28,000.

	2014 Continuing operations SGD'000	2014 Discontinued operations SGD'000	2014 Total SGD'000
Revenue	8,776	452	9,228
Direct purchases and costs	(2,312)	(201)	(2,513)
Personnel expenses	(3,942)	(363)	(4,305)
Depreciation and amortisation expenses	(648)	(41)	(689)
Finance expenses	(156)	-	(156)
Commission expenses	(4)	-	(4)
Advertising and promotional expenses	(338)	(5)	(343)
Bank charges	(283)	(2)	(285)
Operating lease expenses	(1,669)	(135)	(1,804)
Other operating expenses	(1,024)	(215)	(1,239)
Other income	606	20	626
<b>Loss before tax</b>	(994)	(490)	(1,484)
Income tax (charges) / credits	(64)	-	(64)
Loss for the year	(1,058)	(490)	(1,548)

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 13. Presentational adjustments

During the year a presentational adjustment has been made to show software development costs as an intangible asset in the financial statements. Last year the net book value of intangible assets included within property, plant and equipment was SGD 47,000. As a result of an addition in the year the net book value is now SGD 80,000 and disclosure regarding the software development costs is made in Note 17.

The prior period's results have been restated to reflect the discontinued operation in 2015. Refer to note 12 for more details.

### 14. Investment in subsidiary undertakings

Company	2015 SGD'000	2014 SGD'000
Cost and carrying amount at 1 January and 31 December	5,225	5,225

The company held the following subsidiaries as at 31 December 2015:

Name of companies	Principal activities	Country of incorporation and place of business	Proportion (%) of equity interest 2015 and 2014 %
<b><i>Held by the Company</i></b>			
New Trend Lifestyle Pte Limited	Trading	Singapore	100
<b><i>Held by New Trend Lifestyle Pte Limited</i></b>			
New Trend Lifestyle (HK) Limited	Investment holding and provision of management services	Hong Kong	100
Le Queenze Pte. Limited	Beauty salons and spas and retail sale of costume jewellery	Singapore	100
<b><i>Held by New Trend Lifestyle (HK) Limited</i></b>			
New Trend Lifestyle (Shenzhen) Limited	Trading	People's Republic of China	100

On 17 April 2014 New Trend Lifestyle Pte Limited subscribed for 1 ordinary share of SGD 1 upon the incorporation of Le Queenze Pte. Limited. During the prior year the group subscribed for an additional 299,999 ordinary shares for cash of SGD 299,999 to provide its subsidiary with additional working capital. The group did not obtain any other assets or liabilities on acquisition.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 15. Investment property

Group	2015	2014
	SGD'000	SGD'000
<b>Balance Sheet:</b>		
<b>Cost</b>		
As at the beginning of the year	2,273	2,273
Transfer from property, plant and equipment (Note 14)	-	-
	<hr/>	<hr/>
As at the end of the year	2,273	2,273
	<hr/>	<hr/>
<b>Amortisation</b>		
As at the beginning of the year	148	92
Charge for the year	55	56
	<hr/>	<hr/>
As at the end of the year	203	148
	<hr/>	<hr/>
<b>Net carrying amount</b>	<b>2,070</b>	<b>2,125</b>
	<hr/>	<hr/>
<b>Income statement:</b>		
	<b>2015</b>	<b>2014</b>
	<b>SGD'000</b>	<b>SGD'000</b>
Rental income from investment property:		
Minimum lease payments	396	396
	<hr/>	<hr/>
Direct operating expenses (including repairs and maintenance) arising from:		
Rental generating property	45	139
	<hr/>	<hr/>

#### Transfer from property, plant and equipment

On 21 May 2013, the Group transferred a leasehold building that was held as owner-occupied property to investment property.

The investment property held by the Group as at 31 December 2015 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 4,759,164 (2014: SGD 4,617,100)

The valuation is determined based on the properties' highest and best use by an external and independent professional valuer, Dennis Wee Realty Pte Ltd, using the Comparable Sales Method, under which the property is assessed having regards to the recent transactions within the development and around the vicinity. Appropriate adjustments have been made between comparables and the subject property to reflect the differences in size, tenure, location, condition, prevailing marketing and all other factors affecting their value. The fair value measurement is categorised under Level 2 of the fair value hierarchy however the investment property is held under the cost model.

The investment property noted above is mortgaged to secure the Group's bank loans disclosed within Note 23.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 16. Property, plant and equipment

	Leasehold building	Computer equipment	Electrical equipment	Furniture and fittings
	SGD'000	SGD'000	SGD'000	SGD'000
<b>Cost</b>				
At 1 January 2014	927	429	162	191
Additions	-	54	188	23
Disposals	-	-	-	-
Currency translation differences	-	2	-	1
As at 31 December 2014	<u>927</u>	<u>485</u>	<u>350</u>	<u>215</u>
As at 1 January 2015	927	485	350	215
Additions	-	12	-	14
Disposals	-	(56)	(5)	(13)
Currency translation differences	-	1	-	-
As at 31 December 2015	<u>927</u>	<u>442</u>	<u>345</u>	<u>216</u>
<b>Accumulated Depreciation</b>				
At 1 January 2014	38	368	121	63
Charge for the year	23	42	36	66
Disposals	-	-	-	-
Currency translation differences	-	-	-	-
As at 31 December 2014	<u>61</u>	<u>410</u>	<u>157</u>	<u>129</u>
As at 1 January 2015	61	410	157	129
Charge for the year	23	35	49	63
Disposals	-	(49)	(1)	(9)
Currency translation differences	-	2	-	-
As at 31 December 2015	<u>84</u>	<u>398</u>	<u>205</u>	<u>183</u>
<b>Net book values</b>				
At 31 December 2015	<u>843</u>	<u>44</u>	<u>140</u>	<u>33</u>
At 31 December 2014	<u>866</u>	<u>75</u>	<u>193</u>	<u>86</u>

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 16. Property, plant and equipment (continued)

	Motor vehicles SGD'000	Office equipment SGD'000	Leasehold improvements SGD'000	Total SGD'000
<b>Cost</b>				
At 1 January 2014	281	19	1,609	3,618
Additions	-	-	89	354
Disposals	-	-	(53)	(53)
Currency translation differences	-	-	7	10
As at 31 December 2014	281	19	1,652	3,929
As at 1 January 2015	281	19	1,652	3,929
Additions	94	-	107	227
Disposals	(97)	(6)	(317)	(494)
Currency translation differences	-	2	-	3
As at 31 December 2015	278	15	1,442	3,665
<b>Accumulated Depreciation and Amortisation</b>				
At 1 January 2014	127	8	729	1,454
Charge for the year	41	7	391	606
Disposals	-	-	(48)	(48)
Currency translation differences	-	-	(3)	(3)
As at 31 December 2014	168	15	1,069	2,009
As at 1 January 2015	168	15	1,069	2,009
Charge for the year	45	5	350	570
Disposals	(74)	(6)	(232)	(371)
Currency translation differences	-	1	-	3
As at 31 December 2015	139	15	1,187	2,211
<b>Net book values</b>				
At 31 December 2015	139	-	255	1,454
At 31 December 2014	113	4	583	1,920

The comparative figures have been restated to reflect the presentational adjustment as disclosed within note 12 of the financial statements.

#### **Assets held under finance leases**

The carrying amount of office equipment, motor vehicles and renovation held under finance leases at the balance sheet date was SGD 106,234 (2014: SGD 32,083).

Leased assets are pledged as security for the lease obligations (Note 23).

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 16. Property, plant and equipment (continued)

#### Assets pledged as security

In addition to assets held under finance leases, the group's leasehold building with a carrying amount of SGD 844,067 (2014: SGD 866,676) is mortgaged to secure the Group's bank loans (Note 23).

### 17. Intangible assets

	<b>Software development costs SGD'000</b>
<b>Cost</b>	
At 1 January 2014	107
Additions	12
	<hr/>
As at 31 December 2014	119
As at 1 January 2015	119
Additions	75
Disposals	(14)
	<hr/>
As at 31 December 2015	180
	<hr/>
<b>Accumulated Amortisation</b>	
At 1 January 2014	35
Charge for the year	37
	<hr/>
As at 31 December 2014	72
As at 1 January 2015	72
Charge for the year	37
Disposals	(9)
	<hr/>
As at 31 December 2015	100
	<hr/>
<b>Net book values</b>	
At 31 December 2015	80
	<hr/>
At 31 December 2014	47
	<hr/>

A presentational adjustment has been made to show software development costs as an intangible asset in the financial statements as per note 13. Software development costs have an average amortisation period of 3 years (2014: 1 year).

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 18. Inventories

	<b>2015</b> <b>SGD'000</b>	<b>2014</b> <b>SGD'000</b>
Finished goods	1,582	1,841
Less: Allowance for inventories obsolescence	(718)	(686)
	<u>864</u>	<u>1,155</u>

The cost of inventories recognised as expense and included in 'direct purchase and costs' amounted to SGD 980,000 (2014: SGD 1,051,151).

The write-down of inventories to net realisable value was SGD 32,250 (2014: SGD Nil) and was included in "Direct purchase and costs".

The reversal of write-down of inventories amounting to SGD Nil (2014: SGD 9,868) was made as the related inventories were sold above their carrying amounts. The reversal was included in "Direct purchase and costs".

### 19. Financial assets at fair value through profit or loss

	<b>2015</b> <b>SGD'000</b>	<b>2014</b> <b>SGD'000</b>
<b>Quoted investments:</b>		
Equity securities	-	15
	<u>-</u>	<u>15</u>
Market value of quoted investments		
Equity securities	-	15
	<u>-</u>	<u>15</u>
Movements of financial assets, at fair value through profit or loss are as follows:		
1 January	15	99
Less: impairment loss	(15)	(84)
	<u>-</u>	<u>15</u>
At 31 December	<u>-</u>	<u>15</u>

The impairment loss for the year was recognised within discontinued operations (2014 – continuing operations).

## New Trend Lifestyle Group Plc

Year ended 31 December 2015

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 20. Trade and other receivables

	Group		Company	
	2015 SGD'000	2014 SGD'000	2015 SGD'000	2014 SGD'000
Trade receivables	40	398	-	-
Advance payment	-	301	-	-
Due from a subsidiary (non-trade)*	-	-	-	906
Due from a director (non-trade)**	-	45	-	-
Deposits***	458	425	-	-
Prepayments	67	46	3	8
Other receivables (non-trade)****	202	334	-	-
	<u>767</u>	<u>1,549</u>	<u>3</u>	<u>914</u>

\* This amount is unsecured, interest-free and repayable on demand. During the year a full provision of SGD 698,363 was provided for against amounts due from New Trend Lifestyle (HK) due to uncertainty of recoverability.

\*\* This amount is unsecured, repayable on demand and earns interest at Nil% (2014: Nil%) per annum.

\*\*\* Included in deposits are refundable rental deposits, amounting to SGD 444,000 (2014: SGD 413,000) paid in respect of office premises and retail outlets.

\*\*\*\* This amount is as a result of a loan to the Temple partner

#### 21. Cash and cash equivalents

	2015 SGD'000	2014 SGD'000
Cash and bank balances	2,354	3,159
Fixed deposits (Note A)	500	101
Cash and cash equivalents	<u>2,854</u>	<u>3,260</u>

Note A:

Fixed deposits bear interest rates at 1.30% (2014: 0.25%) per annum with an average maturity period of 5 months (2014: 3 months).

Fixed deposits are pledged in connection with lease obligations (Note 23).

## New Trend Lifestyle Group Plc

Year ended 31 December 2015

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 22. Trade and other payables

	Group		Company	
	2015 SGD'000	2014 SGD'000	2015 SGD'000	2014 SGD'000
Trade payables	169	268	-	-
Other payables:				
Due to a director (non-trade)*	2	6	-	-
Due to a subsidiary (non-trade)*	-	-	393	-
Accrued expenses **	905	769	287	147
Deferred revenue	70	31	-	-
Customers' deposits	87	106	-	-
Others	49	73	-	17
	<hr/>	<hr/>	<hr/>	<hr/>
Total other payables	1,113	985	680	164
	<hr/>	<hr/>	<hr/>	<hr/>
Trade and other payables	1,282	1,253	680	164
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

\*\* Included in the accrued expenses of the Group as at 31 December 2015 mainly is an amount of SGD 457,619 (2014: SGD 457,235) which relates to commission and bonuses that are payable to Group personnel subsequent to the year end.

#### 23. Financial liabilities

Group	2015 SGD'000	2014 SGD'000
<b>Current liabilities</b>		
Finance lease liabilities	16	22
Bank loan	382	342
Convertible loan (Group and Company)	912	1,122
	<hr/>	<hr/>
	1,310	1,486
	<hr/> <hr/>	<hr/> <hr/>
<b>Non-current liabilities</b>		
Finance lease liabilities	55	-
Bank loan	3,311	3,501
	<hr/>	<hr/>
	3,366	3,501
	<hr/> <hr/>	<hr/> <hr/>

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 23. Financial liabilities (continued)

	Minimum lease payments	Interest	Present value of payments
	SGD'000	SGD'000	SGD'000
<b>2015</b>			
Not later than one year	17	1	16
Later than one year and not later than five years	46	6	40
More than five years	16	1	15
	<u>79</u>	<u>8</u>	<u>71</u>

	Minimum lease payments	Interest	Present value of payments
	SGD'000	SGD'000	SGD'000
<b>2014</b>			
Not later than one year	17	1	16
Later than one year and not later than five years	6	-	6
	<u>23</u>	<u>1</u>	<u>22</u>

Lease obligations are secured by the following:

- (a) Motor vehicles of the Group (Note 16);
- (b) Fixed deposits (Note 21); and
- (c) Personal guarantee by Master Phang.

The weighted average effective interest rate for finance leases is 5.43% (2014: 5.48%) per annum. The carrying amounts of the Group's finance lease liabilities are approximate their fair value.

### Bank loan

	2015	2014
	SGD'000	SGD'000
Term loan 1	1,619	1,841
Term loan 2	1,881	2,002
Term loan 3	193	-
	<u>3,693</u>	<u>3,843</u>

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 15) and leasehold building (Note 16).

The borrowings are denominated in Singapore Dollar. As at 31 December 2015, the weighted effective interest rate for borrowings was 2.20% (2014: 1.35%) per annum.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 23. Financial liabilities (continued)

#### Bank loan

The repayment terms of the term loans are as follows:

- (a) Term loan 1 is repayable over 96 monthly instalments which commenced in December 2014 and bears interest at the rate of 1.75% (2014: 1.35%) per annum at the end of the reporting period.
- (b) Term loan 2 is repayable over 180 monthly instalments which commenced in January 2015 and bears interest at the rate of 1.75% (2014: 1.35%) per annum at the end of the reporting period.
- (c) Term loan 3  
Term loan 3 is repayable over 48 monthly instalments which commenced in November 2015 and bears interest at the rate of 10.28% (2014: Nil) per annum at the end of the reporting period.

#### Convertible loan

Group and company	2015 SGD'000	2014 SGD'000
Liability portion of convertible loan notes	912	1,121
Equity portion of convertible loan notes	198	198
Total convertible loan notes	<u>1,110</u>	<u>1,319</u>

In May 2013 the Company created a convertible loan note ("Loan Note") to raise up to £250,000 and issued Loan Notes amounting to £100,000 (SGD 209,000). These loan notes were accounted for as debt and during the year have been repaid in full.

On 28 May 2014, SGD 1,140,000 convertible loan notes ("loan notes") were issued with a final repayment date of 31 December 2016. The loan notes bear interest at 3 per cent per annum and will be convertible by the note holder into new ordinary shares in the company at a price of 10p per ordinary share at any time between the date of issue and 31 December 2016.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 24. Provision for Restoration Costs

	2015 SGD'000	2014 SGD'000
Not later than one year	145	15
Later than one year and not later than five years	20	172
	<u>165</u>	<u>187</u>

The movement in provision for restoration costs is as follows:

	2015 SGD'000	2014 SGD'000
At 1 January	187	190
Provision made	12	9
Provision utilised	(34)	(12)
	<u>165</u>	<u>187</u>

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.

### 25. Share capital

	2015 SGD'000	2014 SGD'000
At the beginning and end of year	<u>199</u>	<u>199</u>

The issued share capital as at 31 December 2015 was 100,000,000 Ordinary Shares of 0.1p each.

### 26. Share options and warrants

	Number of warrants	Exercise price	Weighted average remaining contractual life
At 1 January 2015	3,000,000	8p	6.6 years
Warrants issued in the year	-	-	-
At 31 December 2015	3,000,000	8p	5.6 years

## New Trend Lifestyle Group Plc

Year ended 31 December 2015

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 26. Share options and warrants (continued)

	Number of options	Exercise price	Weighted average remaining contractual life
At 1 January 2015 and 31 December 2015	600,000	8p	9.4 years

The following options were held by directors during the year, all of which remain outstanding as at year end:

	<b>2015</b> <b>SGD'000</b>	<b>2014</b> <b>SGD'000</b>
Robert Goddard	150	150
Hillary Phang Song Hua	150	150
Ajay Kumar Rajpal	150	150

There were no share options or warrants which lapsed or were exercised during the year.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 27. Related-party transactions

Some of the arrangements with related parties 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:

	2015 SGD'000	2014 SGD'000
<b>Transactions and balances with Group members</b>		
Loans provided from / (to) the Company by:		
- New Trend Lifestyle Pte Limited	(393)	208
- New Trend Lifestyle (HK) Limited	698	698
<b>Key management personnel compensation</b>		
Directors' remuneration		
- Salaries, wages and bonuses	593	867
- Pension contributions	17	16
- Directors' fees	229	186
- Share based payment	-	-

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

Loans provided from and to Group members are unsecured, interest-free and repayable on demand. During the year a full provision of SGD 698,363 was provided for against the loan due to the parent company from New Trend Lifestyle (HK) due to uncertainty of recoverability.

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 144,000 (2014: 103,000) was paid to Nas Corporate Services Limited and SGD 76,000 (2013: 82,000) was paid to Redstart Partners LLP for non-executive directors fees in relation to Ajay Kumar Rajpal and Robert John Goddard respectively.

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 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:

	<b>2015</b> <b>SGD'000</b>	<b>2014</b> <b>SGD'000</b>
Not later than one year	902	1,599
Later than one year and not later than five years	983	941
	<hr/> 1,885	<hr/> 2,540
	<hr/> <hr/>	<hr/> <hr/>

The leases on the retail outlets and office premises on which rentals are payable will expire up to June 2017 (2014: upto June 2017).

(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:

	<b>2015</b> <b>SGD'000</b>	<b>2014</b> <b>SGD'000</b>
Not later than one year	165	396
Later than one year and not later than five years	-	165
	<hr/> 165	<hr/> 561
	<hr/> <hr/>	<hr/> <hr/>

The leases on the Group office premises leased to a third party on which rentals are receivable will expire in May 2016 (2014: May 2016).

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## 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.

2015	MYR SGD' 000	RMB SGD' 000	HKD SGD' 000	GBP SGD '000	Total SGD' 000
<b>Financial assets</b>					
Trade and other receivables	7	-	-	-	7
Cash and bank balances	-	25	24	20	69
	<u>7</u>	<u>25</u>	<u>24</u>	<u>20</u>	<u>76</u>
<b>Financial liabilities</b>					
Trade and other payables	-	7	-	286	293
Convertible loans	-	-	-	912	912
	<u>-</u>	<u>7</u>	<u>-</u>	<u>1,198</u>	<u>1,205</u>
Net financial assets/(liabilities)	7	18	24	(1,178)	(1,129)
Less: Net financial assets denominated in the respective entities' functional currencies	-	(18)	(24)	1,178	1,136
Foreign currency exposure	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

# New Trend Lifestyle Group Plc

Year ended 31 December 2015

## 29. Financial instruments (continued)

2014	SGD SGD' 000	RMB SGD' 000	HKD SGD' 000	GBP SGD '000	Total SGD' 000
<b>Financial assets</b>					
Financial assets at fair value through profit or loss	-	-	-	15	15
Other receivables	944	324	21	-	1,289
Cash and bank balances	3,162	51	27	20	3,260
	<u>4,106</u>	<u>375</u>	<u>48</u>	<u>35</u>	<u>4,564</u>
<b>Financial liabilities</b>					
Trade and other payables	836	233	62	163	1,294
Lease obligations	23	-	-	-	23
Borrowings, secured	3,843	-	-	-	3,843
Convertible loans	-	-	-	1,122	1,122
	<u>4,702</u>	<u>233</u>	<u>62</u>	<u>1,285</u>	<u>6,282</u>
Net financial assets/(liabilities)	(596)	142	(14)	(1,250)	(1,718)
Less: Net financial assets denominated in the respective entities' functional currencies	596	(203)	14	1,273	1,680
Foreign currency exposure	-	(61)	-	23	(38)

### 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:

2015	RMB SGD '000	MYR SGD '000
Profit (Loss)/Other comprehensive income	-	1
	<u>-</u>	<u>1</u>
2014	RMB SGD '000	MYR SGD '000
Profit (Loss)/Other comprehensive income	(5)	-
	<u>(5)</u>	<u>-</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 29. Financial instruments (continued)

# New Trend Lifestyle Group Plc

## Year ended 31 December 2015

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 2015, 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 2015 would decrease or increase by SGD 46,000 (2014: SGD 32,000). 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 21) 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)

## New Trend Lifestyle Group Plc

Year ended 31 December 2015

### (b) Liquidity risk (continued)

2015	Weighted average interest rate	On demand or not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years
	%	SGD'000	SGD'000	SGD'000
Trade and other payables	-	1,282	-	-
Restoration costs	-	145	20	-
Lease obligations (Fixed rates)	5.48	18	47	15
Borrowings, secured (Floating rates)	1.75	469	1,959	2,148
Convertible loans	3	1,199		
		<u>3,113</u>	<u>2,026</u>	<u>2,163</u>
<b>2014</b>				
Trade and other payables	-	1,456	-	-
Lease obligations (Fixed rates)	5.48	17	6	-
Borrowings, secured (Floating rates)	1.35	393	1,706	2,527
Convertible loans	3	1,122	-	-
		<u>2,988</u>	<u>1,712</u>	<u>2,527</u>

### (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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 29. Financial instruments (continued)

## New Trend Lifestyle Group Plc

Year ended 31 December 2015

### (d) Financial instruments by category

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

	<b>2015</b> <b>SGD'000</b>	<b>2014</b> <b>SGD'000</b>
Financial assets at fair value through profit or loss	-	15
Loans and receivables (including cash and cash balances)	3,828	4,548
	<hr/>	<hr/>
	3,828	4,563
	<hr/>	<hr/>
Financial liabilities at amortised cost	5,958	6,282
	<hr/> <hr/>	<hr/> <hr/>

### 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 2014.

### 30. Controlling Party Note

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

### 31. Post balance sheet events

There were no significant post balance sheet events.