New Trend Lifestyle Group PLC

Report and Accounts

for the year ended 31 December 2018

New Trend Lifestyle Group Plc

Year ended 31 December 2018

CONTENTS

New Trend Lifestyle Group Plc

Year ended 31 December 2018

COMPANY INFORMATION

Directors	
	Phang Song Hua (Chief Executive Officer) Ajay Kumar Rajpal (Non-executive director and interim Finance Director) Gregory Collier (Non-executive Chairman)
Secretary and Registered Office	International Registrars Limited Finsgate 5-7 Cranwood Street London EC1V 9EE
Financial and Nominated Adviser	SPARK Advisory Partners Limited 5 St. Johns Lane London EC1M 4BH
Stockbroker	SI Capital Ltd 46 Bridge Street Godalming GU7 1HL
Solicitors	Bracher Rawlins 77 Kingsway London WC2B 6SR
Auditors	Jeffreys Henry LLP Chartered Accountants & Registered Auditors Finsgate 5-7 Cranwood Street London EC1V 9EE
Registrars	Link Asset Services 6th Floor 65 Gresham Street London EC2V7NQ
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 2018

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

Background and summary of trading performance

The Group's trading performance showed an improvement in the year, with the sales and marketing initiatives implemented taking effect. This, together with the tight control of costs, resulted in the Group reporting a reduced loss for the year. The trading conditions in Singapore remained challenging, and the Board remain cautious about the continued improvement.

Trading

Sales in the year were SGD6,491k (2017 : SGD4,743k), an increase of 36.85%. The Group loss before tax from continuing operations showed an improvement on the prior year at SGD390k (2017 : SGD1,559k), mainly as a result of the increase in sales, but this also due to the cost reductions and tight control achieved by the Board during the year.

The Group disposed of Le Queenz Pte. Ltd (a wholly owned subsidiary of New Trend Lifestyle Pte. Ltd) in the period and is now focussed solely on its core activities of providing feng shui products and services.

Costs in the UK were SGD357k (2017 : SGD378k).

Balance sheet

Net inventories increased to SGD723k (2017: SGD689k).

Cash flow

Cash in hand at the year end was SGD1,216k (2017 : SGD2,119k), and the Group continues to manage its cash within its available resources.

CURRENT TRADING AND OUTLOOK

Unaudited revenue in the first quarter of 2019 has shown continued improvement compared to 2018, at SGD1,858k (2017 Q1 : SGD1,645k). This has been as a result of continued success with the sales and marketing initiatives. The Board continue to focus on improving sales, whilst maintaining a tight control on costs, such that trading performance continues to improve.

There has been little progress with the sourcing of a new acquisition, as the Board has been focussed on the improvement in trading performance. The Board will continue to update shareholders as and when there is any significant progress in this regard.

POST BALANCE SHEET EVENTS

In April 2019, New Trend Lifestyle Pte Ltd ("NTLSG") entered into a business partnership agreement with GDI Capital Corporation Pte Ltd, who subscribed for 500,000 shares in NTLSG for SGD100,000.

.

Gregory Collier	**Phang Song Hua**
CHAIRMAN	**CHIEF EXECUTIVE**

27 June 2019

DIRECTORS AND OFFICERS

Phang Song Hua (aged 51) – 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 49) – 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.

Gregory Collier (aged 58)

Greg has more than 37 years of financial and commercial experience, having been involved in running businesses in contract cleaning, leisure, restaurant, property, and toy distribution. In addition to NTLG he is currently on the board of several private companies and Early Equity Plc, a NEX quoted company.

Gregory Collier and Ajay Rajpal both reside in the UK, Master Phang in Singapore.

New Trend Lifestyle Group Plc

Year ended 31 December 2018

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.

	2018	2017	Changes	
	SGD'000	SGD'000	SGD'000	%
Sale of products	2,729	2,795	(66)	(2.36)
Services rendered	3,762	1,948	1,814	93.20
Total revenue	6,491	4,743	1,748	36.85
Gross profit	4,946	3,346		
Gross profit margin	76.20%	70.51%		
Net Profit/loss from continuing operations	(360)	(1,486)	1,298	1.39
Net Assets	(552)	(1,088)	(536)	(49.26)
Cash and cash equivalents	1,216	2,119	(903)	(42.6)

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 27 June 2019 and signed on its behalf by:

Greg Collier
27 June 2019

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 2018.

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 21. The Directors do not recommend a dividend.

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

Phang Song Hua	
Ajay Kumar Rajpal	
Gregory Collier	
Bo Yee Nancy Leung	(Resigned 31 January 2018)
Chi Chiu Leung	(Resigned 31 January 2019)

The interests of those directors serving at the year ended 31 December 2018, some of which are beneficial, in the share capital of the Company, were as follows:

	At 31 December 2018	
	Shares of 0.1p each	%
Phang Song Hua	31,453,333	18.0%

None of the Directors or their immediate families had at 31 December 2018 or 31 December 2017, acquired or disposed of since that date, any interest in any shares in the Company or any of its subsidiaries, any interest in any debentures of the Company or any of its subsidiaries or any rights to subscribe for shares in or debentures of the Company or any of its Subsidiaries.

Share Capital
Details of the Company's share capital are disclosed in Note 23 of the financial statements.

Financial Instruments
Details of the use of financial instruments by the Company and its subsidiary undertakings are disclosed in Note 28 to the financial statements.

DIRECTORS' REPORT (continued)

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

Substantial Shareholdings
As at 19 June 2019, 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
Leow Lye Seng	50,000,000	28.6%
Bliss Season Holdings Limited	28,315,752	16.2%
Phang Song Hua	24,721,333	14.1%
Liao Chunlan	13,180,000	7.5%
Beaufort Nominees Limited	11,573,500	6.6%
Securities Services Nominees	8,800,000	5.0%
ARGP Investment Limited	8,333,333	4.8%
Falben Limited	6,732,000	3.8%

Post Balance Sheet Events
Details of post-balance sheet events are disclosed in Note 30 to the financial statements.

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

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

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

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

DIRECTORS' REPORT (continued)

Listing
The Company's ordinary shares have been traded on London's AIM Market, since 28 June 2012. Spark Advisory Partners Limited are the Company's Nominated Advisor and SI Capital Limited are the Broker. The closing mid market share price at 31 December 2018 was 0.3p.

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

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

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

The Report of the Directors was approved by the Board on 27 June 2019 and signed on its behalf by:

Greg Collier
27 June 2019

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Code (the 'Code')

Though full compliance with the Code is not mandatory for the Group, it is the policy of the board to have regard its guidelines when it is reasonably practicable to do so. The small size of the Company and its current stage of development mean that it is not sensible or even possible to adhere to some of the guidelines in the Code.

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

The Role of the Board

At formal meetings, the board receives reports by 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 2018, there were four meetings of the board. The Company's chairman attended all of the four meetings.

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

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

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

Incentive schemes for staff and directors

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

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

As previously-announced and 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.

CORPORATE GOVERNANCE STATEMENT (continued)

Board Committees

There are three standing Committees of the board. At the end of 2018, membership of these Committees was:

1. AIM Compliance Committee: Ajay Rajpal & Gregory Collier
2. Audit and Risk Committee: Gregory Collier & Ajay Rajpal
3. Remuneration and Nomination Committee: Gregory Collier & 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 once. 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.

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.

CORPORATE GOVERNANCE STATEMENT (continued)

Share dealing code

New Trend Lifestyle Group Plc has adopted and will operate a share dealing code governing the share dealings of the Directors of the Company and applicable employees with a view to ensuring compliance with the AIM Rules.

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 Singapore is to consolidate and refresh the existing portfolio and promote different services related to existing ones, by implementing a range of sales and marketing initiatives, whilst maintaining a tight control on costs. The Group is seeking an acquisition with a view to restoring overall profitability.

On behalf of the board,

Greg Collier
Chairman
27 June 2019

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 (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018, 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 notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 2018 and of the Group's and Parent Company's loss and Group's and Parent Company's cash flows for the year then ended;

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

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

Basis for opinion

We conducted our audit in accordance with International standards on Auditing (UK) (ISAs (UK) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statement section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's ethical standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty to going concern

We draw attention to note 2 in the financial statements, which explains that the company is dependent upon improving trading conditions and future shareholders support. These events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

INDEPENDENT AUDITORS' REPORT (continued…)

Key Audit Matter	How our audit addressed the key audit matter
Matter 1 – Parent Company – Directors impairment review of Investment in subsidiaries. The parent company had an investment of SGD 3,360,705 as at 31 December 2018	**Our audit procedures:** - For the impairment test, we checked management's assumptions and sensitivities in assessing the current open market value of the investment property held by the company. This was used in place of the cost price to assess the fair value of net assets represented by the investment in the subsidiary in order to determine if the investment was impaired. We carried out a review of a range of selling prices of similar properties to assess the reasonableness of the value arrived at by the Directors ; - We considered whether management had exercised any bias in assumptions used or the outputs produced in the valuations prepared.
Matter 2 – Going concern assumption The group is dependent upon its ability to generate sufficient cashflows to meet continued operational cost and hence continue trading however the group is loss making due to its challenging trading conditions. The going concern assumptions is dependent of future growth of the current business. No future capital raises were being considered to maintain the business.	**Our audit procedure:** - We obtained and reviewed the Directors assessment, including challenging the liquidity position; - We checked the robustness of the directors' business planning process. - We checked the key assumptions; - We assessed the sensitivities of the underlying assumptions.

Our application on materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

INDEPENDENT AUDITORS' REPORT (continued…)

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	SGD130,000 (2017: SGD 135,000).	SGD84,000 (2017: SGD 75,000)
How we determined it	2% of turnover.	2.5% of gross assets.
Rationale for benchmark applied	We believe that loss before tax is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.	We believe that this is adequate for the parent company as it is a holding company with no revenue.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between SGD 131,000 and SGD 6,500.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above SGD 6,500 (2017: SGD 6,700) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to given an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of three reporting units, comprising the Group's operating business and holding companies.

We performed audits of the complete financial information of New Trend Lifestyle Group Plc and the remaining subsidiary New Trend Lifestyle Pte Limited. The subsidiary was individually financially significant and accounted for 100% of the Group's revenue and 44% of the groups absolute loss before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units).

INDEPENDENT AUDITORS' REPORT (continued…)

The group engagement team performed all audit procedures, with the exception of the audit of New Trend Lifestyle Pte Ltd and LeQueenz Pte Limited which was performed by a component auditor in Singapore.

Our involvement in the work of the component auditor in Singapore included regular communication with a formal meeting arranged following the performance of the procedures. We have been granted full access of the working paper and conducted a review of them.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our Opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing do, consider whether the other information is materiality inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit,

- the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the Directors' Report and Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report and Strategic Report.

We have nothing to report in respect of the following matters in relation to which 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.

INDEPENDENT AUDITORS' REPORT (continued…)

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which are required to address

We were appointed by the board of directors on 22 March 2012 to audit the financial statements for the period ending 31 December 2018. Our total uninterrupted period of engagement is 7 years, covering the periods ending 31 December 2012 to 31 December 2018.

The non-audited services prohibited by the FRC's ethical standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of this report

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.

INDEPENDENT AUDITORS' REPORT (continued…)

Jonathan Isaacs
SENIOR STATUTORY AUDITOR

For and on behalf of Jeffreys Henry LLP, statutory auditor

Finsgate
5-7 Cranwood Street
London
EC1V 9EE
United Kingdom
Date: 27 June 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Continuing operations	**Notes**	**Year ended 31 December 2018 SGD'000**	**Year ended 31 December 2017 SGD'000**
Revenue	**5**	6,491	4,743
Direct purchases and costs		(1,545)	(1,398)
Personnel expenses	**7**	(3,044)	(2,656)
Depreciation and amortisation expenses		(310)	(239)
Finance expenses	**8**	(97)	(259)
Commission expenses		(20)	1
Advertising and promotional expenses		(320)	(124)
Bank charges		(156)	(141)
Operating lease expenses		(1,219)	(1,208)
Other operating expenses	**9**	(652)	(796)
Loss on Disposal		(8)	(249)
Other income	**6**	520	840
Loss before tax		(360)	(1,486)
Income tax (charges) / credits	**10**	-	-
Profit/(Loss) from continuing operations		(360)	(1,486)
Loss from discontinued operations		(30)	(73)
Profit/(Loss) for the year		(390)	(1,559)
Other comprehensive income:			
Exchange loss arising on translation of foreign operations		-	-
Total comprehensive Profit/(loss) for the year		(390)	(1,559)
Attributable to:			
- Owners of the parent		(390)	(1,559)
Basic and diluted loss per share		**SGD**	**SGD**
From continuing operations	**11**	(0.002)	(0.01)
From discontinued operations	**11**	(0.00)	(0.00)
		(0.002)	(0.01)

The notes on pages 27 to 68 are an integral part of these consolidated financial statements.

New Trend Lifestyle Group Plc

Year ended 31 December 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2018 SGD'000	31 December 2017 SGD'000
ASSETS			
Non-current assets			
Property, plant and equipment	**15**	1,280	1,396
Investment property	**14**	1,904	1,959
Intangible Assets	**16**	-	23
		3,184	3,378
Current assets			
Inventories	**17**	723	689
Trade and other receivables	**18**	428	500
Cash and cash equivalents	**19**	1,216	2,119
		2,367	3,309
Total assets		5,551	6,687
EQUITY and LIABILITIES			
Capital and reserves attributable to equity shareholders			
Share capital	**23**	333	243
Share premium	**23**	3,033	2,221
Other reserves		295	303
Group reorganisation reserve		2,845	2,845
Currency translation reserve		(61)	(61)
Accumulated deficit		(7,027)	(6,637)
Total equity		(582)	(1,086)
Non-current liabilities			
Restoration costs	**22**	55	48
Financial Liabilities	**21**	2,715	2,753
		2,770	2,801
Current liabilities			
Trade and other payables	**20**	2,427	3,570
Financial Liabilities	**21**	912	1,357
Restoration costs	**22**	24	45
		3,363	4,972
Total equity and liabilities		5,551	6,687

The notes on pages 27 to 68 are an integral part of these consolidated financial statements.
The financial statements were approved by the Board of directors and authorised for issue on X June 2019. They were signed on its behalf by:

Greg Collier
Director
27 June 2019

Company Number: 8000104

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
		SGD'000	SGD'000
Cash flows from operating activities			
Loss before income tax		(360)	(1,559)
Adjustments for:			
Depreciation and amortisation expense		310	272
Interest expense		97	259
Foreign exchange differences		-	196
		47	(832)
Changes in working capital:-			
Decrease in inventories		(34)	(6)
Decrease in receivables		73	(155)
Increase/(decrease) in payables		(1,054)	946
Hired Purchase		(176)	-
Cash generated from operations		(1,144)	(47)
Net cash(outflow)/ inflow from operating activities		(1,144)	(47)
Cash flows from investing activities			
Acquisition of property, plant and equipment	**15**	(170)	(24)
Proceeds from disposal of PPE	**15**	25	59
Net cash (outflow) from investing activities		(145)	35
Cash flows from financing activities			
Repayment of loan notes	**22**	483	-
Interest paid		(97)	(259)
Net cash from financing activities		386	(259)
Net increase/(decrease) in cash and cash equivalents		(903)	(271)
Cash and cash equivalents at start of year - cash		2,119	2,390
Cash and cash equivalents at end of year	**19**	1,216	2,119

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

The notes on pages 27 to 68 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company						
	Share capital	**Share premium**	**Accumulated deficit**	**Other reserves**	**Group reorganisation reserve**	**Currency translation reserve**	**Total**
	SGD'000	**SGD'000**	**SGD'000**	**SGD'000**	**SGD'000**	**SGD'000**	**SGD'000**
At 1 January 2017	243	2,221	(5,078)	305	2,845	(259)	277
Comprehensive income							
Loss for the period	-	-	(1,559)	-	-	-	(1,559)
Other comprehensive income							
Currency translation reserve	-	-	-	-	-	198	198
Total comprehensive income for the year	-	-	(1,559)	-	-	198	(1,361)
Shares issued in the period	-	-	-	-	-	-	-
Convertible loan notes	-	-	-	(2)	-	-	(2)
At 31 December 2017	243	2,221	(6,637)	303	2,845	(61)	(1,086)
At 1 January 2018	243	2,221	(6,637)	303	2,845	(61)	(1,086)
Comprehensive income							
Profit/(Loss) for the period	-	-	(390)	-	-	-	(390)
Other comprehensive income							
Currency translation reserve	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	(390)	-	-	-	(390)
Shares issued in the period	90	812	-	-	-	-	902
Convertible loan notes	-	-	-	(8)	-	-	(8)
At 31 December 2018	333	3,033	(7,027)	295	2,845	(61)	(582)

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 27 to 68 are an integral part of these consolidated financial statements.

New Trend Lifestyle Group Plc

Year ended 31 December 2018

COMPANY STATEMENT OF COMPREHENSIVE INCOME

Continuing operations	Notes	Year ended 31 December 2018	Year ended 31 December 2017
		SGD'000	SGD'000
Revenue		-	-
Personnel expenses	7	(127)	(179)
Finance expense	8	141	-
Impairment of investment		(139)	-
Other operating expenses	9	(232)	(199)
Other Income		-	1
Profit/(Loss) before tax		(357)	(377)
Income tax charges	10	-	-
Profit/(Loss) for the year		(357)	(377)
Other comprehensive loss			
Total comprehensive loss for the year		(357)	(377)

The notes on pages 27 to 68 are an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2018 SGD'000	31 December 2017 SGD'000
ASSETS			
Non-current assets			
Investments in subsidiaries	13	3,361	3,500
		3,361	3,500
Current assets			
Trade and other receivables	18	9	6
Cash and cash equivalents		-	25
		9	31
Total assets		3,370	3,531
EQUITY and LIABILITIES			
Capital and reserves attributable to equity shareholders			
Share capital	23	333	243
Share premium	23	3,033	2,221
Other reserves		162	162
Merger relief reserve		5,069	5,069
Accumulated deficit		(6,517)	(6,160)
Total equity		2,080	1,535
Current liabilities			
Trade and other payables	20	1,270	1,976
Borrowings	21	20	20
		1,290	1,996
Total equity and liabilities		3,370	3,531

The notes on pages 27 to 68 are an integral part of these financial statements.

The financial statements were approved by the Board of directors and authorised for issue on XX June 2019. They were signed on its behalf by:

Greg Collier
Director

27 June 2019

Company Number: 8000104

COMPANY STATEMENT OF CASH FLOWS

	Notes	Period ended 31 December 2018 SGD'000	Period ended 31 December 2017 SGD'000
Cash flows from operating activities			
Profit/(loss) before income tax		(357)	(377)
Interest Expense		-	-
Decrease/(increase) in receivables		(3)	3
Increase/(decrease) in payables		196	90
Impairment of investments		-	-
Acquisition of Property, plant and equipment		139	
Cash generated by operations		(25)	(284)
Net cash inflow/(outflow) from operating activities		(25)	(284)
Cash flows from investing activities			
Acquisition of Property, plant and equipment		-	-
New Share issue		-	-
Net Cash inflow/(outflow) from investing activities		-	
Cash flows from financing activities			
Proceeds from issues of share capital		-	-
Repayment of borrowings		-	-
Interest paid		-	-
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(25)	(284)
Cash and cash equivalents at start of year		25	309
Cash and cash equivalents at end of year		-	25

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

The notes on pages 27 to 68 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital SGD'000	Share premium SGD'000	Accumulated deficit SGD'000	Other reserves SGD'000	Group reorganisation reserve SGD'000	Currency translation reserve SGD'000	Total SGD'000
At 1 January 2017	243	2,221	(5,783)	162	5,069	-	1,912
Loss for the period	-	-	(377)	-	-	-	(377)
Issue of shares	-	-	-	-	-		-
Convertible Loan notes				-	-	-	-
At 31 December 2017	243	2,221	(6,160)	162	5,069	-	1,535
At 1 January 2018	243	2,221	(6,160)	162	5,069	-	1,535
Loss for the period	-	-	(357)	-	-	-	(357)
Issue of shares	90	812	-	-	-		902
Convertible Loan notes	-	-		-	-	-	-
At 31 December 2018	333	3,032	(6,517)	162	5,069	-	2,080

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 2013 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 Company attributable to equity shareholders.

The notes on pages 27 to 68 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

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.

The group has experienced a significant upturn in business activity with sales expected to improve in future periods. In the current year the group made a loss before tax of SGD 390K. The group still however has net liabilities of SGD 582k. These conditions indicate the existence of a material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern.

Application of new and revised International Financial Reporting Standards (IFRSs)
Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The Group has applied any applicable new standards, amendments to standards and interpretations that are mandatory for the financial year beginning on or after 1 January 2018 including IFRS 15 and IFRS 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group (continued)

The nature and impact of amendment is described below:

<u>IFRS 9 Financial Instruments</u>

The Company adopted IFRS 9 with a date of initial application as of 1 January 2018, this is the date in which all IFRS 9 classification and measurement is required to be implemented. The Company retrospectively adopted the standard and elected not to restate comparative information. There were no material changes in the measurement and carrying values of the Company's financial instruments as a result of the adoption. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). IFRS 9 eliminates the previous IAS 39 categories of 'held to maturity investments, loans and receivables and other financial liabilities' and 'available for sale financial assets'. The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and the nature of its contractual cash flow characteristics. Embedded derivatives are not separated if the host contract is a financial asset within the scope of IFRS 9; the entire hybrid contract is assessed for classification and measurement.

IFRS 9 replaces the 'incurred credit loss model' in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract. Under IFRS 9, credit losses are recognised earlier than under IAS 39; it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 as at 1 January 2018 for each class of the Company's financial assets and financial liabilities. The Company has no contract assets or financial instruments measured at FVOCI. The transition to IFRS 9 did not result in changes to the original carrying amount of the following financial instruments as compared to IAS 39.

Financial instrument	**Measurement category**	
	IAS 39	IFRS 9
Cash and cash equivalents	Fair value on a recurring basis	Amortised cost
Accounts receivable	Amortised cost	Amortised cost
Accounts payable and accrued liabilities	Amortised cost	Amortised cost
Finance lease	Amortised cost	Amortised cost
Term loan	Amortised cost	Amortised cost

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes 1AS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The major sources of revenue of the Group arc provision of services. Under IFRS 15, revenue is recognised for each of the performance obligations when control over a good or service is transferred to a customer. The directors of the Group have assessed each type of the performance obligations and consider that the performance obligations are similar to the previous identification of separate revenue components under IAS 18 Revenue. Furthermore, IFRS 15 requires the transaction price to be allocated to each performance obligation on a relative standalone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements. However, the directors of the Group consider that the adoption of IFRS 15 do not have a material impact on the timing and amounts of revenue recognised based on the previous business model of the Group.

(b) New, amended standards, interpretations not adopted by the Group

A number of new standards, amendments to standards and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning after 1 January 2018, or later periods, where the Group intends to adopt these standards, if applicable, when they become effective. The Group has disclosed below those standards that are likely to be applicable to the Group and is currently assessing the impact of these standards.

- IFRS 16 Lease, effective date 1 January 2019 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 completes the IASB's project to improve the financial reporting of leases and replaces the previous leases Standard, IAS 17 Leases, and related Interpretations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- IFRIC 23 "Uncertainty over Income Tax Treatments", effective date 1 January 2019 clarifies application of recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

Management has not yet fully assessed the impact of these standards but with the exception of IFRS 16 which will have an impact on the operating leases held by the company do not believe they will have a material impact on the financial statements.

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group (continued)

New and revised IFRSs in issue but not yet effective

New Trend Lifestyle Group Plc and its subsidiary has not applied the following new and revised IFRSs that have been issued but are not yet effective:

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 2019 and have not been early adopted:

Reference	Title	Summary	Application date of standard (Periods commencing on or after)
IFRS 2	Leases	Original issue	01 January 2019
IFRS 11	Joint Arrangements	Annual Improvements 2015-2017 Cycle	01 January 2019
IAS 12	Income Taxes	Annual Improvements 2015-2017 Cycle	01 January 2019
IAS 19	Plan Amendment, Curtailment or settlement		01 January 2019
IAS 23	Borrowing Costs	Annual Improvements 2015-2017 Cycle	01 January 2019
IAS 28	Long term interests in associates and joint ventures		01 January 2019

Basis of consolidation

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

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

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

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

Group reorganisation accounting

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

	2018		2017	
	Year End	Average	Year End	Average
GBP to RMB	8.73	8.82	8.83	8.70
GBP to SGD	1.73	1.81	1.80	1.77
GBP to HKD	9.93	10.49	10.47	10.03

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Revenue recognition

After the adoption of IFRS 15, group companies recognise revenue from contracts with customers when (or as) the group company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. When (or as) a performance obligation is satisfied, the company recognises as revenue the amount of the transaction price (which includes estimates of variable consideration that are constrained in accordance with IFRS 15) that is allocated to that performance obligation. Further details of the group company's revenue and other income recognition policies are as follows:
Service income is recognised as income on a straight-line based over the term, unless another systematic basis is more representative of the time pattern of the user's benefit.

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 using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

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.

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 fund.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Property, plant and equipment (continued)
After initial recognition, property, plant and equipment 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: -

	Useful lives (Years)
Computers	3
Electrical equipment	5
Furniture and fittings	3
Motor vehicles	5 to 6
Office equipment	3
Leasehold property	41
Leasehold improvements	Over the lease term

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

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

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

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

Investment properties are derecognized 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 recognized in profit or loss in the year of retirement or disposal within "Other income (expenses)".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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:

	Useful lives (Years)
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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Subsequent measurement

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

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

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

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

(ii) Loans and receivables

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

Derecognition

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

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.

Derecognition

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

Provisions

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

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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Cash and cash equivalents

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

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.

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 2018, there are no indications that the remaining economic useful life of the asset is significantly lower than the remaining useful life. The carrying amount of the Group's freehold building at the balance sheet date is disclosed in Note 14 to the financial information.

(b) Impairment of inventories

An impairment review is made periodically on inventory for excess inventory, obsolescence and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require management to estimate future demand for the products. Possible changes in these estimates could result in revisions to the valuation of inventory. The carrying amount of inventories as at 31 December 2018 is disclosed in Note 17 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 2018 are disclosed in Note 21 to the financial information.

(d) Impairment of investment in subsidiaries

Investments are held as non-current assets at cost less any provision for impairment. Where the recoverable amount of the investment is less than the carrying amount, impairment is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Critical accounting estimates and judgements (continued)

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

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

4. Segmental reporting

In the opinion of the Directors the Group has one class of business, being the provider of Feng Shui services in Singapore.

The Group's primary reporting format is determined by the geographical segment according to the location of its establishments. There is currently one geographic reporting segment.

	2018			2017		
	Singapore SGD '000	Other SGD '000	Total SGD '000	Singapore SGD '000	Other SGD '000	Total SGD '000
Income Statement						
Revenues from external customers	6,491	-	6,491	4,898	-	4,898
Other income	550	-	550	866	1	867
Interest expense	-	-	-	-	-	-
Depreciation and amortisation	(310)	-	(310)	(364)	-	(364)
Impairment of assets	-	-	-	-	-	-
Gain on disposal of property, plant and equipment	-	-	-	-	-	-
Direct and operating costs	(6,903)	(218)	(7,181)	(6,583)	(377)	(6,960)
Group profit / (loss) before tax	**(172)**	**(218)**	**(390)**	**(1,183)**	**(376)**	**(1,559)**
Assets and Liabilities						
Segment Assets	5,541	10	5,551	6,657	30	6,687
Segment Liabilities	(6,007)	(126)	(6,133)	(7,428)	(345)	(7,773)
	(49)	(533)	(582)	(771)	(315)	(1,086)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2017: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Revenue

	2018 SGD'000	2017 SGD'000
Sale of products	2,743	2,795
Services rendered	3,748	1,948
	6,491	4,743

6. Other income

	2018 SGD'000	2017 SGD'000
Government grants	73	43
Rental income	396	430
Others	51	367
Total other income	520	840

7. Personnel expenses and staff numbers (including Directors)

	Group		Company	
	2018 Number	2017 Number	2018 Number	2017 Number
The average number of employees in the year were:				
- Directors	3	2	4	5
- Operations	49	44	-	-
	52	46	4	5
	SGD'000	SGD'000	SGD'000	SGD'000
The aggregate payroll costs for these persons were:				
- Salaries, wages and bonuses	2,728	2,195	127	179
- Pension contribution	236	298	-	-
- Employee benefits	80	163	-	-
Total personnel expense	3,044	2,656	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Directors' remuneration	Year ended 31 December 2018			Year ended 31 December 2017		
	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
Hillary Phang Song Hua	593	17	610	600	17	617
Ajay Kumar Rajpal	85	-	85	121	-	121
Gregory Collier	27	-	27	15	-	15
Leung Chi Chiu	13	-	13	10	-	10
Leung Bo Yee Nancy	18	-	18	10	-	10
Linus Ng	-	-	-	18	-	18
	736	17	753	774	17	791

8. Finance expenses, net

	2018	2017
	SGD'000	SGD'000
Finance income: Overaccrued Convertible loan Interest	141	1
	141	1
Less Finance costs		
- Lease obligations	13	16
- Term loans	136	144
- Convertible loan	89	100
	238	260
Finance costs, net	97	259

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Other operating expenses

	2018 SGD'000	2017 SGD'000
Foreign exchange (gain) / loss, net	-	8
Auditors' fees: - Audit	31	22
Non-audit fees paid	-	-
Professional fees	204	101
Printing and stationery	1	2
Repairs and maintenance	-	-
Stamp duties	-	4
Telephone and insurance	-	-
Travelling and transportation	10	10
Utilities	-	-
Other	406	649
Total other expenses	652	796

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 2018 and 2017 were as follows:

	2018 SGD'000	2017 SGD'000
Current income tax		
- Under / (Overprovision) in respect of previous years	-	-
Deferred tax:		
- Benefits from previously unrecognised tax losses	-	-
Total tax charge / (credit) recognised in the profit and loss	-	-

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

	2018 SGD'000	2017 SGD'000
Accounting profit/(loss)	(390)	(1,559)
Tax at the effective tax rate of 19% (2017: 19%)	(74)	(296)
Tax effect on non-deductible expenses	-	-
Tax effect on non-taxable income	-	-
Tax effect of (under)/over-provision in prior years	-	-
Partial tax exemption		
Effect of deferred tax assets not recognised	-	-
Other adjustments	74	296
Income tax (credit) / expenses	-	-

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") 2018, all companies will receive a 40% Corporate Income Tax ("CIT") Rebate that is subject to a cap of $15,000 per YA, Years of Assessment ("YA") 2017, all companies will receive a 50% Corporate Income Tax ("CIT") Rebate that is subject to a cap of $25,000 ,Years of Assessment ("YA") 2016, all companies will receive a 50% Corporate Income Tax ("CIT") Rebate that is subject to a cap of $20,000.

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 156 (2017: SGD 780) and capital allowances of SGD nil (2017: 358,014) 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.

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 2018	Year ended 31 December 2017
	SGD	**SGD**
Basic and diluted profit per share from continuing operations	(0.00222)	(0.01248)
Loss from continuing operations for the purposes of basic and diluted profit per share	(390,152)	(1,559,936)
Number of shares	**No.**	**No.**
Weighted average number of ordinary shares for the purposes of basic earnings per share	175,000,000	125,000,000

	Year ended 31 December 2018	Year ended 31 December 2017
	SGD	**SGD**
Basic and diluted profit per share from continuing and discontinued operations	(0.00205)	(0.01248)
Loss from continuing operations and discontinued for the purposes of basic and diluted profit per share	(359,682)	(1,559,936)
Number of shares	**No.**	**No.**
Weighted average number of ordinary shares for the purposes of basic earnings per share	175,000,000	125,000,000

	Year ended 31 December 2018	Year ended 31 December 2017
	SGD	**SGD**
Basic and diluted profit per share from discontinued operations	(0.00017)	(0.01248)
Loss from discontinued for the purposes of basic and diluted profit per share	(30,470)	(1,559,936)
Number of shares	**No.**	**No.**
Weighted average number of ordinary shares for the purposes of basic earnings per share	175,000,000	125,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Discontinued operations

Discontinued operations refers to the closure of part of the operation in Singapore. Analysis of the operations is as follows:

	2018 Continuing operations SGD'000	2018 Discontinued operations SGD'000	2018 Total SGD'000
Revenue	6,491	74	6,565
Direct purchases and costs	(1,545)	(18)	(1,563)
Personnel expenses	(2,917)	(41)	(2,958)
Depreciation and amortisation expenses	(310)	(18)	(328)
Finance expenses	(97)	-	(97)
Commission Expenses	(20)	-	(20)
Advertising and promotional expenses	(320)	-	(320)
Bank charges	(156)	(2)	(158)
Operating lease expenses	(1,219)	(11)	(1,230)
Other operating expenses	(652)	(19)	(701)
Loss on disposals	(8)	-	(8)
Other income	520	5	555
Director's Remuneration	(127)	-	(127)
Loss before tax	(360)	(30)	(390)

	2017 Continuing operations SGD'000	2017 Discontinued operations SGD'000	2017 Total SGD'000
Revenue	4,743	155	4,898
Direct purchases and costs	(1,398)	(47)	(1,445)
Personnel expenses	(2,656)	(93)	(2,749)
Depreciation and amortisation expenses	(239)	(125)	(364)
Finance expenses	(259)	-	(259)
Commission Expenses	(1)	-	(1)
Advertising and promotional expenses	(124)	(3)	(127)
Bank charges	(141)	(4)	(145)
Operating lease expenses	(1,208)	(33)	(1,241)
Loss on Disposal	(249)	-	(249)
Other operating expenses	(796)	120	(676)
Other income	840	(42)	798
Loss before tax	(1,486)	(73)	(1,559)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Investment in subsidiary undertakings

Company	2018 SGD'000	2017 SGD'000
Cost		
At 1 January	5,225	5,225
Disposals		-
At 31 December	5,225	5,225
Impairment		
At 1 January	1,725	1,725
Charge for the year	139	-
Disposals	-	-
At 31 December	1,864	1,725
Net Carrying Amount	3,361	3,500

The company held the following subsidiaries as at 31 December 2018:

Name of companies	Principal activities	Country of incorporation and place of business	Proportion (%) of equity interest 2018 and 2017 %
Held by the Company			
New Trend Lifestyle Pte Limited	Trading	Singapore	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Investment property

Group	2018	2017
	SGD'000	SGD'000
Balance Sheet:		
Cost		
As at the beginning of the year	2,273	2,273
Transfer from property, plant and equipment (Note 14)	-	-
As at the end of the year	2,273	2,273
Amortisation		
As at the beginning of the year	314	258
Charge for the year	55	56
As at the end of the year	369	314
Net carrying amount	**1,904**	**1,959**

Income statement:	**2018 SGD'000**	**2017 SGD'000**
Rental income from investment property:		
Minimum lease payments	396	396
Direct operating expenses (including repairs and maintenance) arising from:		
Rental generating property expenses	71	76

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 2018 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 5,313,344 (2017: SGD 6,696,120)

At the end of the reporting period, the market value of the investment property is valued at SGD 5,313,000 (2017: SGD 6,696,000). In 2017 and 2018, the valuation was determined by management based on the quoted prices for similar properties in active markets whereas the the valuation for 2016 was 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Property pledged as security
Group borrowings are secured against Investment property (Note 21).

15. Property, plant and equipment

	Leasehold building SGD'000	Computer equipment SGD'000	Electrical equipment SGD'000
Cost			
As at 1 January 2017	927	445	326
Additions	-	-	-
Disposals	-	-	-
Currency translation differences	-	-	-
As at 31 December 2017	927	445	326
As at 1 January 2018	927	445	326
Additions	-	-	9
Disposals	-	-	-
Currency translation differences	-	(6)	(78)
As at 31 December 2018	927	439	257
Accumulated Depreciation			
As at 1 January 2017	107	358	221
Charge for the year	23	42	49
Disposals	-	-	-
As at 31 December 2017	130	400	270
As at 1 January 2018	130	400	270
Charge for the year	22	24	45
Disposals	-	-	-
Currency translation differences	(1)	(6)	(78)
As at 31 December 2018	151	418	237
Net book values			
At 31 December 2018	776	21	20
At 31 December 2017	797	45	56

15. Property, plant and equipment (continued)

	Furniture and fittings SGD'000	Motor vehicles SGD'000	Office equipment SGD'000	Renovation SGD'000	Total SGD'000
Cost					
At 1 January 2017	218	513	15	1,174	3,618
Additions	-	24	-	-	24
Disposals/written off	-	-	-	-	-
Currency translation differences		-	-	-	-
As at 31 December 2017	218	537	15	1,174	3,642
As at 1 January 2018	218	537	15	1,174	3,642
Additions	-	-	-	161	170
Disposals/written off	-	-	-	(25)	(25)
Currency translation differences		-	-	(44)	(128)
As at 31 December 2018	218	537	15	1,266	3,659
Accumulated Depreciation and Amortisation					
As at 1 January 2017	207	98	15	993	1,999
Charge for the year	8	90	-	35	247
Disposals/ written off	-	-	-	-	-
Currency translation differences	-	-	-	-	-
As at 31 December 2017	215	188	15	1,028	2,246
As at 1 January 2018	215	188	15	1,028	2,246
Charge for the year	3	86	-	71	251
Disposals/ written off	-	-	-	-	-
Currency translation differences	-	-	-	(33)	(118)
As at 31 December 2018	218	274	15	1,066	2,379
Net book values					
At 31 December 2018	-	263	-	200	1,280
At 31 December 2017	3	349	-	146	1,396

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 248,557 (2017: SGD 324,975).

Leased assets are pledged as security for the lease obligations (Note 21).

15. 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 776,240 (2017: SGD 798,849) is mortgaged to secure the Group's bank loans (Note 22).

16. Intangible assets

	Software development costs SGD'000
Cost	
At 1 January 2017	180
Additions	-
Disposals/written off	(105)
As at 31 December 2017	75
As at 1 January 2018	75
Additions	-
Disposals/written off	-
Currency translation differences	-
As at 31 December 2018	75
Accumulated Depreciation and Amortisation	
At 1 January 2017	129
Charge for the year	25
Disposals/written off	(102)
Currency translation differences	-
As at 31 December 2017	52
As at 1 January 2018	52
Charge for the year	23
Disposals/ written off	-
Currency translation differences	-
As at 31 December 2018	75
Net book values	
At 31 December 2018	-
At 31 December 2017	23

17. Inventories

	2018 SGD'000	2017 SGD'000
Finished goods	723	661
Less: Allowance for inventories obsolescence	-	(14)
Goods in transit at cost	-	42
	723	689

The cost of inventories recognized as expense and included in 'direct purchase and costs' amounted to SGD 1,562,508 (2017: SGD 1,443,674).

The reversal of write-down of inventories amounting to SGD 52,752 (2017: SGD 3,335) was made as the related inventories were sold above their carrying amounts. The reversal was included in "Direct purchase and costs".

18. Trade and other receivables

	Group		Company	
	2018 SGD'000	2017 SGD'000	2018 SGD'000	2017 SGD'000
Deposits*	273	346		
Prepayments	153	90	10	6
Other receivables (non-trade)**	2	64	-	
	428	500	10	6

* Included in deposits are refundable rental deposits, amounting to SGD 254,000 (2017: SGD 232,000) paid in respect of office premises and retail outlets.

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

19. Cash and cash equivalents

	2018 SGD'000	2017 SGD'000
Cash and bank balances	1,216	2,119
Fixed deposits	-	-
Cash and bank balances as presented in balance sheets	1,216	2,119
Less: Pledged fixed deposits	-	-
Cash and cash equivalents as presented in consolidated statement of cash flows	1,216	2,119

20. Trade and other payables

	Group		Company	
	2018 SGD'000	2017 SGD'000	2018 SGD'000	2017 SGD'000
Trade payables	989	490	-	-
Other payables:				
Due to a subsidiary (non-trade)*	-	-	1,164	1,650
Accrued expenses **	1,421	2,896	106	326
Deferred revenue	-	129	-	-
Customers' deposits	17	55	-	-
	2,427	3,570	1,270	1,976

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

** Included in the accrued expenses of the Group as at 31 December 2018 mainly is an amount of SGD 514,631 (2017: SGD 276,724) which relates to commission and bonuses that are payable to its Group's personnel subsequent to the year end.

21. Financial liabilities

	Group 2018 SGD'000	Group 2017 SGD'000	Company 2018 SGD'000	Company 2017 SGD'000
Current liabilities				
Finance lease liabilities	60	-	-	-
Bank loan	385	378	-	-
Convertible loan	467	979	20	20
	912	1,357	20	20
Non-current liabilities				
Finance lease liabilities	117	-	-	-
Bank loan	2,192	2,753	-	-
Convertible Loan	406	-		
	2,715	2,753	-	-

Group	**Minimum lease payments SGD'000**	**Interest SGD'000**	**Present value of payments SGD'000**
2018			
Not later than one year	68	(9)	59
Later than one year and not later than five years	126	(8)	118
	194	(17)	177

	Minimum lease payments SGD'000	**Interest SGD'000**	**Present value of payments SGD'000**
2017			
Not later than one year	69	(13)	55
Later than one year and not later than five years	194	(18)	177
	263	(31)	232

Lease obligations are secured by the following:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Financial liabilities (continued)

The weighted average effective interest rate for finance leases is 6.53% (2017: 6.53%) per annum. The carrying amounts of the Group's finance lease liabilities are approximate their fair value.

Bank loan

Group	2018 SGD'000	2017 SGD'000
Term loan 1	969	1,189
Term loan 2	1,558	1,664
Term loan 3	49	102
	2,576	2,955

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 14) and leasehold building (Note 15).
The borrowings are denominated in Singapore Dollar. As at 31 December 2018, the weighted effective interest rate for borrowings was 3.76% (2017: 3.76%) per annum.

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 November 2014 and bears interest at the rate of 4.75% to 5.25% (2017: 3.45% to 4.75%) 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 4.75% to 5.25% (2017: 3.45% to 4.75%) 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 October 2015 and bears interest at the rate of 10.28% (2017: 10.28%) per annum at the end of the reporting period.

Convertible loan

Group and company	2018 SGD'000	2017 SGD'000
Liability portion of convertible loan notes	854	959
Equity portion of convertible loan notes	20	20
Total convertible loan notes	874	979

In 2016, SGD1,060,000 convertible loan notes ("loan notes") were issued with a final repayment date of 31 December 2018. 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 2018. On 26 January 2018 SGD 470,000 of the convertible loan notes were extended for another period of 2 years beginning 31 December 2018.

The convertible loan notes contain two components, liability and equity elements. The equity element is presented in equity heading “Other reserve”. The effective interest rate of the liability component is 10.88% (2017: 10.88%) per annum.

22. Provision for Restoration Costs

	2018 SGD’000	2017 SGD’000
Not later than one year	24	45
Later than one year and not later than five years	55	48
	79	93

The movement in provision for restoration costs is as follows:

	2018 SGD’000	2017 SGD’000
At 1 January	93	97
Provision made	15	-
Provision utilised	(29)	(4)
	79	93

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.

23. Share capital and share premium

	2018 SGD’000 Share Capital	2018 SGD’000 Share premium	2017 SGD’000 Share Capital	2017 SGD’000 Share premium
At the beginning	243	2,221	243	2,221
Issued during the year	90	812	-	-
At the end of the year	333	3,033	243	2,221

During the accounting period 50,000,000 ordinary shares of 0.1p were issued at a price of 1p per share in settlement of a creditor in New Trend lifestyle Pte Limited. This is referred to in note 26.

The issued share capital as at 31 December 2018 was 175,000,000 Ordinary Shares of 0.1p each.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Warrants

	Number of warrants	Exercise price	Weighted average remaining contractual life
At 1 January 2018	3,000,000	8p	3.6 years
Warrants issued in the year	-	-	-
At 31 December 2018	3,000,000	8p	2.6 years

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

Bid price discount	25%
Risk-free rate	0.67%
Volatility	60%

25. Share options

	Number of options	Exercise price	Weighted average remaining contractual life
At 1 January 2018 and 31 December 2018	600,000	8p	6.4 years

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

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

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

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

26. Related-party transactions

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

	2018 SGD'000	2017 SGD'000
Key management personnel compensation		
Directors' remuneration		
- Salaries, wages and bonuses	593	600
- Pension contributions	17	17
- Directors' fees	143	174
- Share based payment	-	-

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

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

During the year, SGD 85,000 (2017: 121,000) was paid to NAS Corporate Services Limited for non-executive directors fees and consultancy fees in relation to Ajay Kumar Rajpal.

During the year, SGD 27,000 (2017: Nil) was paid to Gregory Collier for non-executive directors fees and consultancy fees.

During the year shares were issued to Leow Lye Seng in exchange for settlement of a creditor balance of SGD 902,500 with a company controlled by him, Zue Zuen Ge Enterprise, which provides services to New Trend Lifestyle Pte Limited. There is a service agreement between New Trend Lifestyle Pte Ltd and Zue Zuen Ge Enterprises to provide an outlet for sales and the group had the following transactions with this related party:

- Rent paid by Zue Zuen Ge Enterprise to New Trend Lifestyle Pte Limited amounted to SGD 396,000 (2017: Nil).
- Services provided to New Trend Lifestyle Pte Limited amounted to SGD 545,475 (2017: Nil).
- Purchases provided by New Trend Lifestyle Pte Limited amounted to SGD 545,475 (2017: Nil).
- The balance owed at the year end to Zue Zuen Ge Enterprise by New Trend Lifestyle Pte Limited amounted to SGD 794,100 (2017: Nil) in respect of trade payables and SGD 652,932 (2017: Nil) in respect of non trade payables.

27. 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:

	2018 SGD'000	**2017 SGD'000**
Not later than one year	899	698
Later than one year and not later than five years	596	510
	1,495	1,208

(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:

	2018 SGD'000	**2017 SGD'000**
Not later than one year	165	396
Later than one year and not later than five years	-	165
	165	561

28. 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.

2018	**MYR SGD' 000**	**GBP SGD '000**	**Total SGD' 000**
Financial assets			
Financial assets at fair value through profit or loss			
Other receivables	419	10	429
Cash and bank balances	1,216	-	1,216
	1,635	10	1,645
Financial liabilities			
Trade and other payables	2,321	106	2,427
Lease obligations	176	-	176
Borrowings, secured	2,576	-	2,576
Convertible loans	854	20	874
	5,927	126	6,053
Net financial assets/(liabilities)	(4,116)	(116)	(4,232)
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	-
Foreign currency exposure	(4,116)	(116)	(4,232)

28. Financial instruments (continued)

2017	MYR SGD' 000	GBP SGD '000	Total SGD' 000
Financial assets			
Financial assets at fair value through profit or loss			
Other receivables	495	6	501
Cash and bank balances	2,094	25	2,119
	2,589	31	2,620
Financial liabilities			
Trade and other payables	3,255	315	3,570
Lease obligations	-	-	-
Borrowings, secured	2,846	-	2,846
Convertible loans	1,337	20	1,357
	7,438	335	7,773
Net financial assets/(liabilities)	(4,849)	(304)	(5,153)
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	-
Foreign currency exposure	(4,849)	(304)	(5,153)

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:

2018	RMB SGD '000	MYR SGD '000
Profit (Loss)/Other comprehensive income	20	1

2017	RMB SGD '000	MYR SGD '000
Profit (Loss)/Other comprehensive income	-	1

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 2018, 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 2018 would decrease or increase by SGD 25,000 (2017: SGD 30,000). 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 20) 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.

(b) Liquidity risk (continued)

2018	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'00	SGD'00
Trade and other payables		989	-	-
Lease obligations (Fixed rates)	6.52	59	117	-
Borrowings, secured (Floating rates)	3.76	385	2,192	-
Convertible loans	3	467	406	-
Provision for restoration costs		24	55	-
		1,924	2,770	-
2017				
Trade and other payables		3,570	-	-
Lease obligations (Fixed rates)	6.52	232	194	-
Borrowings, secured (Floating rates)	3.76	378	2,576	-
Convertible loans	3	979	-	-
Provision for restoration costs		45	48	-
		5,204	2,818	-

(c) Credit risk

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

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

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

(d) Financial instruments by category

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

	2018 SGD'000	2017 SGD'000
Financial assets at fair value through profit or loss	-	-
Loans and receivables (including cash and cash balances)	1,491	2,620
	1,491	2,620
Financial liabilities at amortised cost	4,632	7,680

Capital risk management policies and objectives

The Group's policy is to maintain adequate capital based on ensure continuity as a going concern while maximizing the return to shareholder through the optimization 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 2015.

29. Controlling Party Note

The Group has no controlling party.

30. Post balance sheet events

In April 2019, New Trend Lifestyle Pte Ltd ("NTLSG") entered into a business partnership agreement with GDI Capital Corporation Pte Ltd, who subscribed for 500,000 shares in NTLSG for SGD100,000.