

New Trend Lifestyle Group Plc

("NTLG" or the "Company")

Interim results for the 6 months ended 30 June 2014

New Trend Lifestyle Group Plc (AIM: NTLG), the Singapore-based Feng Shui products and services group, announces its interim results for the six months to 30 June 2014.

At present, the majority of NTLG's business is transacted in Singapore Dollars (S\$ or SGD) and therefore Group figures are presented in that currency (S\$2.13 to £1.00 on 30th June 2014).

Highlights

Financial

- 17.7% decrease in overall sales revenue to S\$4,623 (H1 2013: S\$5,617)
- Like-for-like sales in Singapore declined 24.6% to S\$3,634k (H1 2013: S\$4,823k)
- Development costs in China constrained at S\$484k (H1 2013: S\$589k)
- Operating loss of S\$1,063k* (H1 2013: profit of S\$660k*)
- Other income declined by S\$500k to S\$232k (H1 2013 S\$732k)
- Loss before tax of S\$863k (H1 2013: profit of S\$543k)
- Loss per share S\$0.009 (H1 2013: S\$0.004 profit)
- Net cash outflow from operations of S\$1,517k (H1 2013: outflow of S\$186k)
- S\$1,110k raised for working capital purposes through the issue of convertible loan notes
- Cash balance at 31 August 2014 of S\$1,468k (S\$1,940k at the period end)

Post Period Events

- The new, feng shui-inspired beauty parlour concept (Le Queenz) opened its first outlet in late September.

* Before other income

Robert Goddard, Chairman of NTLG, commented:

"The first six months of 2014 have been very testing for NTL. A depressed retail environment in Singapore, coupled with the slower than intended progress in China has resulted in a poor financial performance over the last six months.

Management are working hard to stem the losses and have achieved useful reductions in discretionary costs. However, many of the costs, such as rent, are fixed in the short- to medium-term.

Planning is underway in Singapore to raise volume and profitability by evolving the business model so that there will be fewer but larger stores. Here, the ratio of rental to gross profit will be much more favourable and operating costs can be better contained.

In China, we are in discussions with potential franchisees and for the purchase of a complementary retail chain of stores. NTL is also aiming to cooperate with lotteries in selecting 'lucky' numbers and negotiating to provide a range of services to a number of temples."

For further information please contact:

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Chairman's Statement

Our interim report this year is presented against a background in Singapore of continuing shrinkage in retail spending and many fewer transactions in the Singapore housing market – a situation brought about largely by government policy aimed at preventing over-heating in the economy and leading to lower expenditure on equipping new homes. At the same time, rental costs of retail premises have continued to firm upwards.

Specifically affecting the NTLG's part of the market has been the effect of increased competition from Masters and consultants formerly employed by the Company.

The Company has responded to these tough conditions by reducing expenditure and developing a business model for Singapore that is not only intended to be more profitable but will also be harder for competition to emulate.

In China, there has been markedly slower progress in bringing our various development projects to completion but we are optimistic that some of these will bear fruit in the coming year.

Trading

In Singapore, retail spending fell by an annualised 5.7% compared with the same period last year. The result of these adverse factors has been a 24.6% reduction in like-for-like sales compared with the first six months of 2013. Sales of services were particularly badly hit, reflecting the reduced number of house moves and lower disposable income.

At Group level, overall sales revenue for the first six months of 2014 of SGD 4,623k was very disappointing, being 17.7% down on the SGD 5,617 achieved in the same period last year.

Sales overall in Singapore were supported by the opening of our outlet in Bedok Mall, which is now trading well. The lease outlet at Tiong Bahru came to an end in the second half of 2013 so that the total number of active sites in Singapore remained at seven. In the period, sales in Singapore were SGD 4,405k, compared with SGD 5,319 in the first half of 2013.

In China, one of our two trial outlets was closed at the end of the first half of 2013. The performance of the remaining small outlet at Dong Men in Shenzhen and sales from the China headquarters did not compensate for this and so sales in China fell back by SGD 80k to SGD 218k. Since this is just 4.7% of Group sales, the analysis of margins that follows applies just to Singapore.

The reduction in general retail activity in Singapore has also put pressure on profitability at the product level, with the result that gross margin eased back to 72.9% compared with 74.6% for the first six months of 2013. Applied to the reduced sales, this led to a 19.6% drop in gross profit to SGD 3,183k compared with SGD 3,957 in the first half of last year. Including China, the comparable figures were SGD 3,357k and SGD 3,972k, a fall of 15.5%.

Expenses

Administrative expenses of SGD 4,420k increased over the same period last year by SGD 1,108k. The largest contributor to this variance was SGD 762k of lease payments which in the prior period were reclassified to finance expense. The other major variance was SGD 167k increase in rents. Other differences were accounted for by increases in promotional activity, depreciation and the timing of central costs.

Set against expenses in the attached accounts is 'other income' of SGD 232k. This is mostly rent received. The difference of SGD 500k compared with the same period last year is nearly all accounted for by the gain of SGD 482k on the sale of the property in Sims Avenue in the first half of 2013.

Profit

A truer picture of retail performance is achieved by discounting 'other income' so as to arrive at what can be termed a 'trading profit'. The figures for that are losses in the first six months of 2014 and 2013 of SGD 1,063k and SGD 102k respectively.

Balance sheet

Fixed assets remained in line with the same period in the prior year. Current assets were reduced as a result of the impairment against the investment in MNC Strategic Investments Plc (formerly LZYE

Group Plc), and a reduction in the cash balances at the half year end. Inventories increased by SGD247K when compared to the prior period as result of new stock purchases of less expensive products that are expected to turn around much faster. Trade and other receivables increased significantly when compared to the prior period due to amounts owing from our Temple partner.

Cashflow

Although in the first half of the year the Group raised SGD 1,110K by way of convertible loan notes, and secured SGD 500K by way of a bank facility, net cash balances decreased by SGD 220K compared to the year-end, primarily due to the operating loss in the period. This was compounded by an increase in trade and other receivables of SGD598K and an increase in inventories of SGD 166K.

At the end of the period, the overall cash balance was SGD 1,940k and on 31 August it was SGD 1,468k (including fixed deposits).

Marketing and business development

In late September this year we opened the first outlet of our new feng shui-inspired beauty salon concept in Singapore. Initial reaction has been very positive but partly because of the need to recruit and train the technicians, growth initially will be slow but we intend that this should grow into a substantial contributor in the medium term.

Also in Singapore we have been developing a new business model. The number of smaller retail outlets in high-rent shopping malls will be reduced and replaced by fewer but considerably larger outlets in locations with lower rents. In these outlets, customers will be able to view a wider range of products in a series of 'rooms'. These rooms will be arranged according to feng shui principles and include furniture and artwork; as well as the products currently available in the smaller outlets.

We continue to negotiate with lottery owners in China to provide 'lucky' numbers to their customers using mobile 'apps'. The lottery business in China is very dynamic and remains in a high state of flux. The potential returns from NTL's participation could be very good but it is hard to put a timescale on our involvement.

We are well-advanced with negotiations to manage several large temples in China. Here, in addition to general management at the temple sites, we would expect to provide various feng shui services and have control of related retail outlets. These will sell the normal range of products as well as those associated with visiting and care of relative's graves. Although we are well-advanced with negotiations, rather like the lottery initiatives, the timing and success rate for temple management contracts is also hard to predict. We expect that the capital expenditure required to bring these projects to fruition would be limited.

Outlook

We have already identified a suitable property in Chinatown to accommodate a new much larger store and showrooms and are planning for this to become operational during the second quarter of 2015. This will be the first major step towards implementing the new business model.

There is some optimism about a recovery of retail spending generally in Singapore. As yet, there is no clear evidence of this and so management will continue to work hard to reduce costs by focussing resources on the higher priority projects and activities aimed at generating near-term sales. Tight control will be maintained on all discretionary expenditure.

We plan to manage our ongoing cost base in line with cash resources and net income from trading.

Robert Goddard
Chairman

New Trend Lifestyle Group Plc

Consolidated Comprehensive Income Statement For the period to 30 June 2014

	Notes	6 Months to 30 June 2014 Unaudited SGD'000	6 Months to 30 June 2013 Unaudited SGD'000	Year to 31 December 2013 Audited SGD'000
Revenue		4,623	5,617	11,067
Cost of Sales		(1,266)	(1,645)	(2,825)
Gross Profit		<u>3,357</u>	<u>3,972</u>	<u>8,242</u>
Administrative expenses		(4,420)	(3,312)	(10,067)
Other income		232	732	914
Operating Profit/(Loss)	4	<u>(831)</u>	<u>1,392</u>	<u>(911)</u>
Finance expense		(32)	(849)	(129)
Profit/(Loss) before tax		<u>(863)</u>	<u>543</u>	<u>(1,040)</u>
Income tax charges		-	(160)	(84)
Profit/(Loss) for the period		<u>(863)</u>	<u>383</u>	<u>(1,124)</u>
Other comprehensive income/(loss) for the period		-	4	(19)
Total comprehensive profit/(loss) for the Period		<u>(863)</u>	<u>387</u>	<u>(1,143)</u>
Attributable to:				
- Owners of the parent		<u>(863)</u>	<u>387</u>	<u>(1,143)</u>
Profit/(loss) per share				
From continuing operations:-				
Basic and diluted profit/(loss) per share	6	<u>(0.009)</u>	<u>0.004</u>	<u>(0.01)</u>

New Trend Lifestyle Group Plc
Consolidated Statement of Financial Position as at 30 June 2014

	Notes	6 Months to 30 June 2014 Unaudited SGD'000	6 Months to 30 June 2013 Unaudited SGD'000	Year to 31 December 2013 Audited SGD'000
Assets				
Non-current assets				
Property, plant and equipment		2,052	2,037	2,236
Investment property		2,153	2,208	2,181
		<u>4,205</u>	<u>4,245</u>	<u>4,417</u>
Current assets				
Cash and cash equivalents	8	1,940	2,887	2,160
Financial assets at fair value through profit or loss		98	1,086	99
Trade and other receivable		1,695	1,028	1,097
Inventories		1,303	1,056	1,138
		<u>5,036</u>	<u>6,057</u>	<u>4,494</u>
Total assets		<u><u>9,241</u></u>	<u><u>10,302</u></u>	<u><u>8,911</u></u>
Equity and liabilities				
Capital and reserves				
Issued capital	7	199	199	199
Share premium		1,731	1,731	1,731
Share based payment reserve		162	154	162
Other reserves		3,019	2,845	2,845
Currency translation reserve		(33)	(37)	(60)
Accumulated surplus		(740)	1,630	123
Total equity		<u>4,338</u>	<u>6,522</u>	<u>5,000</u>
Non-current Liabilities				
Restoration costs		180	57	180
Borrowings		-	-	2,086
		<u>180</u>	<u>57</u>	<u>2,266</u>
Current liabilities				
Trade and other payables		1,161	1,138	1,390
Short term borrowings		2,417	2,393	245
Convertible loan note		1,145	192	-
Restoration costs		-	-	10
		<u>4,723</u>	<u>3,723</u>	<u>1,645</u>
Total equity and liabilities		<u><u>9,241</u></u>	<u><u>10,302</u></u>	<u><u>8,911</u></u>

New Trend Lifestyle Group Plc
Consolidated Statement of Cash Flows

For the six months to 30 June 2014

	Notes	6 Months to 30 June 2014 Unaudited SGD'000	6 Months to 30 June 2013 Unaudited SGD'000	Year to 31 December 2013 Audited SGD'000
Cash flows from operating activities				
Profit/(loss) before income tax		(863)	543	(1,040)
Adjustments for:				
Depreciation and amortisation expense		329	280	714
Interest expense		26	88	113
Interest income		-	-	(2)
(Gain)/Loss on disposal of plant and equipment		-	(461)	(447)
Reversal of provision for restoration costs		(10)	(2)	-
Translation reserve		(27)	3	-
Gain on conversion of loan notes		-	-	-
Impairment loss on trading securities		-	-	988
Fixed assets written off		-	-	16
Share based payment charge		-	-	8
Movement in reserve		56	-	-
		<u>(489)</u>	<u>451</u>	<u>320</u>
Changes in working capital:-				
Inventories		(166)	55	84
Trade and other receivables		(598)	(102)	65
Trade and other payables		(243)	(388)	(197)
Provision for restoration costs		-	-	131
		<u>(1,496)</u>	<u>16</u>	<u>403</u>
Cash generated from/(consumed in) operations		(1,496)	16	403
Interest received		-	-	2
Income tax paid		(21)	(202)	(278)
		<u>(1,517)</u>	<u>(186)</u>	<u>127</u>
Net cash from/(consumed in) operating activities		(1,517)	(186)	127
Cash flows from investing activities				
Purchase of plant and equipment		(118)	(514)	(1,070)
Proceeds from disposal of PPE		-	3,350	3,350
Subscription to unsecured convertible loan notes		-	-	209

Net cash from/(consumed in) investing activities	(118)	2,836	2,489
Cash flows from financing activities			
Proceeds from issues of share capital	-	-	-
Proceeds from bank borrowings (net)	500	-	-
Repayment of bank loans	(170)	(2,499)	(2,584)
Proceeds of convertible loan	1,110	192	-
Advance to/from directors	-	-	(2)
Repayment of finance lease liabilities	-	-	(187)
Interest paid	(26)	(88)	(113)
Placement of fixed deposit	-	-	(1)
Net cash from/(consumed in) financing activities	1,414	(2,395)	(2,887)
Net change in cash and cash equivalents	(221)	255	(271)
Effects of changes in exchange rates	-	202	-
Cash and cash equivalents at beginning of year	1,958	2,229	2,229
Cash and cash equivalents at end of year	1,737	2,686	1,958

New Trend Lifestyle Group Plc

Consolidated statement of changes in equity

For six months to 30 June 2014

	Share capital SGD'000	Share premium SGD'000	Retained profits SGD'000	Share based payment reserves SGD'000	Other reserves SGD'000	Currency translation reserve SGD'000	Total SGD'000
Balance as at 1 January 2013	199	1,731	1,247	154	2,845	(41)	6,135
Shares issued in period	-	-	-	-	-	-	-
Profit after tax	-	-	383	-	-	-	383
Currency translation reserve	-	-	-	-	-	4	4
Group reorganisation	-	-	-	-	-	-	-
Balance as at 30 June 2013	199	1,731	1,630	154	2,845	(37)	6,522
Share based payment	-	-	-	8	-	-	8
Loss for the period	-	-	(1,507)	-	-	-	(1,507)
Currently translation Reserve	-	-	-	-	-	(23)	(23)
Balance at 31 December 2013	199	1,731	123	162	2,845	(60)	5,000
Loss for the period	-	-	(863)	-	-	-	(863)
Currency translation	-	-	-	-	-	27	27
Convertible loan notes	-	-	-	-	174	-	174
Balance at 30 June 2014	<u>199</u>	<u>1,731</u>	<u>(740)</u>	<u>162</u>	<u>3,019</u>	<u>(33)</u>	<u>4,338</u>

New Trend Lifestyle Group Plc

Notes to the Interim Financial Information

1. General Information

New Trend Lifestyle Group Plc (“NTLG” or “Group”) is a public limited company incorporated in England and Wales with company number 8000104 and is quoted on the AIM market of the London Stock Exchange Plc.

2. Basis of Preparation

This interim report, which incorporates the financial information of the Company, has been prepared using the historical cost convention, on a going concern basis and in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, using accounting policies which are consistent with those set out in the financial statement for the year ended 31 December 2013.

Taxes

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Standards and Interpretations adopted with no material effect on financial statements

There are no IFRS or IFRIC interpretations that are effective for the first time in this financial period that would be expected to have a material impact on the Group.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have material impact on the Group.

New Trend Lifestyle Group Plc

Notes to the Interim Financial Information

3. Segmental Analysis

Segmental reporting

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

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

	6 months to 30 June 2014			
	Singapore Unaudited SGD'000	China and HK Unaudited SGD'000	UK Unaudited SGD'000	Total Unaudited SGD'000
Income Statement				
Revenue	4,405	218	-	4,623
Other income	248	(13)	(3)	232
Direct and operating costs	(5,009)	(485)	(224)	(5,718)
Group profit/(loss) before tax	(356)	(280)	(227)	(863)
Assets and Liabilities				
Segment Assets	8,154	739	348	9,241
Segment Liabilities	(3,472)	(146)	(1,285)	(4,903)
	4,682	593	(937)	4,338

	6 months to 30 June 2013			
	Singapore Unaudited SGD'000	China and HK Unaudited SGD'000	UK Unaudited SGD'000	Total Unaudited SGD'000
Income Statement				
Revenue	5,319	298	-	5,617
Other income	716	14	2	732
Direct and operating costs	(5,068)	(589)	(149)	(5,806)
Group profit/(loss) before tax	967	(277)	(147)	543
Assets and Liabilities				
Segment Assets	8,415	1,818	69	10,302
Segment Liabilities	(3,268)	(166)	(346)	(3,780)
	5,147	1,652	(277)	6,522

	Year to 31 December 2013			
	Singapore Audited SGD'000	China and HK Audited SGD'000	UK Audited SGD'000	Total Audited SGD'000
Income Statement				
Revenue	10,600	467	-	11,067
Other income	901	13	-	914
Direct and operating costs	(10,421)	(2,150)	(450)	(13,021)
Group profit/(loss) before tax	1,080	(1,670)	(450)	(1,040)
Assets and Liabilities				
Segment Assets	7,938	804	169	8,911
Segment Liabilities	(3,363)	(221)	(327)	(3,911)
	4,575	583	(158)	5,000

New Trend Lifestyle Group Plc

Notes to the Interim Financial Information

4. Operating loss for the period is stated after charging

	6 Months to 30 June 2014 Unaudited SGD'000	6 Months to 30 June 2013 Unaudited SGD'000	Year to 31 December 2013 Audited SGD'000
Depreciation	329	280	609
	<u> </u>	<u> </u>	<u> </u>

5. Directors emoluments

	6 Months to 30 June 2014 Unaudited NTLG SGD'000	6 Months to 30 June 2013 Unaudited Total SGD'000	Year to 31 December 2013 Audited NTL SGD'000
Robert Goddard	42	38	78
Hillary Phang Song Hua	312	305	681
James Tan	5	30	60
Ajay Kumar Rajpal	32	29	59
Matthew Pau	32	-	-
	<u> </u>	<u> </u>	<u> </u>

6. Profit/(Loss) per share

	6 Months to 30 June 2014 Unaudited	6 Months to 30 June 2013 Unaudited	Year to 31 December 2013 Audited
Profit/(Loss) per ordinary share – SGD			
Basic	(0.009)	0.004	(0.01)
Diluted	(0.009)	0.004	(0.01)
	<u> </u>	<u> </u>	<u> </u>

Earnings per share has been calculated on the net basis on the loss after tax of SGD863,000 (31 December 2013 – loss SGD1,124,000; 30 June 2013 - profit SGD383,000) using the weighted average number of ordinary shares in issue of 100,000,000 (fully diluted – 100,600,000) (31 December 2013 – 100,000,000; 30 June 2013 – 94,114,849).

New Trend Lifestyle Group Plc

Notes to the Interim Financial Information

7. Called up Share Capital

The issued share capital as at 30 June 2014 was 100,000,000 Ordinary Shares of 0.1p each.

8. Cash and cash equivalents

	As at 30 June 2014 Unaudited SGD'000	As at 30 June 2013 Unaudited SGD'000	As at 31 December 2013 Audited SGD'000
Cash and bank balance	1,737	2,686	1,958
Fixed deposits	203	201	202
	<hr/>	<hr/>	<hr/>
Cash and bank balances as presented in the statement of financial position	1,940	2,887	2,160
Less: Pledge fixed deposits	(203)	(201)	(202)
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents as presented in the statement of cash flow	<u>1,737</u>	<u>2,686</u>	<u>1,958</u>

9. Convertible loan notes

On 28 May 2014, SGD1,140,000 convertible loan notes ("loan notes") were subscribed for with a final repayment date of 31 December 2016, of which SGD1,110,000 of these loan notes were issued. The loan notes bear interest at 3 per cent per annum and will be convertible by the note holder into new ordinary shares in the company at a price of 10p per ordinary share at any time between the date of issue and 31 December 2016.

The convertible loan note issue announced on 9 May 2013, which has been superseded by this new issue, is now closed.

10. Events subsequent to 30 June 2014

On 4 July 2014 the company made an amendment to the loan agreement announced on 27 November 2013 between Master Phang, a director and controlling shareholder, and Hao Tin Development Group Limited. The effect of the amendment is to extend the repayment date for the HK\$6 million (approximately £477,000) loan from 31 May 2014 to 30 August 2014. As previously announced Master Phang pledged 54,721,333 shares of NTLG as security for the loan. The loan was repaid on 30 July 2014 and the pledge has now been released.

11. The unaudited results for period ended 30 June 2014 do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The comparative figures for the period ended 31 December 2013 for NTLG extracted from the audited financial statements which contained an unqualified audit report and did not contain statements under Sections 498 to 502 of the Companies Act 2006.

12. This interim financial statement will be, in accordance with Rule 26 of the AIM Rules for Companies, available shortly on the Company's website at www.newtrendlifestylegroup.com.