NEO GROUP LIMITED
梁苑集团

梁苑

Transforming...

Annual Report 2015

DESIGN RATIONALE

"**Transforming**" is a word that perfectly encapsulates how **Neo Group** has grown over the years, and its relentless efforts striving towards greater business excellence to solidify its market leadership.

We invite you to join us on our journey to witness the transformation of our businesses, processes, product and service offerings to drive growth and create value.

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...a clear vision into reality

Neo Group has emerged as

Singapore's Number 1 Events Caterer[1]

for the third year, its brand synonymous with gastronomical delights, excellent customer experience and a diverse range of food and service offerings appealing to consumers from all walks of life.

Our success is a result of unrelenting hard work, dedication, passion, innovation and a strong aspiration to be the best. Today Neo Group continues to transform and is poised to set new benchmarks of excellence.

[1] *As defined in Euromonitor International report, "Events Catering Services in Singapore", dated December 2014 whereby events catering refers to food catering services provided for social or corporate events only.*

Neo Group Limited at 1 Enterprise Road

10x

INCREASE IN LAND SPACE

The new Enterprise Road central kitchen better supports Neo Group's robust business growth and consolidates Group-wide operations and functions for greater efficiencies.

CORPORATE PROFILE

"Singapore's leading catering group backed by an integrated value chain and strong track record accumulated over 22 years."

Neo Group Limited ("**Neo Group**", or together with its subsidiaries, the "**Group**") is Singapore's leading catering group backed by an integrated value chain and strong track record accumulated over 22 years. Listed on SGX since July 2012, Neo Group provides customers with turnkey food and catering solutions through a comprehensive suite of capabilities and service offerings under three business segments – Food Catering, Food Retail, and Food & Catering Supplies. Its unique value proposition and strong commitment to constantly innovate has allowed Neo Group to emerge as Singapore's Number One Events Caterer[1].

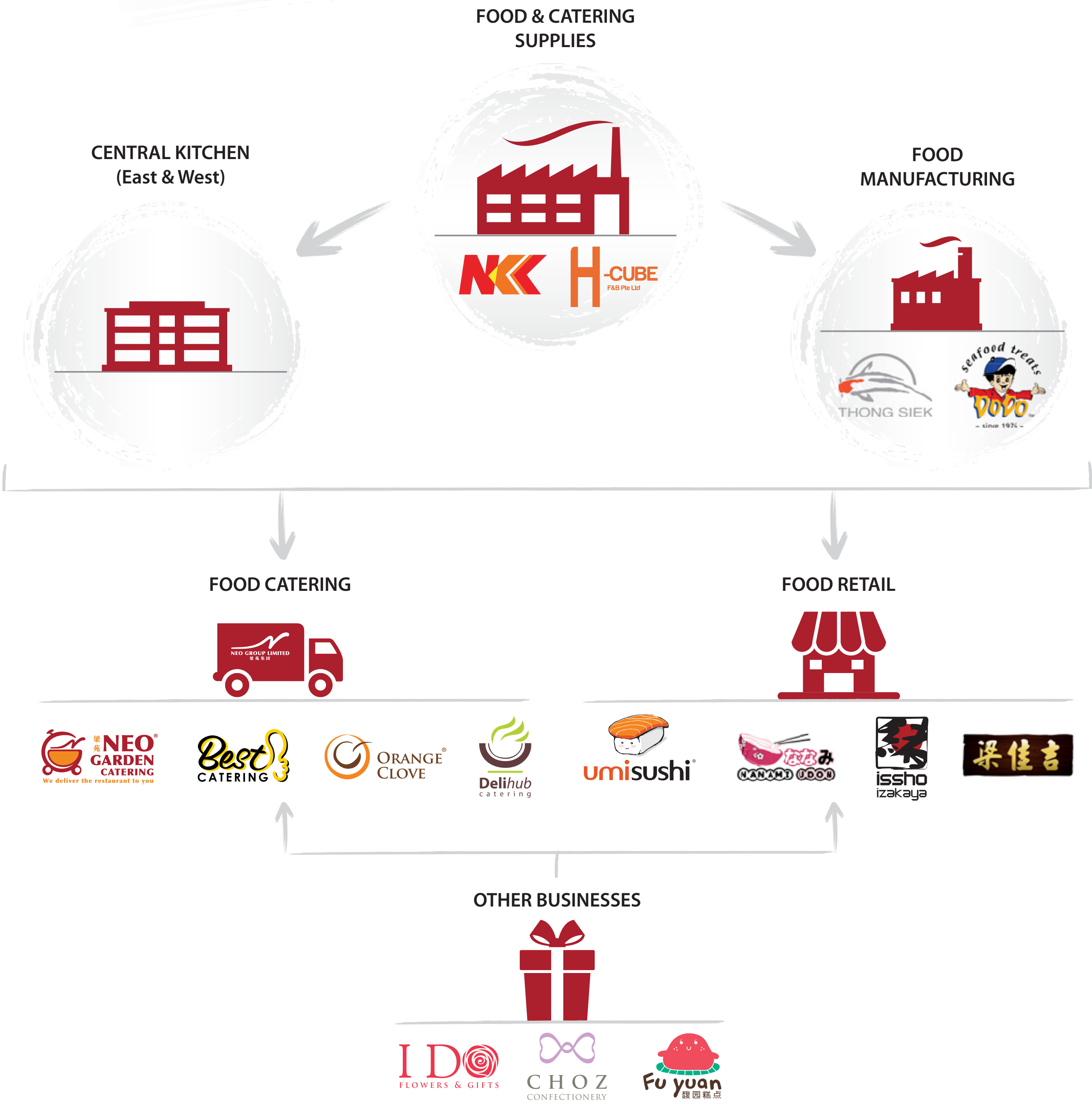
Neo Group supplies a large variety of quality food and buffets appealing to various market segments through 13 brands – including "Neo Garden Catering", "Orange Clove Catering", "Deli Hub Catering", "umisushi", "Choz Confectionery" – a food retail network spanning 26 outlets island-wide and a licensed umisushi outlet in Jakarta, Indonesia. Its businesses are supported by three central kitchens and over 700 dedicated employees.

[1] *As defined in Euromonitor International report, "Events Catering Services in Singapore", dated December 2014 whereby events catering refers to food catering services provided for social or corporate events only.*

VALUE CHAIN ILLUSTRATION

DEEPENING OUR VALUE PROPOSITION

Neo Group is able to provide one-stop food and catering solutions by reaping synergies from its vertically-integrated value chain, solidifying its position as Singapore's leading food and catering solutions provider and setting the stage for long-term growth.



...by aligning our performance with our commitment to delight

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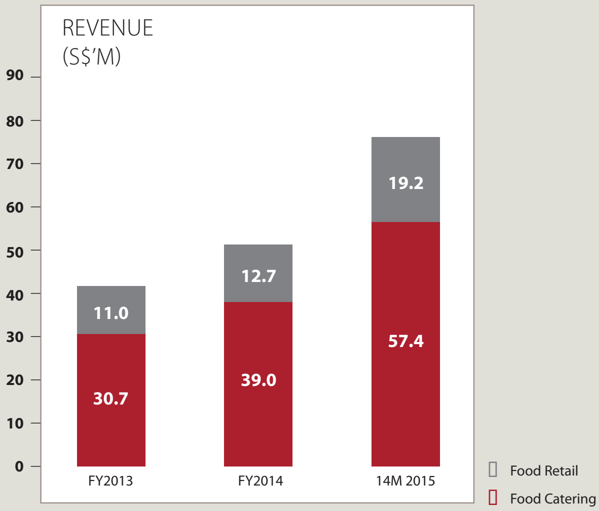
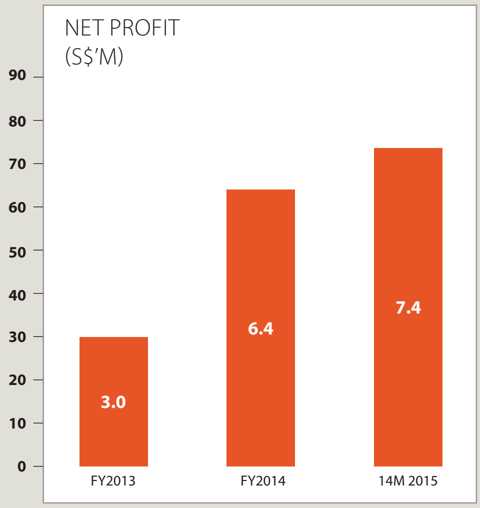
Our robust results affirm our passion to excel and reflect our commitment to delight. Year after year, our solid performance only intensifies our drive and dedication to do more for our customers, to make our offerings more compelling and enjoyable.

FINANCIAL HIGHLIGHTS





	FY2013[1]	FY2014[1]	14M 2015[1]
INCOME STATEMENT			
Revenue (S$'M)	41.7	52.4	77.4
Profit Before Income Tax (S$'M)	3.5	6.9	8.8
Net Profit (S$'M)	3.0	6.4	7.4
Net Profit Margin (%)	7.2	12.2	9.6
BALANCE SHEET			
Total Assets (S$'M)	30.8	43.6	54.4
Total Liabilities (S$'M)	13.4	23.2	30.3
Total Shareholders' Equity (S$'M)	17.4	20.5	24.2
Cash and Cash Equivalents at End of Period (S$'M)	11.7	8.5	7.6
CASH FLOW			
Net Cash from Operating Activities (S$'M)	4.6	7.9	10.5
Capital Expenditure (S$'M)	(1.9)	(15.3)	(11.5)
KEY RATIOS			
Revenue Growth (%)	8.7	25.6	47.7
Net Profit Growth (%)	(43.9)	111.9	15.6
Net Profit Margin Growth (% Point Change)	(6.8)	5.0	(2.6)
Net Gearing[2] (%)	1.1	38.3	45.9
Return On Shareholders' Equity (%)	17.3	31.2	30.6
Return On Total Assets	9.8	14.7	13.6
PER SHARE INFORMATION			
Earnings Per Share (Cents)	2.87[3]	4.44[4]	5.14[4]
Net Asset Value Per Share (Cents)	12.1	14.2	16.8
Dividend Per Share (Cents)	1.50	2.67	2.10
MARKET CAPITALISATION			
Market Capitalisation[5] (S$'M)	44.6	116.6	131.0

[1] *14M 2015 refers to the 14-month financial period from 1 February 2014 to 31 March 2015 due to a change in the Group's financial year-end (from 31 January to 31 March)*
[2] *Net Gearing is computed by net debt divided by total equity plus net debt*
[3] *Based on weighted average number of ordinary shares of 105,079,114*
[4] *Based on weighted average number of ordinary shares of 144,000,000*
[5] *As at end of financial year/period*

Neo Group's expanded kitchen capacity serves up to

30,0


00
guests
per day

...by continuously elevating our standard of excellence

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高

Neo Group continues to lead the market, constantly innovating and driving business excellence to stay on top. Building upon a strong track record and a deeply-rooted culture to continuously raise the bar, we only serve up the best versions of ourselves.

"Food Catering remains our core business and we have seen significant growth this year, reporting a 47.1% rise in revenue to S$57.3 million."

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is with great pleasure that I present to you our annual report for the 14-month period ended 31 March 2015 ("**14M 2015**")[1] for Neo Group Limited ("**Neo Group**", or together with its subsidiaries, the "**Group**").

THE YEAR IN REVIEW – OUR ACHIEVEMENTS TO DATE

We continue to reign as Singapore's No. 1 events caterer[2], as reflected in yet another year of stellar performance. In 14M 2015, Neo Group reported a revenue of S$77.4 million and net profit of S$7.4 million.

Food Catering remains our core business and we have seen significant growth this year, reporting a 47.1% rise in revenue to S$57.3 million, contributing 74.0% to the Group's 14M 2015 revenue. A higher volume of catering opportunities arising from marketing and brand awareness campaigns drove this growth.

In Food Retail, we recorded a 51.2% increase in revenue to S$19.2 million in 14M 2015. This growth was facilitated by a 27.4% leap in umisushi delivery sales and six new outlets.

BREAKING OUT OF THE MOULD

Operating in a highly competitive industry, we have continuously pushed boundaries to sharpen our competitive edge, deepening our unique value proposition to differentiate Neo Group from other industry players. This entrepreneurial spirit is deeply entrenched in our corporate culture, representing the way we do business.

In line with this, we made our first major acquisition since our IPO in 2012, taking a 55%-equity stake in Thong Siek Holdings ("**TSH**") for S$7.35 million subsequent to the year-end. TSH is an industry leader in the manufacturing, distribution and retailing of surimi-based seafood products. Its "DoDo" line of food offerings is a household brand synonymous with quality products.

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1 *14M 2015 refers to the 14-month financial period from 1 February 2014 to 31 March 2015 due to a change in the Group's financial year-end (from 31 January to 31 March)*

2 *As defined in Euromonitor International report, "Events Catering Services in Singapore", dated December 2014 whereby events catering refers to food catering services provided for social or corporate events only.*

CHAIRMAN'S STATEMENT

Through this landmark acquisition, Neo Group expects to reap the following synergies:

Integration: Firstly, acquiring TSH paves our way into manufacturing through its extensive track record built over the last four decades. TSH houses an automated manufacturing system through two facilities in Senoko, Singapore, and Johor Bahru, Malaysia. Neo Group seeks to achieve back-end integration with the potential for greater profitability and economies of scale while the Group's procurement trading arm, NKK Import & Export Trading Pte. Ltd. ("**NKK**"), will aid TSH in sourcing for raw ingredients to better manage costs.

Expansion: Through TSH's footprint in Malaysia and its large distribution network across 22 countries, Neo Group is able to gain access into new markets with greater ease. The Group is currently exploring opportunities to bring TSH products to new markets.

New revenue streams: This game-changing acquisition will allow Neo Group to create new recurring business-to-consumer ("**B-to-C**") income streams, expand our customer base and market segments beyond Singapore. Leveraging on our Food Retail experience through Niwa Sushi, passion for introducing new, innovative concepts and TSH's wide product range, we are exploring opportunities to bring TSH's products directly to consumers.

Quality: The partnership with TSH concludes a three-year search for a partner with manufacturing expertise who would complement our vertically-integrated value chain in line with our value proposition to provide our customers with one-stop food and catering solutions. We are now working closely with TSH, leveraging on their expertise in manufacturing to automate our processes, thereby improving food consistency and quality while reducing reliance on manpower to drive margin efficiency.

We are excited about the strong synergies that both parties can potentially reap from this M&A, given our respective capabilities, network and expertise. We firmly believe that bringing two strong players together will bring both businesses to the next level.

Six new brands

To increase market share and enhance our value proposition to provide integrated, one-stop catering solutions to our customers, we also introduced the following six new brands in 14M 2015:

- I DO Flowers & Gifts ("**I DO**");
- Choz Confectionery ("**Choz**");
- Fu Yuan;
- NANAMI UDON;
- issho izakaya; and
- LJJ Café

Our youngest operation, I DO, commenced business in May 2014. Led by an industry veteran with over 20 years of experience, I DO specialises in customised floral solutions, providing floral arrangements and hampers suitable for all occasions. I DO expands Neo Group's current portfolio by supplying floral arrangements to our existing Food Catering brands.

Through its large assortment of confectionery treats catering to various occasions, and a strong track record established over the last 17 years, Choz and Fu Yuan increases Neo Group's offering by supplying its products to our Food Catering and Food Retail businesses. Choz in particular specialises in milestone celebrations and wedding packages, strengthening our ability to capture the lucrative baby full-month and wedding markets. We are currently working on expanding Choz and Fu Yuan's product range to ride on new dessert trends, such as fondant cakes and macarons.

Our guiding business philosophy is simple – we will nurture and evaluate the growth potential of each brand and retail outlet prudently before stepping up expansion plans. Overall, we will continue our marketing efforts to further strengthen our brands and extend our reach.

STREAMLINING PROCESSES TO DRIVE INTERNAL EFFICIENCIES

Our facility at 1 Enterprise Road, our largest and newest central kitchen to date, commenced operations in November 2014. It represents a restructuring exercise to consolidate operations, housing our central kitchen, warehouse, headquarters and other critical functions under one roof with its extensive built-in space of over 57,000 sq ft. This move optimises our operations and manages cost while accelerating our ability to scale up production to reap economies of scale.

A firm believer in technology, we continue to explore new ways to revolutionise our business through greater automation and business intelligence to raise productivity. An example would be our in-house applications, "DriverMDT[1]" and "BCMS[2]". These proprietary softwares work together to allow for real-time capabilities of scheduling, GPS and invoice verification to facilitate coordination between the logistics and catering teams. This ensures prompt response to requests and queries, enhancing customer experience.

We will also continue to invest in Research and Development ("**R&D**") while embracing technology to move towards an automated process in time for our planned expansion to the Quality Road facility. This will improve product consistency and hygiene standards while allowing the Group to better control manpower and operational costs, thereby enhancing shareholder value.

We also have IT engineers working tirelessly round the clock to fine-tune our technologies. Our goal is to achieve a "Zero Error Transformation" ("**ZET**"). ZET is our corporate ethos for maintaining low error margins. Productivity is also increased because of our investment in technology.

Our unrelenting efforts have not gone unrecognised. In October 2014, we were one of six companies to be awarded the prestigious 2014 Singapore Productivity Awards conferred by the Singapore Business Federation.

1 *Driver Mobile Data Terminal*
2 *Buffet Catering Management System*

FORWARD STRATEGIES

Going forward, we intend to focus our efforts in growing the core Food Catering arm, enhancing our value chain and capturing greater market share through the following initiatives:

Pursuing venue partnerships

Neo Group has secured new venue partnerships including Singapore Expo, UE Convention Centre, CHIJMES, amongst others, and will continue to pursue more venue partnerships and corporate clients to grow business volume.

Integration of TSH

We have wasted no time since the completion of the acquisition to integrate TSH's business and functions with our own, working closely with TSH's strong management team. Neo Group's operations are further boosted with the use of TSH's production facilities in Singapore and Malaysia, and we plan to gradually ramp up the utilisation rate of our central operations as business volume increases.

Expansion at Quality Road

We are currently awaiting JTC's approval for our expansion plans at Quality Road. The expansion will increase our capacity further to serve up to 50,000 guests a day to support our strong growth trajectory. We also intend to equip the premises with automated systems for efficient and consistent food production.

Increase in M&A activity

Finally, we will continue to seek out suitable M&A targets that complement our businesses or allow us to expand on our suite of capabilities to strengthen our value chain and solidify our market leadership.

As we continue to chart our journey to success, we look forward to unveiling more exciting developments in the coming year.

ATTRACTIVE DIVIDEND

The Board of Directors is pleased to propose a one-tier tax-exempt final cash dividend of 1.05 Singapore cents per share. This would bring total dividends declared for 14M 2015 to 2.10 Singapore cents per share.

As a growing business, we need to maintain a delicate balance in rewarding shareholders for their relentless support and retaining enough cash to capitalise on opportunities that may come our way, including M&A activities. We believe that the revenue- and margin-accretive strategy as well as our clear roadmap to growth will allow us to drive greater shareholder value.

APPRECIATION

I wish to take this opportunity to extend my appreciation to my fellow Board members, management team and staff. They have been tireless in their dedication to transform the Group into a market leader.

We would also like to thank Mr Yeo Guat Kwang, our outgoing Independent Director, for his contributions to the Group, and welcome our new Independent Director, Mr Yeo Kok Tong, who serves as a member of our Audit and Risk, and Remuneration Committees.

Last but not least, I would like to thank our loyal shareholders, customers and business partners for their unwavering support. We hope that you will continue to stay with us on our journey towards greater business excellence and even better years ahead.

NEO KAH KIAT, PBM
Founder, Chairman and CEO
29 June 2015

BOARD OF DIRECTORS

NEO KAH KIAT, PBM

FOUNDER, CHAIRMAN AND CEO

Mr Neo Kah Kiat, Founder of the Group, was appointed to the Board on 22 March 2012 and last re-elected on 30 May 2013.

An industry veteran with over two decades of leadership experience in catering and food and beverage ("**F&B**") management, he led and grew the Group into Singapore's largest catering provider and the number one events caterer. Mr Neo continues to helm and steer the Group's future strategic direction and expansion to become an integrated food and catering solutions provider.

Mr Neo established Neo Garden Catering ("**Neo Garden**") as a sole-proprietorship in 1992 that successfully grew into an award-winning flagship brand. With his foresight and keen business acumen, Mr Neo developed 12 other brands serving different market segments, and brought the company to its successful listing on the SGX in 2012. He also led the Group's first major acquisition of Thong Siek Holdings – manufacturer, retailer and distributor of the popular DoDo brand of fishballs – in 2015.

Mr Neo was awarded the Public Service Medal (Pingat Bakti Masyarakat) on 9 August 2014; the Entrepreneur of The Year Award in both the Top Entrepreneurs and Enterprise categories in 2012; the Successful Entrepreneur Award (Platinum Category) by GRC Press Holdings in 2011; and the Spirit of Enterprise Award in 2010. He also serves as the Vice-Chairman of the Workforce Advancement Federation.

A strong advocate of philanthropy, Mr Neo donates generously to charities and serves as a patron at Jurong Spring Community Club. He was also appointed Organising Chairman of the Building Fund of Jurong Spring Community Club in March 2014.

LIEW OI PENG

EXECUTIVE DIRECTOR

Ms Liew Oi Peng was appointed to the Board on 22 March 2012 and last re-elected on 30 May 2014. She is instrumental in growing the Group's Food Catering business and helms Deli Hub Catering ("**Deli Hub**"). Under her leadership, Deli Hub has gained much popularity amongst the government sectors, from ministries to statutory boards and community centres.

Ms Liew joined Neo Garden in 1994 and has amassed more than 20 years of experience in the catering industry. She presently oversees and manages the Group's strategic functions including Human Resource, Sales & Marketing and Information Technology ("**IT**"). Under her leadership, the Group's Food Catering arm successfully grew its team to the current staff strength of more than 300.

Ms Liew spearheads the Group's corporate social responsibility initiatives including the staff-led charity initiative, SEED, that encourages employees to donate monthly to support the less fortunate. Through this initiative, the Group has reached out to over 50 organisations.

LEE KWANG BOON

EXECUTIVE DIRECTOR
(BUSINESS DEVELOPMENT)

Mr Lee Kwang Boon was appointed to the Board on 1 May 2012 and last re-elected on 30 May 2013. He joined the Group in 2007 as the Sales & Marketing Director of the Group. Backed by a decade of experience in the F&B and catering industry, Mr Lee is pivotal in the success of the Orange Clove Catering ("**Orange Clove**") business and assists in the Group's merger and acquisition activities.

Mr Lee oversees the marketing and brand development of Orange Clove that caters to the mid-to-high-end corporate clientele. He led the sales team to secure strategic venue partnerships, and also sets the direction for the international menus, exquisite thematic presentations and complete event solutions tailored for all functions. Within a short span of seven years, Orange Clove has established itself as the corporate caterer of choice today.

Under Mr Lee's helm, Orange Clove has grown manifold in revenue and earned prestigious awards such as the Singapore Prestige Brand Award 2014 – Promising Brands Overall Winner, and the World Gourmet Summit – Outstanding Caterer of the Year 2015.

An avid grassroots leader, Mr Lee devotes his spare time to the community – in particular, contributing as part of the Jurong Spring Community Club Management Committee.

LIEW CHOH KHING

EXECUTIVE DIRECTOR
(FOOD RETAIL)

Mr Liew Choh Khing was appointed to the Board on 1 May 2012 and last re-elected on 30 May 2013. He oversees the business and sales development strategies of the Group's Food Retail business and is instrumental in the development and expansion of this business segment.

Mr Liew has more than a decade of F&B experience and 8 years of sales and marketing experience. Mr Liew launched the Group's first Niwa Sushi food retail outlet in 2007, which was subsequently rebranded to "umisushi" in 2010. Under his leadership, the number of quick service retail outlets has grown into a chain of 25 umisushi outlets, a licensed outlet in Jakarta and a NANAMI UDON outlet, as at 31 March 2015. The retail division has also added a full-fledged Japanese drinking and dining establishment to its portfolio in July 2014 – issho izakaya. Mr Liew joined the Group in 2004 as an Executive Director of Deli Hub Catering and was subsequently appointed the Executive Director of the Food Retail business, comprising H-Cube and Niwa Sushi, upon their respective incorporation.

Having started the central kitchen in 2008, Mr Liew played a pivotal role in the planning and organising of the kitchen operations as well as the logistic planning for delivery. Automation and technology is the thrust of Mr Liew's focus and strategy to improve productivity and staff efficiency. Seizing the opportunity in the delivery market, Mr Liew launched the delivery service of umisushi bento sets and sushi platters for corporate functions, family events and parties in 2010. He also oversees food R&D with his chefs to create special recipes for sauces and new dishes to serve up new menu items.

WONG HIN SUN, EUGENE

NON-EXECUTIVE DIRECTOR

Mr Wong Hin Sun, Eugene, was appointed to the Board on 11 June 2012 and last re-elected on 30 May 2014. He is the Group's Non-Executive Director; member of the Audit and Risk, Nominating and Remuneration Committees. In September 2002, Mr Wong founded Sirius Venture Capital Pte Ltd, a venture capital investment company, and is currently the Non-Executive Chairman of CrimsonLogic Pte Ltd.

Mr Wong currently sits on the Board of Hong Kong Stock Exchange-listed Ajisen (China) Holdings Limited, and several SGX Catalist-listed companies including Japan Foods Holding Ltd, Jason Marine Group Limited; Singapore Kitchen Equipment Limited and TMC Education Corporation Limited. He is also a Non-Executive Director of Cargo Community Network, a subsidiary of SIA Cargo, and Non-Executive Director of Singapore Cruise Centre Pte Ltd, a Temasek portfolio company. Mr Wong also serves on the Boards of Agri-Food & Veterinary Authority of Singapore (AVA) and International Enterprise Singapore (IE Singapore).

Mr Wong graduated from the National University of Singapore with a Bachelor of Business Administration (First Class Honours) in 1992 and obtained a Masters in Business Administration from the Imperial College of Science, Technology and Medicine, University of London in 1998. He also completed the Owner President Management Program from Harvard Business School in 2011. He qualified as a Chartered Financial Analyst in 2001 and a Chartered Director from the UK Institute of Directors in 2014. Mr Wong is a Fellow of UK Institute of Directors, Australia Institute of Company Directors and The Hong Kong Institute of Directors and a member of the Singapore Institute of Directors.

TAN LYE HUAT

LEAD INDEPENDENT DIRECTOR

Mr Tan Lye Huat was appointed to the Board on 11 June 2012 and last re-elected on 30 May 2014. He is the Lead Independent Director and chairs the Group's Audit and Risk and Nominating Committees. He had previously been actively engaged in other corporate governance advocacy, consultancy and training work under HIM Governance Private Limited including, until recently, being the Regional Adviser of Governance for Owners LLP as well as volunteering at a number of other governance-related associations.

Besides senior professional and management experience, Mr Tan sits on the Boards of other Singapore-listed companies such as SP Corporation Limited, Japan Foods Holding Ltd, Dynamic Colours Limited and Nera Telecommunications Ltd. He was a Director of SGX-listed Singapore Kitchen Equipment Limited before he resigned in 2013.

Mr Tan is a member of the Institute of Singapore Chartered Accountants (ISCA), Fellow of the Association of Chartered Certified Accountants (FCCA) as well as a Chartered Director of the Institute of Directors, and a member of the Australian Institute of Company Directors. He attended the Executive Management Program at Columbia University and the International Directors' Course at INSEAD.

YEO KOK TONG

INDEPENDENT DIRECTOR

Mr Yeo Kok Tong, was appointed to the Board on 1 October 2014. He is an Independent Director and a member of the Group's Audit and Risk and Remuneration Committees. Mr Yeo currently sits on the Board of Bangkok Ranch Public Company Ltd where he has been a member of its Audit Committee since 2014.

Mr Yeo was Chief Executive Officer of Singapore Food Industries from 2006 to 2009 and has been serving on its board since 1999. Prior to this, Mr Yeo was CEO of DE United Nigeria Limited. He has also served as Director and Chairman of IM Technologies Ltd and was a member of PT Rama Assuransi's investment committee.

Mr Yeo holds a Graduate Diploma in Marketing (Singapore) from the Institute of Marketing (UK).

NG HOW HWAN, KEVIN

INDEPENDENT DIRECTOR

Mr Ng How Hwan, Kevin, was appointed to the Board on 11 June 2012 and last re-elected on 30 May 2014. He is an Independent Director, Chairman of the Remuneration Committee and member of the Nominating Committee of the Company. He is currently the Vice-President of Super Brands Company Pte Ltd, a fully-owned subsidiary of SGX-ST Mainboard-listed ThaiBev, responsible for its international beer business. He is a Director of ThaiBev's fully-owned subsidiaries: Super Brands Company Pte Ltd, Interbev (Singapore) Pte Ltd, Oishi F&B (Singapore) Pte Ltd and InterBev Timor Unipessoal LDA. He also serves as a Non-Executive Independent Director of SGX Catalist-listed Singapore Kitchen Equipment Ltd and chairs its Remuneration Committee.

Mr Ng has over 23 years of experience in the F&B industry. He began his career with Asia Pacific Breweries Limited (APB) and served in senior commercial and general management positions throughout the Asia-Pacific region until 2013.

Mr Ng graduated with a Bachelor of Business (Business Administration – Distinction) from the Royal Melbourne Institute of Technology in 1992 and obtained a Masters in Education (Leadership, Policy and Change) from Monash University in 2015. He completed the Heineken International Management Development course in 1996, the Marketing of Consumer Goods in Asia from INSEAD (Singapore) in 2000 and the Heineken International Manager's course from INSEAD (France) in 2005. He holds an Executive Diploma in Directorship from the Singapore Management University (April 2014) and is a member of the Singapore Institute of Directors since January 2012.

KEY MANAGEMENT PERSONNEL

LIM LI LING

GROUP FINANCIAL CONTROLLER

Ms Lim Li Ling joined the Group in March 2012 and is responsible for overseeing all accounting, financial and corporate secretarial matters of the Group. She leads a team of 23 accounts and administrative personnel, spearheaded the implementation of policies aligned with the highest standards of corporate governance accounting systems and streamlined processes, thus improving productivities.

Prior to joining the Group, she was a Director (Finance and IT) at LTC LLP, a professional accounting practice, from 2011 to 2012, and a Financial Controller of Banquet Holdings Pte Ltd from 2009 to 2011. From 2008 to 2009, Ms Lim was a Finance Manager at Sinomem Technology, an integrated water solution provider formerly listed on the Mainboard of the SGX-ST.

A veteran with over 27 years of experience, she obtained a Bachelor of Business (Accountancy) degree from the Royal Melbourne Institute of Technology University in 2001. She is a Chartered Accountant of Singapore (CA Singapore) as well as a Certified Practising Accountant (CPA Australia).

LIEW OI YEN

DIRECTOR OF OPERATIONS

With over 20 years of experience, Ms Liew Oi Yen is responsible for the operations of our food catering production in our east central kitchen. She joined the Group in May 2008 as a Branch Director of Orange Clove and formed a team of culinary operations, logistics, human resources and administrative staff, managing about 150 staff today.

Ms Liew is responsible for the Group's operations and personnel aspects, ensuring optimal excellence and efficiency in the east kitchen. Apart from planning organisational requirements, she executes the daily operational decisions, determines staffing needs and team development, and implements quality assurance programmes for the culinary team.

TEO HWEE AI

CHIEF OPERATING OFFICER

Since Ms Teo Hwee Ai's appointment as Chief Operating Officer on 11 July 2013, she has led the restructuring of the Group's culinary operations to optimise efficiency and developed the operational infrastructure of systems and processes, putting in place new corrective Standard Operating Procedures ("**SOP**") whilst identifying best practices and internal controls. She is responsible for the day-to-day leadership, recruitment and retention of supervisory management team.

Having amassed close to 20 years of experience in kitchen leadership, Ms Teo is passionate about creating new dishes and pays great attention to menu development and quality control. She is instrumental in the training and development of the kitchen and guidance on accurate food preparation methods.

Ms Teo joined the Group as a Kitchen Manager in 2008 where she successfully instituted the western food department and established a well-integrated kitchen system. She also oversees logistics operations and contributed significantly to the Group's efficient buffet deliveries through route optimisation.

Ms Teo contributed to the success of our food catering operations, particularly in the Group's new central kitchen where she ensures that the culinary team adheres to the highest standards and expectations of food quality, freshness and presentation.

...by expanding our capabilities

扩展

In line with our vision to transform into a more formidable player in the F&B industry, our new central kitchen doubles our capacity and boosts efficiencies.

We have also expanded our brand portfolio to capture different market segments through I DO Flowers & Gifts, Choz Confectionery, Fu Yuan, NANAMI UDON, issho izakaya and LJJ Café .

CORPORATE STRUCTURE

As at 31 March 2015

NEO GROUP LIMITED
梁苑集团

FOOD CATERING

- Neo Garden Catering Pte. Ltd. (Singapore) **100%**
- Orange Clove Catering Pte. Ltd. (Singapore) **100%**
- Deli Hub Catering Pte. Ltd. (Singapore) **100%**
- Best Catering Pte. Ltd. (Singapore) **100%**

FOOD RETAIL

- Niwa Sushi Pte. Ltd. (Singapore) **100%**
  - G&C Food Investment Pte. Ltd. (Singapore) **100%**
- H-Cube F&B Pte. Ltd. (Singapore) **100%**

FOOD AND CATERING SUPPLIES

- NKK Import & Export Trading Pte. Ltd. (Singapore) **100%**

OTHER BUSINESSES

- Neo Global Pte. Ltd. (Singapore) **100%**
- CHOZ Confectionery Pte. Ltd. (Singapore) **100%**
- I DO Flowers & Gifts Pte. Ltd. (Singapore) **100%**

BUSINESS REVIEW

	FY2013[1]		FY2014[1]		14M 2015[1]	
	Revenue (S$'M)	Contribution (%)	Revenue (S$'M)	Contribution (%)	Revenue (S$'M)	Contribution (%)
Food Catering	30.7	73.6	39.0	74.4	57.3	74.0
Food Retail	11.0	26.4	12.6	24.0	19.2	24.8
Food & Catering Supplies	0.03	–	0.7	1.3	0.4	0.5
Other Businesses	–	–	–	–	0.5	0.6

For the 14 months ended 31 March 2015 ("14M 2015"), Neo Group reported a 47.8% surge in revenue to S$77.4 million, compared to S$52.4 million for the financial year ended 31 January 2014 ("FY2014"), lifted by improved performance across all business segments. Net profit rose in tandem with revenue growth to S$7.4 million in 14M 2015, 15.7% higher than the S$6.4 million in FY2014.

The Group's balance sheet remains strong with a low net gearing[2] of 45.9% and cash and cash equivalents of S$7.6 million as at 31 March 2015. Earnings per share rose to 5.14 Singapore cents while net asset value per share increased to 16.8 Singapore cents, from 4.44 Singapore cents and 14.2 Singapore cents per share, respectively.

1 *14M 2015 refers to the 14-month financial period from 1 February 2014 to 31 March 2015 due to a change in the Group's financial year-end (from 31 January to 31 March)*

2 *Net Gearing is computed by net debt divided by total equity plus net debt*

FOOD CATERING

Food catering remains Neo Group's core business, contributing S$57.3 million, or 74.0% to the Group's 14M 2015 revenue, a 46.9% increase from S$39.0 million in FY2014. The top line growth was driven by increased business volume – Neo Group has once again surpassed its preceding record, serving 37% more guests than last year. This results from successful marketing campaigns for stronger brand awareness and well-received promotions targeting the household and corporate market segments. The Group has also enhanced customer service experience through optimising online ordering platforms across all brands.

Neo Group has secured several venue partnerships including Singapore Expo, UE Convention Centre, CHIJMES, amongst others, and will continue to pursue more venue partnerships and corporate clients to grow business volume.

The Group also developed an award-winning, in-house software, "DriverMDT[1]", for real-time logistics management. This increases efficiency and accuracy through the software's scheduling, GPS and invoice verification capabilities.

As a result of the above initiatives, profit for the business segment rose 42.3% to S$10.1 million in 14M 2015 from S$7.1 million in FY2014.

FOOD RETAIL

In 14M 2015, the Food Retail segment – which contributed 24.8% to the Group's 14M 2015 revenue – saw a 52.4% growth in revenue to S$19.2 million from S$12.6 million in FY2014, driven mostly by the popular Japanese quick service restaurant chain, umisushi.

umisushi has expanded its retail network to 25 stores in Singapore and has increased its delivery fleet of motorbikes to capitalise on a burgeoning demand for deliveries, thereby achieving a 27.4% increase in delivery sales for 14M 2015.

Following the success of the popular umisushi chain of retail outlets, the Group introduced innovative new Food Retail concepts to the market in 14M 2015. In June 2014, the Group launched a unique Japanese food retail concept – NANAMI UDON – at One Raffles Place, offering busy professionals healthy and quick udon options. Shortly after, in July 2014, the Group launched its first Japanese drinking

and dining establishment, issho izakaya, at the iconic Sports Hub. Due to an increase in expenses and start-up costs associated with the new stores, the business segment reported a loss of S$190,000 in 14M 2015. The management will continue to monitor and fine-tune the business models of the new Food Retail brands to achieve better margin efficiency, while pursuing partnerships with corporate clients to grow business demand.

Going forward, Neo Group will continue to deepen its value proposition while eyeing opportunities for growth and expansion.

1 *Driver Mobile Data Terminal*

BUSINESS REVIEW

FOOD & CATERING SUPPLIES AND OTHER BUSINESSES

The Food and Catering Supplies business segment reported revenue of S$427,000 while the Other Businesses segment reported S$478,000 revenue in 14M 2015, contributing to the remaining 1.1% of the Group's revenue.

During the year under review, the import and export trading business, NKK, expanded its product line, supplying over 20 new items to the Group's businesses allowing for cost efficiencies and greater economies of scale. Neo Group intends to gradually venture beyond supplying to its own businesses, reaching out to external businesses to develop this segment.

Newly-acquired brands Choz and Fu Yuan, and the newly-established I DO – all of which contributed to the Other Businesses segment – were added into the Group's portfolio in 14M 2015 to enhance Neo Group's value proposition to provide one-stop food and catering solutions by sourcing and supplying products to the Food Catering and Food Retail businesses.

AWARDS AND ACCOLADES

Singapore Book of Records

"Largest Events Caterer" and "Highest Number of Events Catered by a Company in One Day"

2015, 2014 & 2013

Singapore Business Review (SBR) Listed Companies Awards 2015

Food Services Category

2015

Influential Brands Top 1 Brand

Caterer Category

2015 & 2014

Singapore 1000 Company – Public Listed Companies 2015

2015

World Gourmet Series Awards of Excellence – Winterhalter Outstanding Caterer of the Year

2015

Singapore Prestige Brand Award

Hall of Fame

2013

Singapore Prestige Brand Award

Overall Winner, Established Brands

2013 & 2012

Singapore Prestige Brand Award

Overall Winner, Promising Brands

2014

Singapore Productivity Awards 2014

2014

Singapore Quality Brand Award

2014

Reader's Digest Trusted Brand

Platinum

2015, 2014 & 2013

Epicurean Star Award Singapore

Best Caterer

2014

Excellent Service Award

Silver

2014

Restaurant Association of Singapore (RAS) Star Chef Competition

2nd Runner Up

2014

Achievement-Catering Excellence (ACE) Award

International Finalist

2014 & 2013

Securities Investors Association Singapore (SIAS) 15th Investors' Choice Awards

2014

Promising SME 500

Top 10 Special Achievement Award

2013

Promising SME 500

Customer Service Award

2013

Midas Touch Asia 2014 Enterprise Award

Platinum

2014

SME One Asia Awards 2013 Singapore

2013

HRM Asia Readers' Choice

Best Corporate Caterer

2014

OUR BRANDS

"Voted as the "Top 1 Brand for Caterers" by Generation X for the Influential Brand Awards 2014 and awarded the Singapore Quality Class certification for business excellence."

NEO GARDEN CATERING

Since 1992, Neo Group's flagship brand, Neo Garden Catering has enjoyed strong brand recognition for consistent food quality and reliable services, and is the preferred choice among households for baby full-month celebrations, birthdays and festive occasions.

As a testament of Neo Garden's food and service quality, it has won numerous prestigious awards such as being voted the "Top 1 Brand" in the Caterers category by Generation X consumers for the Influential Brands Award 2014 and the Singapore Quality Class certification for business excellence. It had also won multiple awards from the coveted Singapore Prestige Brand Awards – Established Brands category and has been inducted on its Hall of Fame since 2013.

In conjunction with Singapore's Golden Jubilee, Neo Garden worked with several government agencies and launched a series of SG50 campaigns to celebrate the Jubilee babies and Pioneer Generation. It also introduced a series of Neo Bao Bao mascots and marketing campaigns to build strong brand association and capture the baby full-month market. These led to an increase in baby full-month orders. Neo Garden set a new record in 2015 for the Highest Number of Events Catered by a Company in One Day of 1,189 orders in the Singapore Book of Records, surpassing its own record last year.

BEST CATERING

Best Catering offers a range of economical buffet menus and healthy Tingkat (tiffin carriers) subscription meals at competitive prices.

To appeal to a bourgeoning market segment of health-conscious consumers, Best Catering revamped its Tingkat menus to encourage healthier living through reduced oil and salt, healthier cooking methods and an additional option for brown rice.

As part of its launch, several marketing initiatives – including a corporate video, contests and attractive promotions – were introduced to increase brand awareness and educate customers on the brand's value propositions, its commitment to serve healthy food and uphold stringent food hygiene practices. To support its growing business, an optimised web interface was launched to enhance customer experience and boost sales.

OUR BRANDS

ORANGE CLOVE CATERING

Orange Clove Catering has established a strong foothold in the market for corporate catering events, securing Singapore Expo and the Star Performing Arts Centre as its venue partners, amongst others. It will continue to actively pursue more venue partnerships to be appointed as its official and preferred caterer.

Orange Clove is the first large-scale caterer to join the Healthier Dining Programme by the Health Promotion Board, and has won several prestigious awards and accolades this year including Outstanding Caterer by the World Gourmet Summit and Overall Winner (Promising Brand) by the Singapore Prestige Brand Award in 2014.

Wedding offerings were rejuvenated with the introduction of thematic setups, partnerships with wedding-related service vendors and Orange Clove being appointed the official caterer at popular wedding spots – CHIJMES and The Arts House. Yacht offerings are also gaining traction amongst corporate organisations. An innovative food truck, affectionately known as Captain 500 was launched to publicise and serve healthy meals below 500 calories. To deepen its value proposition as a one-stop shop for customers, Orange Clove works closely with an events company to introduce the Complete Events Solutions service that handles event conceptualisation, from logistics sourcing to events execution and management.

OUR BRANDS

DELI HUB CATERING

Deli Hub Catering offers a wide selection of halal-certified buffet menus catering to events of varying scale – from office and school functions to large-scale corporate events. It has since established strong brand loyalty through a customer-centric approach, delivering quality and reliable buffet fare and bento meals at budget-friendly prices.

In 14M 2015, Deli Hub underwent a rebranding exercise to refresh its corporate identity through modernising its logo and brand. Deli Hub has also revamped its catering menu to offer greater variety and optimised its ordering web interface. A series of new service offerings to enhance event ambience like the Hawker Delights live stations and Do-It-Yourself stations were introduced. All-Day Breakfast party sets, mini party sets consisting of popular local favourites like Laksa and Mee Siam and mini tea/coffee takeaway service were launched to target smaller gatherings and meetings. Going forward, Deli Hub will continue to pursue business opportunities in the corporate and government sectors.

Fruit Rojak

Nonya Laksa

OUR BRANDS

"umisushi has expanded its retail network to 25 stores island-wide, and implemented new equipment technology to improve food consistency and speed of service"

UMISUSHI

The umisushi chain serves a variety of Japanese food including sushi, bentos, udons and salads, at great convenience and affordable prices appealing to students and young families.

umisushi has expanded its retail network to 25 outlets island-wide, out of which, 6 were newly-added in 14M 2015. Outlets in V8 and Seletar Mall were refurbished to introduce a new casual and friendly dining setting paired with refreshed set menus. New menu items for retail and delivery, and retail merchandise were also launched. The food retail chain is being supported by Neo Group's strong central kitchen that delivers supplies twice daily and new equipment technology implemented to improve consistency and speed of service.

Responding to the increasing demand for quick and easy online food delivery, umisushi launched an island-wide delivery service. It has a strong fleet of 40 delivery staff to deliver fuss-free and delicious Japanese meals to its customers' doorsteps.

OUR BRANDS

NANAMI UDON

Newly launched in June 2014, NANAMI UDON is located in the heart of Singapore's central business district, serving udon and tempura sets to professionals. The store utilises a special equipment from Japan that is able to cook frozen udon noodles within 20 seconds, ensuring consistency in the noodles' texture and reducing customers' waiting time.

ISSHO IZAKAYA

The Group's first drinking and dining establishment, issho izakaya, offers Japanese-French fusion cuisine through an extensive menu featuring fresh and high-quality ingredients flown in directly from Japan. Coupled with an omakase menu and a wide range of sake, shochu and beers, the contemporary ambience and lively banter with the sashimi chef has been well-received since its launch in July 2014. The menu is frequently refreshed with seasonal items, and special weekday lunch sets were introduced to attract the weekday crowd. issho izakaya also recently hosted several corporate clients such as the Japanese Chamber of Commerce & Industry, Singapore (JCCI).

OUR BRANDS

"NKK now has access to approximately 10,000 square feet of warehouse and cold room space to meet the growing volume from its portfolio of clients."

NKK IMPORT & EXPORT TRADING

NKK Import & Export Trading specialises in wholesale and distribution of food products, equipment and packaging. Serving various food establishments under the Group's portfolio, NKK sources for products under stringent conditions from local and overseas suppliers to offer clients the highest quality food supplies at the most competitive prices.

Having moved to Neo Group's newly-operational premises with access to approximately 10,000 square feet of warehouse and cold room, NKK is able to meet the growing volume from its portfolio of clients as well as allowing the Group's businesses to be self-sufficient.

In 14M 2015, NKK has expanded its product line to include imported items such as rice, vermicelli and honey sea coconut, while sourcing for perishables such as vegetables and fruits locally. With growing business volumes and consolidated processes, NKK is able to better manage costs and reap economies of scale.

OUR BRANDS

CHOZ CONFECTIONERY

Fu yuan 馥园糕点

CHOZ CONFECTIONERY & FU YUAN

Choz Confectionery, a popular and established brand, serves an assortment of cakes for baby full-month and wedding celebrations. Choz is highly-acclaimed by celebrity parents and was featured as the top choice on online portals such as New Age Pregnancy and The Asian Parent. Choz's addition into Neo Group enhances the the Group's value proposition to provide a one-stop food and catering solution for households.

Choz's sister brand, Fu Yuan, offers a variety of authentic and freshly handmade Nonya *kueh*. Fu Yuan supplies these snacks to Neo Group's Food Catering and Food Retail businesses, while leveraging on the Group's technology, processes and experience to increase production and meet greater demand.

OUR BRANDS

I DO FLOWERS & GIFTS

I DO FLOWERS & GIFTS

I DO Flowers & Gifts provides a variety of floral arrangements and hampers for all occasions, and specialises in customised floral solutions. Spearheaded by an industry veteran of over 20 years of experience and a team of dedicated floral designers, I DO complements the Group's catering businesses by providing floral arrangements while Neo Group provides I DO with logistical and operational support. I DO will continue to pursue strategic partnerships with wedding vendors, hotels and other venue operators to strengthen its business.

Our growing business is supported by a vital ingredient to our success – our people.

That is why we continue to invest in our team as we stand united, piecing together our skills and strengths to whip up dishes of joy for our clients while enhancing shareholder value.

CORPORATE CULTURE

ZERO ERROR TRANSFORMATION

ZERO ERROR TRANSFORMATION

To raise the bar for its service standards and enhance customer experience, Neo Group embarked on a "Zero Error Transformation" campaign in December 2014, spearheaded by its Founder, Chairman and CEO, Mr Neo Kah Kiat.

ZET was conceptualised to fulfil five objectives – Outstanding Quality & Service; Customer Satisfaction; Teamwork; Responsibility at Work; and Learning & Development, striving for the highest levels of accuracy or "zero errors" throughout all the Group's business functions, catapulting the Group's professionalism and business excellence.

SOP and policies for every department were reviewed to improve efficiency and productivity – for instance, customised handbooks highlighting potential errors for each job function were put in place as a preventive measure. Group-wide internal campaigns were also rolled out to raise awareness and serve as reminders for employees. Through these initiatives, the management hopes to set a new benchmark and drive business excellence within the Group.

CORPORATE SOCIAL RESPONSIBILTY

Inspired by the Group's CEO Mr Neo Kah Kiat's dedication in giving back to the community, corporate social responsibility ("**CSR**") runs deep within Neo Group as it is cognisant of its duties as a corporate citizen. The Group prides itself in being a forerunner in sustainable outreach, seeking to touch the lives of many through its CSR efforts and bringing the community at large together in the common quest for a better tomorrow. Neo Group is fully committed to conducting its business in a way that best serves the interests of its stakeholders, including the community, the environment, its employees and shareholders.

For The Community

Neo Group believes in supporting the future generation that will in time become the country's pillars for success. This year, the Group donated S$12,000 to fund a new student activity centre in Spectra Secondary School that provides Normal (Technical) students with a customised and practice-oriented curriculum to meet these students' specific learning needs.

Advocating social integration, Neo Group donated S$10,000 to the Movement for the Intellectually Disabled of Singapore ("**MINDS**"), inviting its beneficiaries to perform at the Group's Mid-Autumn Festival celebration. The Group also reached out to MINDS to provide employment for their trainees such as packing cutlery sets.

This year also marks the Group's second year of sponsorship to the Singapore Table Tennis Association, as part of its efforts to support local talents and promote table tennis as a world-class sport. A total sponsorship quantum of S$300,000 will be disbursed over three years to allow youths to develop and pursue their passion for the sport, nurturing aspiring talents to reach their full potential and excel on the world sporting stage.

International Outreach

In 2014, the Group proactively initiated an internal fundraiser, raising over S$20,000 that was donated to relief efforts for the Typhoon Haiyan victims in South-East Asia.

Environment

Neo Group is committed to play its part in conserving the environment and reducing carbon footprint by conducting its businesses in a sustainable manner. The Group utilises eco-friendly and bio-degradable wares and cutlery made from organic materials capable of natural decomposition. No harmful components were used to produce these eco-friendly items thus reducing greenhouse gas emissions. Coupled with a monthly "No Air-Conditioning Hours" initiative, these efforts allow the Group to play its part in minimising global warming.

CORPORATE INFORMATION

BOARD OF DIRECTORS

NEO KAH KIAT, PBM
Founder, Chairman and CEO

LIEW OI PENG
Executive Director

LEE KWANG BOON
Executive Director
(Business Development)

LIEW CHOH KHING
Executive Director
(Food Retail)

WONG HIN SUN, EUGENE
Non-Executive Director

TAN LYE HUAT
Lead Independent Director

NG HOW HWAN, KEVIN
Independent Director

YEO KOK TONG
Independent Director

AUDIT AND RISK COMMITTEE

TAN LYE HUAT
Chairman

WONG HIN SUN, EUGENE

YEO KOK TONG

NOMINATING COMMITTEE

TAN LYE HUAT
Chairman

WONG HIN SUN, EUGENE

NG HOW HWAN, KEVIN

REMUNERATION COMMITTEE

NG HOW HWAN, KEVIN
Chairman

WONG HIN SUN, EUGENE

YEO KOK TONG

COMPANY SECRETARIES

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LEE WEI HSIUNG (ACIS)

REGISTERED OFFICE

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COMPANY REGISTRATION NUMBER

201207080G

SHARE REGISTRAR & SHARE TRANSFER OFFICE

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Singapore 048623

SPONSOR

CIMB Bank Berhad, Singapore Branch
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#09-01 Singapore Land Tower
Singapore 048623

INDEPENDENT AUDITORS

BDO LLP
Public Accountants and
Chartered Accountants
21 Merchant Road #05-01
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Partner-in-charge:
Adrian Lee Yu-Min
(Appointed since the financial period ended 31 March 2015)

PRINCIPAL BANKERS

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Singapore 048624

Overseas-Chinese Banking Corporation Limited
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CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") of Neo Group Limited (the "**Company**") and its subsidiaries (the "**Group**") are committed to observing and maintaining high standards of corporate conduct in conformity with the spirit of the Code of Corporate Governance 2012 (the "**Code**") to protect the interest of the shareholders and to promote the investors' confidence as well as support. This report describes the Company's corporate governance practices with specific references to the Code pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

To discharge its governance function, the Board and its committees have established policies and rules to govern their activities. The Board and its committees are guided by their respective Terms of References which would be reviewed as and when is needed.

The Board is pleased to report that for the financial period from 1 February 2014 to 31 March 2015 ("**14M 2015**"), the Company has adhered to the principles and guidelines of the Code as set out below, except for the following where the deviations and explanations are provided:

(a) Guideline 2.2
(b) Guideline 3.1
(c) Guidelines 9.2 and 9.3
(d) Guideline 11.4

BOARD MATTERS

The Board's Conduct of its Affair

The Board oversees the overall strategy and business direction of the Group and is collectively responsible for its success. The Management also plays a pivotal role in providing Board members with complete, adequate and timely information to assist the Board in the fulfillment of its responsibilities.

Principle 1: Effective Board to Lead and Control the Company

Guideline 1.1
Roles of Board

The Board recognises that its principal functions include, inter alia, providing entrepreneurial leadership, setting strategic objectives, reviewing and monitoring management's performance toward achieving organisational goals, establishing a framework of prudent and effective controls which enables risk to be assessed and managed, identifying key stakeholder groups and recognise their perceptions affect the Company's reputation, overseeing succession planning for management, setting corporate values and standards for the Group to ensure that the obligations to shareholders and other stakeholders are met, and considering sustainability issues including environmental and social factors in the Group's strategic formulation.

Guideline 1.2
Objective Decision Making

The Board oversees the business affairs of the Group and works with the Management to take objective decisions in the interest of the Group.

Guideline 1.3
Delegation of Authority to Board Committees

The Board has delegated certain matters to specialised committees of the Board. These committees include the Nominating Committee ("**NC**"), the Remuneration Committee ("**RC**") and the Audit and Risk Committee ("**ARC**") (collectively, the "**Board Committees**"). They assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively. These Board Committees are made up of Non-Executive Directors and Independent Directors and each chaired by Independent Director. Each Board Committee has its own specific Terms of Reference setting out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken.

CORPORATE GOVERNANCE REPORT

Guideline 1.4
Meetings of Board and Board Committees

For 14M 2015, the Board has met on a quarterly basis as warranted by particular circumstances. Ad hoc meetings are also convened to discuss and deliberate on urgent substantive matters or issues. The Company's Articles of Association provide for the Board to convene meetings via telephone conferencing and electronic means in the event when Directors were unable to attend meetings in person. To enable members of the Board and its Board Committees to prepare for the meetings, agendas were circulated at least 7 days in advance and most materials dispatched 1 week before the meetings.

The details of the number of meetings held for the Board and Board Committees during 14M 2015 and the attendance of each Director at those meetings are disclosed below:

	Board of Directors		Audit and Risk Committee		Nominating Committee		Remuneration Committee	
	No. of meeting		No. of meeting		No. of meeting		No. of meeting	
Name of Directors	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Neo Kah Kiat	5	5	–	–	–	–	–	–
Liew Oi Peng	5	5	–	–	–	–	–	–
Liew Choh Khing	5	5	–	–	–	–	–	–
Lee Kwang Boon	5	5	–	–	–	–	–	–
Tan Lye Huat	5	5	5	5	1	1	1	1
Ng How Hwan, Kevin	5	5	3	3	–	–	1	1
Yeo Guat Kwang*	1	0	–	–	1	0	–	–
Yeo Kok Tong**	2	2	2	2	–	–	–	–
Wong Hin Sun, Eugene	5	5	5	5	1	1	1	1

* *Retired as Independent Non-Executive Director at the Second Annual General Meeting held on 30 May 2014.*
** *Appointed as Independent Non-Executive Director with effect from 1 October 2014.*

Guideline 1.5
Internal Guidelines on Matters Requiring Board Approval

The Company has adopted internal guidelines setting forth matters that require Board's approval. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to its Board Committees and the Management via a structured Delegation of Authority matrix. This matrix is reviewed on a regular basis and revised accordingly when necessary. The Board Committees and the Management remain accountable to the Board.

During 14M 2015, the Board reviewed and approved the Group's annual budget and business plans; and on a quarterly basis monitors the financial performance of the Group. The Board also deliberated on other key business activities and material transactions that exceeded the limits of authority delegated to the Management or Board Committees. As specified under the Delegation of Authority matrix mentioned earlier, significant matters which require the Board's specific approval include:

(i) material acquisition and disposal of assets/investments
(ii) corporate/financial restructuring and corporate exercises
(iii) budgets/forecasts
(iv) policies & procedures, delegation of authority matrix, code of conduct & business ethics
(v) material financial/funding arrangements and capital expenditures

CORPORATE GOVERNANCE REPORT

Guidelines 1.6 and 1.7
Appointment for First-time Directors and Continuous Training & Development of Directors

The Board ensures that incoming new Directors are given comprehensive and tailored induction on joining the Board including onsite visits, if necessary, to get familiarised with the business of the Group and corporate governance practices upon their appointment and to facilitate the effectiveness in discharging their duties. Newly appointed Directors are provided a formal letter setting out their duties and obligations. They were given briefings by the Management on the business activities of the Group and its strategic directions as well as its corporate governance practices. The Company is also responsible for arranging and funding the training of Directors. During the year reported on, the Board had received appropriate training to facilitate the discharge of their duties. All Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in the relevant training courses, seminars and workshops as relevant and/or applicable.

Board Composition and Guidance

Principle 2: Strong and Independent Element on the Board

Guideline 2.1
Composition and Independent Element of the Board

As at the date of this report, the Board comprises eight (8) Directors, four of whom are Non-Executive Directors. Amongst the Non-Executive Directors, three are independent. The current members of the Board and their membership on the Board Committees of the Company are as follows:

Name of Director	Board Membership	Audit and Risk Committee	Nominating Committee	Remuneration Committee
Neo Kah Kiat	Executive Chairman and Chief Executive Officer	–	–	–
Liew Oi Peng	Executive Director	–	–	–
Liew Choh Khing	Executive Director	–	–	–
Lee Kwang Boon	Executive Director	–	–	–
Tan Lye Huat	Lead Independent and Non-Executive Director	Chairman	Chairman	–
Ng How Hwan, Kevin	Independent and Non-Executive Director	–	Member	Chairman
Yeo Kok Tong	Independent and Non-Executive Director	Member	–	Member
Wong Hin Sun, Eugene	Non-Independent and Non-Executive Director	Member	Member	Member

During 14M 2015, the NC conducted its annual review of the Directors' independence and was satisfied that the Company has complied with the guidelines of the Code, including the guideline that at least one-third of the Board is made up of Independent Directors.

Guideline 2.2
Composition of Independent Director on the Board

As the Chairman is not an Independent Director, the NC is reviewing the composition of Independent Directors on the Board to consider increasing the independence element such that Independent Directors make up at least half of the Board as soon as possible but not later than 31 July 2017.

Guidelines 2.3 and 2.4
Independence of Directors

The NC, in its deliberation as to the independence of a Director, took into account examples of relationships as set out in the Code, considered whether a Director had business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgments. In this respect, the NC affirmed that Messrs. Tan Lye Huat, Ng How Hwan, Kevin and Yeo Kok Tong remain Independent Directors of the Company. The Independent Directors have confirmed that they do not have any relationship with the Company or its related companies or its officers that could interfere, or reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view in the best interest of the Company.

None of the Independent Directors have served on the Board beyond nine years from their respective date of appointment. Therefore, the guideline 2.4 of the Code is not applicable.

CORPORATE GOVERNANCE REPORT

Guideline 2.5
Composition and Size of the Board

The Board has considered the present Board size and is satisfied that the current size facilitates effective decision making and is appropriate for the nature and scope of the Group's operations. The Board's composition is reviewed annually by the NC to ensure that the Board has the appropriate mix of expertise and experience. The NC is of the view that the current Board comprises persons whose diverse skills, experience and attributes provide for an effective Board. The Board members also collectively possess the necessary core competencies for the effective functioning of the Board and an informed decision making process.

Guideline 2.6
Competency of the Board

To assist the NC in its annual review of the Directors' mix of skills and experiences that the Board requires to function competently and efficiently, the Directors updated their Board of Directors Competency Matrix form by providing additional information (if any) in their areas of specialisation and expertise. The NC, having reviewed the returns, is satisfied that members of the Board possess the relevant core competencies in areas such as accounting and finance, business and management experience, and strategic planning. In particular, the Executive Directors possess good industry knowledge while the Non-Executive Directors, who are mostly professionals in their own fields, are able to take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgment during Board deliberations on Group's matters.

Guideline 2.7
Role of Non-Executive Directors

During the year, the Non-Executive Directors constructively challenged and helped develop the Group's proposals on business strategies. Management's progress in implementing such agreed business strategies were monitored by the Non-Executive Directors.

Guideline 2.8
Regular Meetings of Non-Executive Directors

The Non-Executive Directors communicated without the presence of Management as and when the need arose. The Company also benefited from the Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board Committees meetings.

Chairman and Chief Executive Officer

Principle 3: Clear Division of Responsibilities and Balance of Power and Authority

The Code advocates that there should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Group's business and no one individual should represent a considerable concentration of power.

Guidelines 3.1, 3.2 and 3.3
Chairman and CEO

Mr Neo Kah Kiat is the Executive Chairman and Chief Executive Officer ("**CEO**") of the Company. He is responsible to the Board for corporate directions and operational efficiency, development and review of the Group's policies and strategies, and ensuring a cohesive working relationship among the Directors, and timeliness of information flow between the Board and the Management.

Prior to each Board meeting, the Chairman determines the agenda for the meeting and instructs the Company Secretary to disseminate it to all Directors at least seven (7) days before the meeting. He leads the meetings and ensures full discussion of each agenda item, as appropriate. The Chairman ensures that Board members engage the Management in constructive debate on various matters including strategic issues. He also oversees the quality and timeliness of information flow between the Management and the Board.

In view of the concurrent appointment of Mr Neo Kah Kiat as the Executive Chairman and CEO, Mr Tan Lye Huat has been appointed as the Lead Independent Director of the Company for the shareholders in situations where there have concerns or issues which communication with the Executive Chairman and CEO and/or Group Financial Controller has failed to resolve or where such communication is inappropriate. Mr Tan Lye Huat will also take the lead in ensuring compliance with the Code.

The NC, RC and ARC are all chaired by the Independent Directors.

The Board is of the view that given the current board composition, there are sufficient safeguards and checks to ensure that the process of decision-making without the Chairman and CEO being able to exercise considerable power and influence.

CORPORATE GOVERNANCE REPORT

Guideline 3.4
Lead Independent Director to lead the Independent Directors to meet periodically

Led by the Lead Independent Director, the Independent Directors meet periodically without the presence of the other Directors, and the Lead Independent Director will provide feedback to the Chairman after such meetings as appropriate.

Board Membership

Principle 4: Formal and Transparent Process for the Appointment and Re-appointment of Directors to the Board

Guideline 4.1
NC Membership and Key Terms of Reference

As at the date of this report, the NC consists of three members with a majority, including the NC Chairman, being Independent Directors. They are:

Mr Tan Lye Huat, Chairman	(Lead Independent and Non-Executive)
Mr Ng How Hwan, Kevin	(Independent and Non-Executive)
Mr Wong Hin Sun, Eugene	(Non-Independent and Non-Executive)

The NC meet at least once a year. The NC carries out its duties in accordance with a set of terms of reference which includes, mainly, the following:

- reviewing and recommending to the Board on all Board appointments, including the nomination or re-nomination of the Directors having regard to the Directors' contribution and performance;
- developing a process for selection, appointment and re-appointment of Directors (including alternate directors, if applicable) to the Board;
- reviewing orientation programs for new Directors and training and professional development programs for the continuing training of the Directors;
- determining on an annual basis whether or not a Director is independent bearing in mind the salient factors set out in the Code;
- deciding whether or not a Director is able to and has been adequately carrying out his duties as a director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards;
- assessing the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board;
- reviewing the size and composition of the Board with the objective of achieving a balanced Board in terms of the mix of experience and expertise and make recommendations to the Board with regard to any changes; and
- reviewing and approving any new employment of related persons and the proposed terms of their employment.

During 14M 2015, the NC held one scheduled meeting with majority attendance.

Guidelines 4.2 and 4.3
Roles and Responsibilities of NC

The NC considered the requirements of the Company's Articles of Association which provides that at each annual general meeting ("**AGM**"), one-third of the Board is required to retire and provided always that every director shall retire from office at least once every 3 years. In addition, the Directors, by the recommendation of NC, shall have the power to appoint any person to be the Director either to fill a casual vacancy or as an additional Director. All new Directors who are appointed by the Board are subject to re-election at the next AGM but shall not be taken into account in determining the numbers of Directors who are retire by rotation at such meeting. In this respect, the NC has recommended and the Board has agreed for the following Directors to retire and seek re-election at the forthcoming Third AGM:

<u>Pursuant to Article 98 of the Articles of Association of the Company:</u>
i. Mr Liew Choh Khing
ii. Mr Tan Lye Huat
iii. Mr Ng How Hwan, Kevin

<u>Pursuant to Article 102 of the Articles of Association of the Company:</u>
iv. Mr Yeo Kok Tong

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In making the recommendations, the NC considers the overall contribution and performance of the Directors. Each of the NC members had abstained from deliberation in respect of their own nomination and assessment.

The NC reviewed the independence of the Directors as mentioned under Guideline 2.3 and 2.4. The NC has affirmed that Mr Tan Lye Huat, Mr Ng How Hwan, Kevin and Mr Yeo Kok Tong are independent and free from any relationship outlined in the Code. Each of the Independent Directors has also confirmed his independence.

Guideline 4.4
Commitments of Directors Sitting on Multiple Boards

In assisting the NC to determine whether Directors who are on multiple boards have committed adequate time to discharge their responsibilities towards the Company's affairs, internal guidelines have been established to address the competing time commitments faced by Directors serving on multiple boards. To address the competing time commitments that are faced when Directors serve on multiple boards, the NC has reviewed and made recommendation to the Board accordingly on the maximum number of listed company board appointments which any Director may hold. Based on the recommendation, the Board has determined and set the maximum number of listed company board appointments at not more than five (5) other listed companies. Currently, none of the Directors hold more than five (5) directorships in other listed companies. No person would be appointed as an Independent Director if he/she, prior to such appointment, is already holding more than 5 directorship appointments in any publicly listed company on the SGX-ST or any other international stock exchanges; and for person with full-time employment (with existing employment contract), he/she should obtain consensus from his/her employer(s) before accepting the appointment as Director and he/she should not hold more than 2 other independent directorships in any publicly listed company on the SGX-ST or international stock exchanges prior to his/her appointment.

The NC, having reviewed each Directors' outside directorships as well as each Director's attendance and contributions to the Board, is satisfied that Directors have spent adequate time on the Company's affairs and have carried out their responsibilities.

Guideline 4.5
Appointment of Alternate Director

Presently, the Company does not have any Alternate Director on the Board.

Guideline 4.6
Process for the Selection and Appointment and Re-appointment of Directors to the Board

The Company has established the following process for the selection and appointment of new directors:

1. The NC determines a suitable size of the Board; and evaluates the balance of skills, knowledge and experience of members of the Board required to add value and facilitate effective decision-making, after taking into consideration the scope and nature of the operations of the Company.

2. The NC considers the various sources of seeking suitable candidate(s) either through internal promotion such as via the Company's succession planning; or recommendations from Directors/substantial shareholders; or external sources e.g. search consultants.

3. Short-listed candidate(s) will be required to furnish their curriculum vitae stating in detail their qualification, working experience, employment history, and to complete the following prescribed Forms:

   i) Director's Declaration on Independence;
   ii) Internal Guidelines for Directors Serving on Multiple Boards; and
   iii) Board of Directors Competency Matrix.

4. The NC evaluates the candidate(s) in areas of academic and professional qualifications, knowledge and experiences in relation to the business of the Group, independence status and other directorships.

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5. The NC evaluates how the short-listed candidate(s) will fit in the overall desired competency matrix of the Board.

6. The NC makes recommendation to the Board for approval. The Board is to ensure that the selected candidate is aware of the expectations and the level of commitment required.

For the year under review, Mr Yeo Kok Tong was appointed to the Board on 1 October 2014.

Guideline 4.7
Key Information of Directors

Key information of each member of the Board including his/her directorships and chairmanships both present and those held over the preceding 3 years in other listed companies, other principal appointments, academic/professional qualifications, membership/chairmanship in Board committees, date of first appointment and last re-election, etc. can all be found under the "Board of Directors" section of this Annual Report.

Board Performance

Principle 5: Assessment of the Effectiveness of the Board

Guideline 5.1
Board Performance

The NC has in place a framework for annual Board and Board Committees performance evaluations to assess the effectiveness of the Board and its Board Committees and to facilitate discussion to enable the Board and Board Committees to discharge their duties more effectively.

Guideline 5.2
Board Evaluation

The annual Board and Board Committees performance evaluations are carried out by means of Board Performance Evaluation and Committee Evaluation questionnaires relating to the size and composition of the Board, information flow to the Board, Board procedures and accountability, matters concerning CEO/Key Management Personnel and standards of conduct of Board members being completed by each individual Director. Completed questionnaires are collated by the Company Secretary and the findings analysed and discussed with the Board and Board Committees. Recommendations to further enhance the effectiveness of the Board and Board Committees are implemented, as appropriate.

Guideline 5.3
Evaluation of Individual Director

The NC reviewed various factors, including: the individual Director's self-assessment; skill and knowledge in consideration of the board composition; every individual director's attendance at meetings of the Board and its Board Committees as well as at general meeting(s); participation in discussions at meetings; knowledge of and contacts in the regions where the Group operates; the individual director's functional expertise and his commitment of time to the Company.

Access to Information

Principle 6: Board Members Should Be Provided with Complete, Adequate and Timely Information

Guideline 6.1
Board's Access to Information

To enable the Board to fulfill its responsibilities, it obtains information it deems adequate, complete and in a timely manner from the Management so as to make informed decisions. A system of communication between the Management, the Board and its Committees has been established and improved over time.

The Board, its Committees and every director have separate and independent access to the Management and are free to request additional information as needed to make informed decisions.

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Guideline 6.2
Provision of Information to the Board

In addition to the annual budget and business plans submitted to the Board for approval, the Board was provided with quarterly management report which contains key performance indicators informing the Directors of the Group's performance, position and prospects. The Management also kept the Board apprised of material variances between the actual results, corresponding period of last year and the budget, with appropriate explanation on such variances. Further, additional information is circulated to the Board on a regular basis as and when there is material development in the Group's business operations.

Guideline 6.3
Board's Access to the Company Secretary

The role of the Company Secretary is, inter alia, advising the Board on all governance matters and ensuring that all Board procedures are followed.

Under the direction of the Chairman, the Company Secretary ensures good information flow to and within the Board and its Committees and between the Management and Non-Executive Directors. Directors have separate and independent access to the Company Secretary through e-mail, telephone and face-to-face meetings. During 14M 2015, the Company Secretary attended all meetings of the Board and its Board Committees and the minutes of such meetings were promptly circulated to all Board and Board Committees as appropriate.

Guideline 6.4
Appointment and Removal of Company Secretary

The appointment and removal of the Company Secretary are subject to the approval of the Board. The incumbent Company Secretaries were appointed on 22 March 2012.

Guideline 6.5
Board's Access to Independent Professional Advice

In the furtherance of their duties, the Independent Directors may seek independent professional advice, where appropriate, with such expense borne by the Company.

REMUNERATION MATTERS

Matters concerning remuneration of the Board, senior executives and other employees who are related to the controlling shareholders and/or the Directors (if any) are handled by the RC whose primary function is to develop formal and transparent policies on remuneration matters in the Company. The RC also reviews and ensures that the Company's remuneration system is appropriate to attract, retain and motivate the required talents to run the Company successfully.

Matters which are required to be disclosed in the annual remuneration report have been sufficiently disclosed in this Report under Principles 7, 8 and 9; and in the Financial Statements of the Company and of the Group.

Principle 7: Procedures for Developing Remuneration Policies

Guideline 7.1
Remuneration Committee

As at the date of this report, the RC comprises the following three (3) Directors, all of whom are Non-Executive and the majority, including the RC Chairman, being independent:

Mr Ng How Hwan, Kevin, Chairman	(Independent and Non-Executive)
Mr Yeo Kok Tong	(Independent and Non-Executive)
Mr Wong Hin Sun, Eugene	(Non-Independent and Non-Executive)

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The RC meet at least once a year. It carries out its duties in accordance with a set of terms of reference which includes, mainly, the following:

- reviewing and recommending to the Board a framework of remuneration policies to determine the specific remuneration packages for each of the Directors and key management executives;
- reviewing and administering the award of shares to Directors and employees under the employee performance share plan and employee share option scheme adopted by the Company; and
- reviewing and determining the contents of any service contracts for any Directors or key management executives.

During 14M 2015, the RC held one scheduled meeting with full attendance.

Guideline 7.2
Remuneration Framework

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and key management personnel. All aspects of remuneration frameworks, including but not limited to directors' fees, salaries, allowances, bonuses, the awards to be granted under the performance share plan, the options to be issued under the employee share option scheme as well as other benefits-in-kind are reviewed by the RC. The recommendations of the RC are submitted for endorsement by the Board. Such frameworks are reviewed periodically to ensure that they remain competitive and relevant.

During the year, the RC considered and approved the CEO's remuneration package which includes salary, bonus and benefits-in-kind. Each member of the RC abstains from voting on any resolutions in respect of his own remuneration package.

The remuneration of related employees will be reviewed annually by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these related employees will also be subject to the review and approval of the RC. In the event that a member of the RC is related to the employee under review, he will abstain from participating in the review.

The framework for Non-Executive Directors' fees for 14M 2015 (on per annum basis unless otherwise indicated) is as follows:

Role	Member	Chairman
Board of Directors	$25,000	N/A
Audit and Risk Committee	$7,500	Additional $7,500
Other Committees	$5,000	Additional $5,000
Lead Independent Director	$5,000	N/A

No member of the RC was involved in deciding his own remuneration.

Guideline 7.3
RC Access to Advice on Remuneration Matters

The RC has access to the advice of external experts in the field of executive compensation, when required. The Board has not engaged any external remuneration consultant to advise on remuneration matters for 14M 2015.

Guideline 7.4
Service Contract

Each of the Executive Directors has entered into their respective service agreements with the Company which can be terminated by the Company (without prejudice to and in addition to any other remedy) by giving not less than three (3) months' notice of termination. The service agreements are valid for an initial period of three years with effect from 11 July 2012. The appointment of such senior position is on a long term basis and no onerous removal clauses are contained in their respective service agreement.

As the service contract for the Executive Directors will be due for renewal on 10 July 2015 after serving 3 years of services post listing on Catalist, the RC has reviewed and the Board has approved the renewal of service contract for the Executive Directors be aborted and to be replaced by employment contract. The employment contract will take effect upon the expiration of the service contract.

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Principle 8: Level and Mix of Remuneration

Guideline 8.1
Remuneration of Executive Directors and Key Management Personnel

The Company's remuneration structure for its Executive Directors and Key Management Personnel comprises both fixed and variable components. The variable component is performance related and is linked to the Company's performance as well as the individual performance. This is designed to align remuneration interests with the shareholders' and link rewards to corporate and individual performance so as to promote long term success of the Group.

For the purpose of assessing the performance of the Executive Directors and Key Management Personnel, specific key performance indicators ("**KPI**") are clearly set out for each financial year and such KPI comprise both quantitative and qualitative factors.

As stipulated in the Company's remuneration framework, Executive Directors and senior executives do not receive Directors' fees from the Company or from its subsidiaries/associated companies if they are appointed to these boards.

Guideline 8.2
Long-term Incentive Scheme

The Company has adopted a performance share plan known as the "Neo Group Performance Share Plan" ("**PSP**") and a share option scheme known as the "Neo Group Employee Share Option Scheme" ("**ESOS**"). Both the PSP and ESOS provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Both the PSP and ESOS form an integral and important component of the compensation plan and are designed primarily to reward and retain employees whose services are vital to the growth and performance of the Company and the Group. As the date of this report, no awards have been granted under the PSP and ESOS.

Guideline 8.3
Remuneration of Non-Executive Directors

The Board concurred with the RC's proposal for Non-Executive Directors' fees for the financial period ended 31 March 2015. The RC and the Board are of the view that the remuneration of the Directors is appropriate and not excessive, taking into account factors such as effort and time spent, and the increasingly onerous responsibilities of the Directors.

The fees for Non-Executive Directors are subject to shareholders' approval at the AGM.

Guideline 8.4
Contractual Provision to Reclaim Incentive Components of Remuneration

Having reviewed and considered the salary components of the Executive Directors and the Key Management Personnel which is considered reasonable and commensurate with their respective job scope and level of responsibilities, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of the remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.

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Principle 9: Disclosure on Remuneration

Guidelines 9.1, 9.2 and 9.3
Remuneration of Directors and Top 5 Key Management Personnel

Details on the remuneration of Directors and Key Management Personnel for the year under review are presented below. During 14M 2015, there was no termination, retirement and post-employment benefits granted to any Director or Key Management Personnel. A summary of each Non-Executive Directors' and Executive Directors' remuneration paid or payable by the Company for 14M 2015 is set out below:

Name of Directors	Breakdown of Remuneration in Percentage (%)					Total Remuneration in Compensation Bands of S$250,000
	Fees[1] (%)	Salary[2] (%)	Benefits (%)	Variable Bonus (%)	Total (%)	
Neo Kah Kiat	–	82	–	18	100	S$750,001 – S$1,000,000
Liew Oi Peng	–	80	–	20	100	S$250,001 – S$500,000
Lee Kwang Boon	–	81	–	19	100	S$250,001 – S$500,000
Liew Choh Khing	–	81	–	19	100	S$250,001 – S$500,000
Tan Lye Huat	100	–	–	–	100	S$65,833
Wong Hin Sun, Eugene	100	–	–	–	100	S$49,583
Ng How Hwan, Kevin	100	–	–	–	100	S$50,000
Yeo Kok Tong[3]	100	–	–	–	100	S$18,750
Yeo Guat Kwang[4]	100	–	–	–	100	S$11,666
Total						**S$1,948,232**

Notes:
1. *The Directors' Fees are subject to the approval of the shareholders at the AGM.*
2. *The salary amount shown is inclusive of allowances and CPF.*
3. *The proposed fee is applicable from the date of appointment as Independent Non-Executive Director with effect from 1 October 2014.*
4. *The proposed fee is applicable up to the date of retirement as Independent Non-Executive Director.*

Remuneration of Key Management Personnel (Other than the Company's Executive Directors)

The table below sets out the remuneration received by executives that the Company considers senior enough and appropriate for disclosure purpose. The ranges of gross remuneration received by the top five (5) Key Management Personnel in the Company and its subsidiaries, but do not include any associated companies, are presented as follows:

Name of Top 5 Key Management Personnel	Position	Breakdown of Remuneration in Percentage (%)				Total Remuneration in Compensation Bands of S$250,000
		Salary[1] (%)	Benefits-in-kind (%)	Variable Bonus[2] (%)	Total (%)	
Liew Oi Yen	Director (Operations)	93	–	7	100	< S$250,000
Lilian Seah	General Manager	93	–	7	100	< S$250,000
Lillian Chan	General Manager	93	–	7	100	< S$250,000
Lim Li Ling	Group Financial Controller	85	–	15	100	< S$250,000
Teo Hwee Ai	Chief Operating Officer	79	–	21	100	< S$250,000
Total						**S$870,459**

Notes:
1. *The salary amount shown is inclusive of allowances such as fixed transport allowance and CPF.*
2. *The variable bonus amount shown is inclusive of CPF.*

The Company did not fully disclose the remuneration of its Executive Directors and Key Management Personnel as the Board is of the view that it is not in the interests of the Company to disclose such details due to the sensitive nature of such information.

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Guideline 9.4
Employee Related to Directors/CEO

During 14M 2015, the following immediate family members of a Director or the CEO were the employees of the Group:

Name of employees who are immediate family members	Relationship with the Directors or CEO of the Group	Remuneration band
Neo Kah Guan	Brother of Neo Kah Kiat	S$50,001 – S$100,000
Neo Kar King	Brother of Neo Kah Kiat	S$50,001 – S$100,000
Loh Mei Fern	Sister-in-law of Neo Kah Kiat	S$50,001 – S$100,000

The aggregate remuneration (including CPF contribution thereon and bonus) of these employees amounted to approximately S$232,430.

Save as disclosed above, the Group does not have any other employee who is an immediate family member of a Director or the CEO of the Company, and whose remuneration exceeded S$50,000 for the 14M 2015.

Guideline 9.5
Employee Share Scheme

The Company has adopted a share option scheme known as the "Neo Group Employee Share Option Scheme" ("**ESOS**"). The ESOS will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The ESOS, which forms an integral part and important component of the employee compensation plan, is designed to primarily reward and retain directors and employees whose services are vital to our well-being and success. As the date of this report, no options have been granted under the ESOS.

Guideline 9.6
Link Between Remuneration and Performance

In determining the remuneration of the Executive Directors and the Key Management Personnel, the RC reviewed their respective KPIs achievements and assessed their performance for the financial year under review.

ACCOUNTABILITY AND AUDIT

The Board recognises the importance of providing accurate and relevant information on a timely basis. In this respect, the Audit and Risk Committee ("**ARC**") reviews all financial statements and recommends them to the Board for approval. In addition, the ARC ensures that the Company maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets as well as to manage potential risks.

Principle 10: Presentation of a Balanced and Understandable Assessment of the Company's Performance, Position and Prospects

Guideline 10.1
Accountability for Accurate Information

In discharging its responsibility of providing accurate relevant information on a timely basis, the Board ensures the timely release of the Group's financial results and that the results provide a balanced and understandable assessment of the Group's performance, position and prospects and the results are released in a timely manner.

On a quarterly basis, the Management will express its opinion that the financial processes and controls are in place, highlighting material financial risks and impacts and providing updates on status of significant financial issues of the Group.

In accordance with the SGX-ST's requirements, the Board issued negative assurance statements in its half-year financial results announcement, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

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Guideline 10.2
Compliance with Legislative and Regulatory Requirements

The Board takes steps to ensure compliance with all the Group's policies, operational practices and procedures legislative and regulatory requirements, including requirements under the Catalist Rules, where appropriate. The Independent Directors in consultation with the Management will request for Management's consideration for the establishment of written policies for any particular matter that is deemed to be essential to form part of management control.

Guideline 10.3
Management Accounts

On a quarterly basis, the Management provides ARC and the Board with relevant update on status of significant financial matters and information as well as management accounts of the Group.

The Management updated the Board regularly on the Group's business activities and financial performance by providing verbal updates on any business, operations and financial related matters on a quarterly basis. They also highlight key business indicators and major issues that are relevant to the Group's performance for the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Prior to the release of financial results to the public, the Management will present the Group's financial performance together with notes explaining in detail the operations and trends to the ARC, which will review and recommend the same to the Board for approval and adoption for the release of the results. Pursuant to Rule 705(2)(c) of the Catalist Rules, the Company will release its results to the public on quarterly basis starting from the financial year ending 31 March 2016.

Principle 11: Risk Management and Internal Controls

Guideline 11.1
Risk Management and Internal Controls System

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. During the Board meeting held on 25 March 2015, the Board approved and adopted the revised Terms of Reference of Audit and Risk Committee to incorporate the responsibilities of Risk Committee into the Audit Committee and re-name the Audit Committee to "Audit and Risk Committee" ("**ARC**") going forward. The ARC oversees and ensures that such system has been appropriately implemented and monitored.

A summary of the Company's risk management and internal controls system is appended below.

Risk Management

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk focused culture throughout the Group for effective risk governance. The Group recognizes risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately the Management and the Board, working as a team.

The Board has approved a Group Risk Management Framework for the identification of key risks within the business which is aligned with the ISO 31000:2009 Risk Management framework.

Guideline 11.2
Adequacy and Effectiveness of Risk Management and Internal Control Systems

The risk management system has been integrated throughout the Group and has become an essential part of its business planning and monitoring process. On an annual basis, Management reports to the Board on the Group's risk profile, evaluates results and counter-measures to mitigate or transfer identified potential risks so as to assure that the process is operating effectively as planned.

During the year, the ARC also reviewed reports submitted by the internal and external auditors relating to the effectiveness of the Group's internal controls, including the adequacy of the Group's financial, operational, compliance and information technology controls.

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Guideline 11.3
Board's Comment on Adequacy and Effectiveness of Internal Controls

Based on the framework of risk management controls and internal controls established and maintained in the Company, the work performed by the internal auditors and the review undertaken by the external auditors as part of their statutory audit, a written assurance from the CEO and Group Financial Controller, that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances are in accordance with the relevant accounting standards; and (b) an effective risk management and internal control systems have been put in place, the Board is of the view that the Group's risk management and internal control systems are adequate and effective.

The Board, with the concurrence of the ARC, is of the opinion that there are adequate and effective internal controls in place to address the risks relating to financial, operational, compliance and information technology controls for the 14M 2015.

Guideline 11.4
Risk Committee

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the ARC with the assistance of the internal auditors. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

Principle 12: Establishment of Audit and Risk Committee with Written Terms of Reference

Guideline 12.1
ARC Membership

The ARC comprises the following three (3) Directors, all of whom are Non-Executive and the majority, including the ARC Chairman, being independent:

Mr Tan Lye Huat, Chairman	(Lead Independent and Non-Executive)
Mr Yeo Kok Tong	(Independent and Non-Executive)
Mr Wong Hin Sun, Eugene	(Non-Independent and Non-Executive)

During the year, the ARC has held 5 scheduled meetings with full attendance.

Guideline 12.2
Expertise of ARC Members

The ARC members bring with them invaluable professional expertise in the accounting and financial management domains. The Board has ensured that all the ARC members, having the necessary accounting and/or related financial management expertise, are appropriately qualified to discharge their responsibilities.

Guidelines 12.3 and 12.4
Roles, Responsibilities and Authorities of ARC

The ARC is guided by its Terms of Reference which stipulate that its principal functions include, inter alia, reviewing the annual audit plans (internal and external), the system of internal controls and management of financial risks, the effectiveness and adequacy of the internal audit function which is outsourced to a professional services firm, regulatory compliance matters, the risk management framework, recommendation on the appointment/re-appointment/removal of external auditors and their remuneration. Key Terms of Reference of the ARC are set out below:

- reviewing with the external auditors, the audit plan and their evaluation of the system of internal accounting controls and monitor Management's response and actions to correct noted deficiencies;
- reviewing with the internal auditors of the Company, the scope and results of the internal audit and monitor Management's response to their findings to ensure that appropriate follow-up measures are taken;
- reviewing the co-operation given by the Management to the external auditors and internal auditors, where applicable;
- reviewing the internal control procedures and ensure coordination between the external auditors and Management;

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- reviewing the effectiveness and adequacy of the Company's administrative, operating internal accounting and financial control procedures;
- evaluating the effectiveness of both the internal and external audit efforts through regular meetings;
- determining that no unwarranted management restrictions are being placed upon to either the internal or external auditors;
- reviewing the quarterly and full year financial statements before submission to the Board particularly in relation to changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards, compliance with the SGX-ST and statutory/regulatory requirements;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- reviewing the interested person transactions;
- evaluating the independence of the external auditors annually and nominate them for re-appointment;
- reviewing the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors; and
- undertaking generally such other functions and duties as may be required by law or the Catalist Rules of SGX-ST, and by such amendments made thereto from time to time.

The ARC has explicit authority to investigate any matter within its terms of reference. It has full access to, and has had the full co-operation of the Management. It also has full discretion to invite any Director or any member of the Management to attend its meetings.

Guideline 12.5
External and Internal Auditors

During the year, the Company's internal and external auditors were invited to attend the ARC meetings and make presentations as appropriate. They also met separately with the ARC without the presence of Management.

Guideline 12.6
Independence of External Auditors

The ARC also reviews the independence and objectivity of the external auditors and having reviewed the scope and value of non-audit services provided to the Group by the external auditors, BDO LLP. The aggregate amount of audit and non-audit fees paid or payable to the external auditors for 14M 2015 are S$118,000 and S$63,700 respectively. The ARC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The ARC has recommended to the Board the nomination of BDO LLP for re-appointment as auditors of the Company at the forthcoming Third AGM. The Group has also complied with Rules 712 and 715(1) of the Catalist Rules of SGX-ST in relation to the appointment of its external auditors.

Guideline 12.7
Whistle Blowing Policy

To encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Company implemented a Whistle Blowing Policy. The Policy stipulates the mechanism by which concerns about plausible improprieties in matters of financial reporting, etc., may be raised. A Whistle Blowing Committee ("**WBC**") had been established for this purpose. In addition, a dedicated secured e-mail address allows whistle blowers to contact the WBC and the ARC Chairman directly.

The Company's Whistle Blowing Policy allows not just employees but also external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle blowing in good faith.

Assisted by the WBC, the ARC addresses issues/concerns raised and arranges for investigation and/or follow-up of appropriate action. The ARC reports to the Board any issues/concerns received by it and the WBC, at the ensuing Board meeting. Should the ARC or WBC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant governmental authorities for further investigation/action.

Whistle Blowing Committee

The WBC consists of Executive Director, Group Financial Controller and Group Human Resource Manager.

CORPORATE GOVERNANCE REPORT

The WBC is empowered to:

- look into all issues/concerns relating to the Group (except for those directed specifically to or affecting any member of the WBC which are dealt with by the ARC)
- make the necessary reports and recommendations to the ARC or the Board for their review and further action, if deemed required by them; and
- access the appropriate external advice where necessary and, where appropriate or required, report to the relevant governmental authorities for further investigation/action.

The Group takes concerns with the integrity and honesty of its employees very seriously. The Whistle Blowing Policy was established to encourage the report of any behaviour or action that anyone reasonably believes might be suspicious, against any rules/regulations/accounting standards as well as internal policies. The whistle blowers could also email to the ARC directly and in confidence and his/her identity is protected from reprisals within the limits of the law.

Guideline 12.8
ARC to Keep Abreast of Changes to Accounting Standards

In addition to the activities undertaken to fulfill its responsibilities, the ARC is kept abreast by the Management, external and internal auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

Guideline 12.9
Cooling-off Period for Partners or Directors of the Company's Auditing Firm

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the ARC.

Principle 13: Independent Internal Audit Function

Guidelines 13.1 and 13.2
Internal Auditors

The ARC's responsibilities over the Group's internal controls and risk management are complemented by the work of the Internal Auditors ("**IA**").

The Company has outsourced its internal audit function to Yang Lee & Associates ("**YLA**"). The IA has unrestricted access to all the Company's documents, records, properties and personnel, including access to the ARC. The IA's primary line of reporting is to the Chairman of the ARC. The IA carries out their functions under the direction of the ARC, and reports their findings and make recommendations to the ARC.

Guidelines 13.3 and 13.4
Internal Audit Function

The Company's internal audit function is independent of the activities it audits. The IA, YLA, is staffed with professionals with relevant qualifications such as the Certified Internal Auditor qualification with the Institute of Internal Auditors and experience. Our engagement with the YLA stipulates that its work shall be guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

At the beginning of each year, an annual internal audit plan which entails the review of the selected functions or business units of the Group is developed and agreed by the ARC. The ARC is satisfied that the Company's internal audit function is adequately resourced to perform the work for the Group.

Guideline 13.5
Adequacy and Effectiveness of Internal Audit Function

The ARC annually reviews the adequacy of the internal audit function to ensure that the internal audits are conducted effectively and that Management provides the necessary co-operation to enable the IA to perform its function.

CORPORATE GOVERNANCE REPORT

At the beginning of each year, an annual internal audit plan which entails the review of the selected functions or business units of the Group is prepared and approved by the ARC. The ARC also reviews the IA's reports and remedial actions implemented by Management to address any internal control inadequacies identified.

The IA completed three review during 14M 2015 in accordance with the internal audit plan approved by the ARC. The Board has adopted the recommendations of the internal auditors set out in the internal audit report.

SHAREHOLDERS' RIGHTS AND RESPONSIBILITY

The Company believes in regular, effective and fair communication with members of the investment community and investing public and has adopted a comprehensive policy to provide clear, timely and fair disclosure of information about the Company's business developments and financial performance.

Principle 14: Shareholder Rights and Responsibilities

Guideline 14.1
Sufficient Information to Shareholders

The Company believes in providing sufficient and regular information to its shareholders. In this respect, the Board adopts a comprehensive policy to provide clear, timely and fair disclosure of information about the Company's business developments and financial performance that could have a material impact on the price or value of its shares.

Guideline 14.2
Providing Opportunity for Shareholders to Participate and Vote at General Meetings

Shareholders are informed of general meetings through notices published in the local newspaper and the Company's announcements via SGXNET as well as through the Company's official website and the reports/circulars sent to all shareholders. Resolutions tabled at general meetings are passed through a process of voting by poll which procedures are clearly explained by the scrutineers at such general meetings.

Guideline 14.3
Proxies for Nominee Companies

The Company has adopted a set of Articles of Association which provided therein to allow not more than two proxies for nominee companies only to attend any general meeting as proxies.

Principle 15: Communication with Shareholders

Guideline 15.1
Communication with Shareholders

The Board acknowledges the importance of regular communication with shareholders and investors through which shareholders can have an overview of the Group's performance and operation. In line with the continuous disclosure obligations under the Catalist Rules of the SGX-ST and the Singapore Companies Act, Chapter 50, the Board has established a policy to inform shareholders promptly of all major developments that may have material impact on the Group.

The Board embraces openness and transparency in the conduct of the Group's affairs, whilst safeguarding its commercial interests. Material information on the Group has been released to the public through the Company's announcements via the SGXNET.

Guideline 15.2
Timely Information to Shareholders

The Company communicates with shareholders and the investing community through the timely release of announcements to the SGXST via SGXNET. Financial results of the Company and the Group were released within 45 days from the half year ended and 60 days from the 14M 2015. In addition, the Annual Report 2015 is distributed to shareholders at least 14 days before the AGM to be held on 30 July 2015.

To further enhance its communication with investors, the Company has enhanced its website www.neogroup.com.sg where the public can access information on the Group directly.

CORPORATE GOVERNANCE REPORT

Guideline 15.3
Regular Dialogue with Shareholders

General meetings have been and are still the principal forum for dialogue with shareholders. At these meetings, shareholders are given opportunities to participate through open discussions and to vote on resolutions tabled.

Guideline 15.4
Soliciting and Understanding Views of Shareholders

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's general meetings. These meetings provide excellent platform for the Company to obtain shareholders' views on value creation.

Guideline 15.5
Dividend Policy

The Company does not have a fixed dividend policy. The Board is recommending 1.05 Singapore cents per ordinary shares for 14M 2015 as the final one-tier tax exempt dividend payable to shareholders, subject to the approval of shareholders at the forthcoming Third AGM. In considering the form, frequency and amount of future dividends on the shares that the Board may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Board:

(a) the level of our cash and retained earnings;
(b) the actual and projected financial performance;
(c) the projected levels of capital expenditure and expansion plans;
(d) the working capital requirements and general financing condition; and
(e) restrictions on payment of dividends imposed on the Company by the financing arrangements (if any).

Principle 16: Conduct of Shareholder Meetings

Guideline 16.1
Shareholders' Participation at General Meetings

The Company encourages its shareholders to participate at general meetings and allow shareholders to communicate their views on various matters affecting the Company.

Guideline 16.2
Proceedings of General Meetings

The Board ensures that separate resolutions are proposed for approval on each distinct issue at general meetings. These meetings provide excellent opportunities to build shareholders' understanding of the Group's businesses, and obtain shareholders' views on value creation.

A shareholder who is entitled to attend and vote may either vote in person or through the appointment of one or two proxies. Voting in absentia and by electronic mail may only be possible following careful study to ensure that the integrity of the information and authentication of the identity of shareholder via the internet is not compromised. Separate resolutions are proposed on each separate issue at general meetings. Shareholders are encouraged to meet and communicate with the Board and to vote on all resolutions.

Guideline 16.3
Attendees at General Meetings

The Chairmen of the Board and its Committees attend all general meetings to address issues raised by shareholders. The External Auditors and the legal advisers are also present to address any relevant queries from shareholders. Appropriate senior management will also be present at the AGM to respond, if necessary, to operational questions from shareholders.

Guideline 16.4
Minutes of General Meetings

The minutes of general meetings, which include substantial comments or queries from shareholders and responses from the Board are available to shareholders upon written request.

CORPORATE GOVERNANCE REPORT

Guideline 16.5
Voting by Poll at General Meetings

The Company conducted poll voting for all resolutions passed at its previous AGM held on 30 May 2014. To accord due respect to the full voting rights of shareholders, the Company will continue to put all resolutions to vote by poll at the forthcoming Third AGM to be held on 30 July 2015.

OTHER CORPORATE GOVERNANCE MATTERS

The Company has in place internal codes of conduct and practices for its Board members and employees on securities transactions while in possession of price-sensitive information and their conduct of business activities.

DEALINGS IN SECURITIES

(Rule 1204 (19) of the Catalist Rules of SGX-ST)

The Company has adopted an internal securities code of compliance to provide to the Directors and all employees of the Group with regard to dealing in the Company's securities pursuant to Rule 1204(19) of the Catalist Rules. During 14M 2015, the Company issues half-yearly circulars to its Directors, officers and employees prohibiting dealing in its shares during the one month before the announcement of the Company's half-year and full-year financial results till the day of such announcements. Directors and employees are also advised against dealing in the Company's securities when they are in possession of any unpublished material price-sensitive information of the Group at all times. In addition, the Company discourages the Directors and employees from dealing in the Company's securities on short-term considerations. The Group confirmed that it adhered to its internal securities code of compliance for 14M 2015.

INTERESTED PERSON TRANSACTIONS

(Rule 907 of the Catalist Rules of SGX-ST)

Details of the interested person transactions for 14M 2015 as required pursuant to Rule 907 of the Catalist Rules of SGX-ST:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
<u>Neo Kah Kiat</u>		
(i) GUI Solutions Pte Ltd		
– Cost of goods and services purchased	263	Nil
– Rental and utilities income	28	Nil
(ii) Office premise lease expense	98	Nil
<u>Neo Kah Kiat and Liew Oi Peng</u>		
(i) Office premise lease expense	282	Nil
(ii) Twinkle Investment Pte Ltd		
– Office premise lease expense	98	Nil
– Rental of yacht	280	Nil

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the ARC and the transactions are carried out on normal commercial terms and will not be prejudicial to the interest of the Company and its minority shareholders.

CORPORATE GOVERNANCE REPORT

MATERIAL CONTRACTS

(Rule 1204(8) of the Catalist Rules of SGX-ST)

Save for the service agreements between the Company and the Executive Directors and disclosures above in the "Interested Person Transactions" as well as except as disclosed in the Directors' Report and the Financial Statements, there were no other material contracts of the Company and its subsidiaries involving the interests of the CEO or any Director or controlling shareholder, either subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

NON-SPONSOR FEES

(Rule 1204(21) of the Catalist Rules of SGX-ST)

In compliance with Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's Sponsor, CIMB Bank Berhad, Singapore Branch during 14M 2015.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING ("IPO")

(Rule 1204(22) of the Catalist Rules of SGX-ST)

Pursuant to the IPO, the Company received total proceeds of S$6.60 million and as at the date of this report, the IPO proceeds have been fully utilised as follows:

Intended Usage in accordance with the Offer Document	Allocation (S$'000)	Amount utilised (S$'000)	Amount unutilised (S$'000)
Expand and develop the Food Catering Business and Food Retail Business (which may include acquisitions, joint ventures and/or strategic alliances)	5,000	(5,000)	–
IPO expenses	1,600	(1,600)	–
Total	**6,600**	**(6,600)**	**–**

CODE OF CONDUCT AND PRACTICES

The Group recognises the importance of integrity, professionalism on the conduct of its business activities. Employees are expected to embrace, practise and adopt these values while performing their duties and always to act in the best interest of the Group and avoid situations that may create conflicts of interest.

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

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REPORT OF THE DIRECTORS

The Directors of the Company present their report to the members together with the audited consolidated financial statements of Neo Group Limited (the "**Company**") and its subsidiaries (the "**Group**") for the financial period from 1 February 2014 to 31 March 2015 and the statement of financial position of the Company as at 31 March 2015.

1. DIRECTORS

The Directors of the Company in office at the date of this report are:

Neo Kah Kiat
Liew Oi Peng
Lee Kwang Boon
Liew Choh Khing
Wong Hin Sun, Eugene
Tan Lye Huat
Ng How Hwan, Kevin
Yeo Kok Tong (Appointed on 1 October 2014)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "**Act**"), none of the Directors of the Company who held office at the end of the financial period had any interest in the shares or debentures of the Company or its related corporations except as detailed below:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance at 1 February 2014	Balance at 31 March 2015	Balance at 1 February 2014	Balance at 31 March 2015
	Number of ordinary shares			
Company				
Neo Kah Kiat	100,741,550	101,116,550	8,064,000	8,064,000
Liew Oi Peng	8,064,000	8,064,000	100,741,550	101,116,550
Lee Kwang Boon	7,200,000	7,200,000	–	–
Liew Choh Khing	1,691,558	1,691,558	–	–
Wong Hin Sun, Eugene	–	–	4,520,000	4,520,000
Ng How Hwan, Kevin	389,000	264,000	–	175,000

By virtue of Section 7 of the Act, Mr Neo Kah Kiat is deemed to have interests in the shares of all the wholly-owned subsidiaries of the Company as at the beginning and end of the financial period. Mr Neo Kah Kiat is deemed to be interested in the shares held by his spouse, Ms Liew Oi Peng, and vice versa.

Mr Wong Hin Sun, Eugene is the Managing Director and holds 100% of the issued shares of Sirius Venture Capital Pte Ltd ("**Sirius Venture**"), he is deemed to have an interest in all the shares held by Sirius Venture in the Company.

REPORT OF THE DIRECTORS

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (Continued)

Mr Ng How Hwan, Kevin is deemed to have an interest in the 175,000 shares of the Company held by DBS Nominees (Private) Limited. These shares are held by DBS Nominees (Private) Limited for the joint accounts in the name of Mr Ng How Hwan, Kevin and his spouse.

In accordance with the continuing listing requirements of the Catalist of Singapore Exchange Securities Trading Limited (SGX-ST), the Directors of the Company state that, according to the register of directors' shareholdings, the Directors' interests as at 21 April 2015 in the shares of the Company have not changed from those disclosed as at 31 March 2015.

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements.

5. SHARE OPTIONS

There were no share options granted by the Company or its subsidiaries during the financial period.

There were no shares issued during the financial period by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or of its subsidiaries under options as at the end of the financial period.

<u>Neo Group Employee Share Option Scheme ("**ESOS**") and Performance Share Plan ("**PSP**")</u>

The Company implemented a share option scheme known as ESOS and performance share plan known as PSP which were approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 11 June 2012. No share options or performance shares have been granted or awarded pursuant to the ESOS and PSP.

6. AUDIT AND RISK COMMITTEE

The Audit and Risk Committee comprises the following members, who are all non-executive and a majority of whom, including the Chairman, are Independent Directors. The members of the Audit and Risk Committee during the financial period and at the date of this report are:

Tan Lye Huat (Chairman)	(Independent and Non-Executive Director)
Wong Hin Sun, Eugene	(Non-Independent and Non-Executive Director)
Yeo Kok Tong	(Independent and Non-Executive Director)

The Audit and Risk Committee performed the functions specified in Section 201B (5) of the Singapore Companies Act, Chapter 50, and the Singapore Code of Corporate Governance, including the following:

(i) reviewing the audit plans and results of the external audit;
(ii) reviewing the audit plans and results of the internal auditors' examination and evaluation of the Group's system of internal accounting controls;
(iii) reviewing the Group's financial and operating results and accounting policies;
(iv) reviewing the consolidated financial statements of the Group and the statement of financial position of the Company before their submission to the Directors of the Company and the external auditors' report on those financial statements;
(v) reviewing the announcements on the financial results of the Company and the Group;
(vi) ensuring the co-operation and assistance given by the management to the Group's internal and external auditors;
(vii) making recommendation to the Board on the re-appointment of the Group's internal and external auditors; and
(viii) reviewing the Interested Person Transactions as required and defined in Chapter 9 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited (SGX-ST) and ensuring that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company.

REPORT OF THE DIRECTORS

6. AUDIT AND RISK COMMITTEE (Continued)

The Audit and Risk Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The Audit and Risk Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

The Audit and Risk Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting.

7. AUDITORS

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

On behalf of the Board of Directors

Neo Kah Kiat	**Liew Oi Peng**
Director	Director

Singapore
29 June 2015

STATEMENT BY DIRECTORS

In the opinion of the Board of Directors,

(a) the accompanying financial statements comprising the statements of financial position of the Group and of the Company as at 31 March 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and of the results, changes in equity and cash flows of the Group for the financial period from 1 February 2014 to 31 March 2015; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Neo Kah Kiat
Director

Liew Oi Peng
Director

Singapore
29 June 2015

INDEPENDENT AUDITOR'S REPORT

To the members of Neo Group Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Neo Group Limited (the "**Company**") and its subsidiaries (the "**Group**") as set out on pages 63 to 117, which comprise the statements of financial position of the Group and of the Company as at 31 March 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial period from 1 February 2014 to 31 March 2015, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and of the results, changes in equity and cash flows of the Group for the financial period from 1 February 2014 to 31 March 2015.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
29 June 2015

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2015

	Note	Group		Company	
		31 March 2015 $	31 January 2014 $	31 March 2015 $	31 January 2014 $
Non-current assets					
Property, plant and equipment	4	36,013,737	27,954,212	13,281	4,058
Investment properties	5	1,064,281	1,501,289	–	–
Intangible assets	6	362,507	244,253	11,511	–
Investments in subsidiaries	7	–	–	6,585,905	5,685,905
Other receivables	8	197,153	–	–	–
Available-for-sale financial asset	9	670,500	693,000	670,500	693,000
Total non-current assets		38,308,178	30,392,754	7,281,197	6,382,963
Current assets					
Inventories	10	1,541,830	1,129,611	–	–
Trade and other receivables	8	5,649,473	3,086,327	5,915,155	3,192,442
Prepayments		560,615	513,410	8,849	22,187
Cash and cash equivalents	11	7,600,034	8,459,592	677,884	1,414,455
		15,351,952	13,188,940	6,601,888	4,629,084
Assets classified as held for sale	12	788,058	–	–	–
Total current assets		16,140,010	13,188,940	6,601,888	4,629,084
Current liabilities					
Trade and other payables	13	7,009,574	4,920,880	4,137,100	2,231,488
Provisions	14	313,479	206,735	–	–
Bank borrowings	15	5,255,812	1,268,996	–	–
Finance lease payables	16	577,650	111,572	–	–
Income tax payable		1,401,643	1,490,850	22,617	22,617
Total current liabilities		14,558,158	7,999,033	4,159,717	2,254,105
Net current assets		1,581,852	5,189,907	2,442,171	2,374,979
Non-current liabilities					
Bank borrowings	15	14,962,547	14,888,467	–	–
Finance lease payables	16	341,660	–	–	–
Deferred tax liabilities	17	407,000	209,000	–	–
Total non-current liabilities		15,711,207	15,097,467	–	–
Net assets		24,178,823	20,485,194	9,723,368	8,757,942
Capital and reserves					
Share capital	18	6,399,133	6,399,133	6,399,133	6,399,133
Merger reserves	19	(325,903)	(325,903)	–	–
Fair value adjustment account	20	(229,500)	(207,000)	(229,500)	(207,000)
Retained earnings	21	18,335,093	14,618,964	3,553,735	2,565,809
Total equity attributable to owners of the parent		24,178,823	20,485,194	9,723,368	8,757,942

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period from 1 February 2014 to 31 March 2015

	Note	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
Revenue	22	77,401,760	52,358,133
Other items of income			
Interest income		12,951	17,813
Other income	23	2,141,860	893,117
Items of expense			
Purchases and consumables used		(21,557,934)	(16,268,326)
Changes in inventories		462,815	307,582
Delivery expenses		(2,574,454)	(1,675,874)
Employee benefits expense	24	(25,125,839)	(15,805,806)
Depreciation and amortisation expenses	25	(4,176,645)	(2,031,959)
Advertising expenses		(3,011,393)	(1,913,220)
Operating lease expenses	26	(5,224,423)	(3,255,708)
Utilities		(3,189,991)	(1,375,865)
Other expenses		(5,876,328)	(4,209,334)
Finance costs	27	(452,409)	(188,972)
Profit before income tax	28	8,829,970	6,851,581
Income tax expense	29	(1,427,441)	(453,153)
Profit for the financial period/year		7,402,529	6,398,428
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Loss on fair value changes of available-for-sale financial asset		(22,500)	(207,000)
Income tax relating to items that may be reclassified subsequently		–	–
Other comprehensive income for the financial period/year, net of tax		(22,500)	(207,000)
Total comprehensive income for the financial period/year		7,380,029	6,191,428
Profit attributable to owners of the parent		7,402,529	6,398,428
Total comprehensive income attributable to owners of the parent		7,380,029	6,191,428
Earnings per share			
– Basic and diluted (in cents)	30	5.14	4.44

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period from 1 February 2014 to 31 March 2015

	Note	Share capital $	Merger reserves $	Fair value adjustment account $	Retained earnings $	Total equity attributable to owners of the parent $
Balance at 1 February 2014		6,399,133	(325,903)	(207,000)	14,618,964	20,485,194
Profit for the financial period		–	–	–	7,402,529	7,402,529
Other comprehensive income						
Loss on fair value changes of available-for-sale financial asset		–	–	(22,500)	–	(22,500)
Total comprehensive income for the financial period		–	–	(22,500)	7,402,529	7,380,029
Distribution to owners of the parent:						
Dividends	31	–	–	–	(3,686,400)	(3,686,400)
Total transaction with owners of the parent		–	–	–	(3,686,400)	(3,686,400)
Balance at 31 March 2015		6,399,133	(325,903)	(229,500)	18,335,093	24,178,823
Balance at 1 February 2013		6,399,133	(325,903)	–	11,345,336	17,418,566
Profit for the financial year		–	–	–	6,398,428	6,398,428
Other comprehensive income						
Loss on fair value changes of available-for-sale financial asset		–	–	(207,000)	–	(207,000)
Total comprehensive income for the financial year		–	–	(207,000)	6,398,428	6,191,428
Distribution to owners of the parent:						
Dividends	31	–	–	–	(3,124,800)	(3,124,800)
Total transaction with owners of the parent		–	–	–	(3,124,800)	(3,124,800)
Balance at 31 January 2014		6,399,133	(325,903)	(207,000)	14,618,964	20,485,194

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period from 1 February 2014 to 31 March 2015

	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
Operating activities		
Profit before income tax	8,829,970	6,851,581
Adjustments for:		
Allowance for impairment loss on third parties trade receivables	–	21,400
Bad third parties trade receivables written off	1,506	3,004
Bad third parties non-trade receivables written off	–	8,325
Depreciation and amortisation expenses	4,176,645	2,031,959
Gain on disposal of property, plant and equipment	(454,908)	(865)
Inventories written down	8,025	–
Interest income	(12,951)	(17,813)
Interest expense	452,409	188,972
Plant and equipment written off	70,574	34,754
Dividend income	(33,750)	(11,250)
Operating cash flows before working capital changes	13,037,520	9,110,067
Working capital changes:		
Inventories	(420,244)	(426,780)
Trade and other receivables	(2,787,410)	(1,235,876)
Prepayments	(47,205)	(196,067)
Trade and other payables	2,088,694	626,427
Provisions	(58,389)	–
Cash generated from operations	11,812,966	7,877,771
Income tax paid	(1,318,648)	(16,038)
Net cash from operating activities	10,494,318	7,861,733
Investing activities		
Purchase of property, plant and equipment	(11,313,757)	(15,047,901)
Purchase of intangible asset	(185,605)	(246,010)
Purchase of available-for-sale financial asset	–	(900,000)
Proceeds from disposal of property, plant and equipment	900,671	1,500
Interest received	14,835	15,928
Dividend received	33,750	11,250
Net cash used in investing activities	(10,550,106)	(16,165,233)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period from 1 February 2014 to 31 March 2015

	Note	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
Financing activities			
Fixed deposits pledged with bank		9,880	(75)
Drawdown of bank borrowings		7,843,554	11,100,000
Repayment of bank borrowings		(3,782,658)	(2,393,556)
Repayment of finance lease payables		(768,862)	(372,420)
Dividends paid		(3,686,400)	(3,124,800)
Interest paid		(409,404)	(178,877)
Net cash (used in)/from financing activities		(793,890)	5,030,272
Net change in cash and cash equivalents		(849,678)	(3,273,228)
Cash and cash equivalents at beginning of financial period/year		8,408,782	11,682,010
Cash and cash equivalents at end of financial period/year	11	7,559,104	8,408,782

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

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

1. GENERAL CORPORATE INFORMATION

Neo Group Limited (the "**Company**") is a public limited liability company, incorporated and domiciled in the Republic of Singapore with its registered office address and principal place of business at 1 Enterprise Road, Singapore 629813. The Company's registration number is 201207080G. The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited.

The principal activities of the Company are those of an investment holding company and the provision of business and management consultancy services.

The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

The statement of financial position of the Company and the consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the financial period from 1 February 2014 to 31 March 2015 were authorised for issue in accordance with a Directors' resolution dated 29 June 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("**FRS**") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses throughout the financial period. Although these estimates are based on managements' best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial period in which the estimate is revised if the revision affects only that financial period or in the financial period of the revision and future financial periods if the revision affects both current and future financial periods.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

During the financial period, the Group and the Company adopted the new or revised FRS and Interpretations of FRS ("**INT FRS**") that are relevant to its operations and effective for the current financial period. Changes to the Group's and the Company's accounting policies have been made as required in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The adoption of the new or revised FRS and INT FRS did not result in any substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current and prior financial periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective

As at the date of the authorisation of these financial statements, the following FRS that are relevant to the Group and the Company were issued but not yet effective, and have not been adopted early in these financial statements:

		Effective date (annual periods beginning on or after)
FRS 1 (Amendments)	: Disclosure Initiative	1 January 2016
FRS 16 and FRS 38 (Amendments)	: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 19 (Amendments)	: Defined Benefit Plans: Employee Contributions	1 July 2014
FRS 109	: Financial Instruments	1 January 2018
FRS 115	: Revenue from Contracts with Customers	1 January 2017
Improvements to FRSs 2014 (January 2014)		1 July 2014
Improvements to FRSs 2014 (February 2014)		1 July 2014
Improvements to FRSs 2014 (November 2014)		1 January 2016

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group and the Company expect that the adoption of the above FRS, if applicable, will have no material impact on the financial statements in the period of initial application, except as discussed below.

FRS 109 *Financial Instruments*

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

FRS 109 *Financial Instruments* (Continued)

The Group plans to adopt FRS 109 in the financial year beginning on 1 April 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard, however the Group will be required to reassess the classification and measurement of financial assets, particularly those currently classified as available-for-sale, and the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard, there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 April 2017 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation (Continued)

Acquisition under common control

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the cash paid for the acquisition and share capital of acquiree is recognised directly to equity as merger reserve.

2.3 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and any costs 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. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that the future economic benefits will flow to the Group and the Company, and the cost can be measured reliably. Other subsequent expenditure is recognised as an expense during the financial period in which it is incurred.

Low value assets items which cost less than $1,500 are recognised as an expense directly in profit or loss in the financial period of acquisition.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial period the asset is derecognised.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives as follows:

	Years
Leasehold properties	Over lease term of 20 to 45
Furniture and fittings	3 to 5
Computers	3
Kitchen and office equipment	3 to 6
Motor vehicles	10
Renovation	3 to 6
Operating supplies	2 to 3

On 1 August 2014, the Group changed its estimation on the useful life of motor vehicles from 6 to 10 years to better reflect the carrying amounts of its property, plant and equipment and its expected pattern of consumption of the future economic benefits embodied in motor vehicles. This change in accounting estimate has been applied prospectively in profit or loss and the effect of change resulted in a reduction in depreciation expenses of $270,768 during the financial period from 1 February 2014 to 31 March 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Property, plant and equipment (Continued)

Construction-in-progress represents items of property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction-in-progress is reclassified to the appropriate category of property, plant and equipment when it is completed and ready for use.

Land held for development represents land held for future development and subsequent use as owner-occupied property, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of acquisition of the land and costs of preparing the land for its intended use.

The residual values, useful lives and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

2.4 Investment properties

Investment properties comprise those portions of buildings that are held for long-term rental yields and/or capital appreciation.

Investment properties are initially recorded at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and impairment losses, if any.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements is charged to profit or loss when incurred.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the carrying amount and the cost of the property transferred do not change for measurement or disclosure purposes. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment as set out in Note 2.3 to the financial statements, up to the date of change in use.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognised in profit or loss in the financial period of retirement or disposal.

Depreciation is calculated using the straight-line method to allocate the depreciable amount of the investment properties over their estimated useful lives of their lease term of 27 to 50 years.

The residual values, useful lives and depreciation method of investment properties are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of investment properties.

2.5 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses, if any.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Intangible assets (Continued)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individual or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the changes in useful life from indefinite to finite is made on prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

Computer software

Acquired computer software are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Subsequent to initial recognition, computer software is carried at cost less accumulated amortisation and impairment losses, if any. The cost of computer software is amortised to profit or loss using the straight-line method over the estimated useful life of 3 years.

2.6 Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any, in the Company's statement of financial position.

2.7 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income up to the amount of any previous revaluation.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable willing parties less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Impairment of non-financial assets (Continued)

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment losses recognised in profit or loss in prior periods is treated as a revaluation increase. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of raw materials is determined on a weighted average basis. The cost of trading goods is determined on a first-in, first-out basis. The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which the inventories can be realised in the ordinary course of business less costs incurred in marketing and distribution. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying amount of those inventories to the lower of cost and net realisable value.

2.9 Financial assets

The Group and the Company classify their financial assets as loans and receivables and available-for-sale financial asset. The classification depends on the purpose of which the assets were acquired. The management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the reporting period, where allowed and appropriate.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within "trade and other receivables" and "cash and cash equivalents" on the statements of financial position.

(ii) Available-for-sale financial asset

Available-for-sale financial asset is non-derivative financial asset that is either designated as available-for-sale or not classified in any of the other categories. It is presented as non-current assets unless the management intends to dispose of the asset within 12 months after the end of the reporting period.

Recognition and derecognition

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become parties to the contractual provisions of the financial instruments.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Financial assets (Continued)

Recognition and derecognition (Continued)

On derecognition of a financial asset, the difference between the carrying amount and the net consideration proceeds is recognised in profit or loss. Any cumulative gain or loss in the fair value adjustment account relating to the asset is also recognised in profit or loss.

Initial and subsequent measurement

Financial assets are initially recognised at fair value plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any.

After initial recognition, available-for-sale financial asset is re-measured at fair value with gains or losses from changes in fair value of the financial asset is recognised in other comprehensive income except the impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment when the available-for-sale financial asset is derecognised.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments.

Impairment

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

(i) Loans and receivables

An allowance for impairment loss of loans and receivables is recognised when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) Available-for-sale financial asset

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment security classified as available-for-sale financial asset is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss, is transferred from other comprehensive income to profit or loss. Reversals of impairment losses on equity instruments are not recognised in profit or loss. Reversals of impairment losses on debt instruments are recognised in profit or loss if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and cash at bank net of fixed deposits pledged with banks.

2.11 Assets classified as held for sale

Non-current assets 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 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.

Non-current assets classified as held for sale are measured at the lower of the asset's previous carrying amount and fair value less costs to sell. The assets are not depreciated or amortised while classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

2.12 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss ("**FVTPL**") or other financial liabilities.

Financial liabilities are classified as at FVTPL if the financial liability is either held for trading or it is designated as such upon initial recognition. The Group and the Company have not designated any financial liabilities as FVTPL upon initial recognition.

The accounting policies adopted for other financial liabilities are set out below:

(i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group and the Company, and are subsequently measured at amortised cost using the effective interest method.

(ii) Bank borrowings

Bank borrowings are initially recognised at fair value, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost 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 bank borrowings using the effective interest method.

Bank borrowings which are due to be settled within 12 months after the end of the reporting period are presented as current bank borrowings even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other bank borrowings due to be settled more than 12 months after the end of the reporting period are presented as non-current bank borrowings in the statements of financial position.

Recognition and derecognition

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become parties to the contractual provisions of the financial instruments.

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Financial liabilities (Continued)

Recognition and derecognition (Continued)

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

2.13 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

2.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the operating period. These provisions are discounted to present value where the effect is material and a pre-tax discount rate is used that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.15 Revenue recognition

Revenue is measured at fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented, net of rebates, discounts and sales related taxes.

Revenue from food catering, food retail and other businesses are recognised upon the delivery and acceptance of the goods sold to the customers.

Revenue from food and catering supplies sales is recognised when goods are delivered to the customer and the significant risks and rewards of ownership has been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably.

Initial franchise fee is recognised upon the grant of rights, completion of designated phases of the franchise set-up and transfer of know-how to the franchisee in accordance with the terms stated in the franchise agreement. Subsequent monthly franchise fee is recognised when the rights to receive payment has been established, which generally coincides with the use of the continuing rights granted in the franchise agreement.

Food reimbursement income is recognised upon the delivery and acceptance of the goods sold to the employees.

Interest income is recognised on a time-apportionment basis using the effective interest method.

Rental income under operating leases is recognised on a straight-line basis over the term of the lease.

Advertising sponsorship income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures.

Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.17 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as expenses in profit or loss in the same financial period as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the reporting period.

2.18 Leases

When the Group as lessor of operating leases

Leases where the Group retains substantially all risks and rewards incidental to the ownership are classified as operating leases.

Assets leased out under operating leases are included in investment properties.

Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

When the Group as lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial period in which termination takes place.

Contingent rents are recognised as an expense in profit or loss in the financial period in which they are incurred.

When the Group as lessee of finance leases

Leases in which the Group assumes substantially the risks and rewards of ownership are classified as finance leases.

Upon initial recognition, plant and equipment acquired through finance leases are capitalised at the lower of their fair value and the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability. Finance charge is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Borrowing costs

Borrowing costs comprise interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use.

All other borrowing costs are recognised in profit or loss in the financial period in which they are incurred using the effective interest method.

2.20 Income tax

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

The tax currently payable is based on taxable profit for the financial period. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in prior years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the taxation authorities and is calculated using tax rates enacted or substantively enacted by the end of the reporting period.

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.

Deferred tax is provided, using the balance sheet liability method, for temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle the current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Foreign currencies

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

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

In preparing the financial statements, transactions in a currency other than the entity's functional currency ("**foreign currencies**") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items and on re-translating of monetary items are recognised in profit or loss for the financial period. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial period except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

2.22 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial period in which they are declared payable. Final dividends are recorded in the financial period in which the dividends are approved by the shareholders.

2.23 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assessing performance of the operating segments.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 Critical judgements made in applying the accounting policies

In the process of applying the Group's and the Company's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

(i) Impairment of investments in subsidiaries and financial assets

The Group and the Company follow the guidance of FRS 36 and FRS 39 on determining when investments in subsidiaries or financial assets are impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair value of investments in subsidiaries or financial assets are less than their cost and the financial health of and near-term business outlook for investments in subsidiaries or financial assets, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial period are discussed below:

(i) Depreciation of property, plant and equipment and investment properties

The property, plant and equipment and investment properties are depreciated on a straight-line method over their estimated useful lives. The management estimates the useful lives of these assets to be within 2 to 45 years and 27 to 50 years respectively. The carrying amounts of property, plant and equipment of the Group and the Company as at 31 March 2015 were $36,013,737 (31 January 2014: $27,954,212) and $13,281 (31 January 2014: $4,058) respectively. The carrying amount of investment properties of the Group as at 31 March 2015 was $1,064,281 (31 January 2014: $1,501,289). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation could be revised.

(ii) Inventory obsolescence

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using the weighted average basis for raw materials and first-in, first-out basis for trading goods. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provides for excess and obsolete inventories based on accumulation of aged inventories, estimated future demand and related forecast uncertainty, recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of inventories of the Group as at 31 March 2015 was $1,541,830 (31 January 2014: $1,129,611).

(iii) Allowance for impairment loss on receivables

The management establishes allowance for impairment loss on receivables when it believes that payment of amounts owed is unlikely to occur. In establishing the allowance, the management considers the historical experience and changes to the customers' financial position. If the financial conditions of these customers were to deteriorate, resulting in impairment of the ability to make the required payments, additional allowance may be required. The carrying amounts of trade and other receivables of the Group and the Company as at 31 March 2015 were $5,846,626 (31 January 2014: $3,086,327) and $5,915,155 (31 January 2014: $3,192,442) respectively.

(iv) Income taxes

The Group and the Company recognise expected liabilities for income tax based on estimation of the likely tax payable, which requires significant judgement as to the ultimate tax determination of certain items. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions, in the financial year in which such determination is made. The carrying amounts of current income tax payable of the Group and the Company as at 31 March 2015 were $1,401,643 (31 January 2014: $1,490,850) and $22,617 (31 January 2014: $22,617) respectively. The carrying amount of deferred tax liabilities of the Group as at 31 March 2015 was $407,000 (31 January 2014: $209,000).

NOTES TO THE FINANCIAL STATEMENTS
For the financial period from 1 February 2014 to 31 March 2015

4. PROPERTY, PLANT AND EQUIPMENT

	Land held for development $	Leasehold properties $	Furniture and fittings $	Computers $	Kitchen and office equipment $	Motor vehicles $	Renovation $	Operating supplies $	Construction -in-progress $	Total $
Group										
Cost										
Balance at 1 February 2014	8,856,100	14,927,933	522,600	590,797	3,399,971	3,219,752	2,091,771	367,019	76,850	34,052,793
Additions	–	2,500	851,704	253,044	2,551,546	2,956,186	1,978,208	490,251	3,952,767	13,036,206
Disposals	–	(541,500)	–	–	–	(5,198)	–	–	–	(546,698)
Written off	–	–	(67,600)	(11,840)	(106,049)	(49,284)	(218,353)	–	–	(453,126)
Reclassified as assets held for sale (Note 12)	–	(503,599)	–	–	–	–	–	–	–	(503,599)
Reclassification	–	574,315	–	–	180,610	–	3,243,192	–	(3,998,117)	–
Balance at 31 March 2015	8,856,100	14,459,649	1,306,704	832,001	6,026,078	6,121,456	7,094,818	857,270	31,500	45,585,576
Accumulated depreciation										
Balance at 1 February 2014	–	804,598	332,677	283,728	2,280,605	1,238,081	1,086,636	72,256	–	6,098,581
Depreciation for the financial period	–	643,161	289,498	210,455	1,126,979	568,820	935,550	286,423	–	4,060,886
Disposals	–	(97,019)	–	–	–	(3,916)	–	–	–	(100,935)
Written off	–	–	(63,941)	(11,230)	(77,714)	(30,797)	(198,870)	–	–	(382,552)
Reclassified as assets held for sale (Note 12)	–	(104,141)	–	–	–	–	–	–	–	(104,141)
Balance at 31 March 2015	–	1,246,599	558,234	482,953	3,329,870	1,772,188	1,823,316	358,679	–	9,571,839
Carrying amount										
Balance at 31 March 2015	8,856,100	13,213,050	748,470	349,048	2,696,208	4,349,268	5,271,502	498,591	31,500	36,013,737

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land held for development $	Leasehold properties $	Furniture and fittings $	Computers $	Kitchen and office equipment $	Motor vehicles $	Renovation $	Operating supplies $	Construction -in-progress $	Total $
Group										
Cost										
Balance at 1 February 2013	8,856,100	2,573,333	436,644	324,214	2,760,924	2,086,931	1,735,505	–	–	18,773,651
Additions	–	12,354,600	103,456	289,533	613,877	1,132,821	268,095	367,019	274,100	15,403,501
Disposals	–	–	–	–	(4,227)	–	–	–	–	(4,227)
Written off	–	–	(17,500)	(22,950)	(1,300)	–	(78,382)	–	–	(120,132)
Reclassification	–	–	–	–	30,697	–	166,553	–	(197,250)	–
Balance at 31 January 2014	8,856,100	14,927,933	522,600	590,797	3,399,971	3,219,752	2,091,771	367,019	76,850	34,052,793
Accumulated depreciation										
Balance at 1 February 2013	–	597,105	225,719	222,381	1,591,755	805,946	755,936	–	–	4,198,842
Depreciation for the financial year	–	207,493	114,878	84,297	693,489	432,135	384,161	72,256	–	1,988,709
Disposals	–	–	–	–	(3,592)	–	–	–	–	(3,592)
Written off	–	–	(7,920)	(22,950)	(1,047)	–	(53,461)	–	–	(85,378)
Balance at 31 January 2014	–	804,598	332,677	283,728	2,280,605	1,238,081	1,086,636	72,256	–	6,098,581
Carrying amount										
Balance at 31 January 2014	8,856,100	14,123,335	189,923	307,069	1,119,366	1,981,671	1,005,135	294,763	76,850	27,954,212

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Company	
	31 March 2015 $	31 January 2014 $
Renovation		
Cost		
Balance at beginning of financial period/year	6,640	6,640
Additions	12,500	–
Balance at end of financial period/year	19,140	6,640
Accumulated depreciation		
Balance at beginning of financial period/year	2,582	369
Depreciation for the financial period/year	3,277	2,213
Balance at end of financial period/year	5,859	2,582
Carrying amount		
Balance at end of financial period/year	13,281	4,058

As at 31 March 2015, the carrying amounts of motor vehicles of the Group which were acquired under finance lease agreements were $2,418,824 (31 January 2014: $551,589).

The land held for development and leasehold properties of the Group with aggregate carrying amounts of $22,069,150 (31 January 2014: $22,523,673) as at 31 March 2015 are mortgaged as security for the banking facilities as set out in Note 15 to the financial statements.

For the purpose of consolidated statement of cash flows, the Group's additions to property, plant and equipment during the financial period/year were financed as follows:

	Group	
	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
Additions to property, plant and equipment	13,036,206	15,403,501
Provision for dismantlement, removal or restoration	(145,849)	(46,600)
Acquired under finance lease arrangements	(1,576,600)	(309,000)
Cash payments to acquire property, plant and equipment	11,313,757	15,047,901

NOTES TO THE FINANCIAL STATEMENTS
For the financial period from 1 February 2014 to 31 March 2015

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

As at 31 March 2015, the Group's land held for development is as follows:

Location	Description	Tenure	Approximate site area (sq m)
30B Quality Road, Singapore 618826	Land held for development	60 years leasehold from 1 September 1969	11,348

The Group's land held for development is held for future development and subsequent use as owner-occupied property for the Group's business expansion plan. During the financial period, the management is in discussion with JTC Corporation ("**JTC**") to extend the lease term by 15 years. On 27 May 2015, the management approved the construction plan for this land with a budgeted construction cost of approximately $30 million. Upon approval from JTC, the carrying amount of the Group's land held for development will be transferred to construction-in-progress once the construction works commence.

5. INVESTMENT PROPERTIES

	Group	
	31 March 2015 $	31 January 2014 $
Cost		
Balance at beginning of financial period/year	1,680,656	1,680,656
Reclassified as assets held for sale (Note 12)	(489,907)	–
Balance at end of financial period/year	1,190,749	1,680,656
Accumulated depreciation		
Balance at beginning of financial period/year	179,367	137,874
Depreciation for the financial period/year	48,408	41,493
Reclassified as assets held for sale (Note 12)	(101,307)	–
Balance at end of financial period/year	126,468	179,367
Carrying amount		
Balance at end of financial period/year	1,064,281	1,501,289

The fair value of investment properties of the Group as at 31 March 2015 amounted to approximately $2,900,000 (31 January 2014: $3,711,000). The decrease in fair value of the investment properties was due to a reclassification of one of the investment properties to assets held for sale during the financial period. In 2014, the investment properties of the Group were valued by Premas Valuers & Property Consultants Pte Ltd, an independent professional valuation firm with recent experience in the location and category of the investment properties held by the Group, using the direct comparison approach. Sale prices of comparable properties in similar locations are adjusted for differences in key attributes such as tenure, age, size, design, floor level, condition and standard of finishes amongst other factors. The valuation is based on the assets' highest and best use, which is in line with their actual use. As at 31 March 2015, management has assessed and determined there were no significant changes to the valuation by reference to the recent market evidences of transaction prices for similar properties. Accordingly, the fair value of the investment properties for disclosure purpose were based on the latest valuation report performed in 2014. The resulting fair values of investment properties are considered level 2 fair value measurements.

There have been no change in the valuation techniques of investment properties as at end of the reporting period. There were no transfers between levels during the financial period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

5. INVESTMENT PROPERTIES (Continued)

The following amounts are recognised in profit or loss:

	Group	
	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
Rental income	179,441	151,164
Property taxes and other direct operating expenses arising from investment properties	78,848	55,228

The investment properties of the Group with carrying amounts of $1,064,281 (31 January 2014: $1,501,289) as at 31 March 2015 are mortgaged as security for the banking facilities as set out in Note 15 to the financial statements.

As at 31 March 2015, the Group's investment properties are as follows:

Location	Description/existing use	Tenure	Approximate site area (sq m)
8A Admiralty Street #06-01, Singapore 757437	General office	60 years leasehold from 9 October 2000	345
8A Admiralty Street #06-02, Singapore 757437	General office	60 years leasehold from 9 October 2000	345

6. INTANGIBLE ASSETS

	Group		Company	
	31 March 2015 $	31 January 2014 $	31 March 2015 $	31 January 2014 $
Computer software				
Cost				
Balance at beginning of financial period/year	246,010	–	–	–
Additions	185,605	246,010	14,290	–
Balance at end of financial period/year	431,615	246,010	14,290	–
Accumulated amortisation				
Balance at beginning of financial period/year	1,757	–	–	–
Amortisation for the financial period/year	67,351	1,757	2,779	–
Balance at end of financial period/year	69,108	1,757	2,779	–
Carrying amount				
Balance at end of financial period/year	362,507	244,253	11,511	–

Amortisation of intangible assets is included in "Depreciation and amortisation expenses" line item in the Group's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	31 March 2015 $	31 January 2014 $
Unquoted equity shares, at cost	6,585,905	5,685,905

Incorporation of I DO Flowers & Gifts Pte. Ltd. and CHOZ Confectionery Pte. Ltd. by the Company

On 29 April 2014 and 1 October 2014, the Company incorporated two wholly-owned subsidiaries in Singapore, namely I DO Flowers & Gifts Pte. Ltd. and CHOZ Confectionery Pte. Ltd. with initial issued and paid-up capital of $100,000 and $800,000 respectively.

The details of the subsidiaries are as follows:

Name of company (Principal place of business)	Proportion of ownership interest held		Principal activities
	31 March 2015 %	31 January 2014 %	
Held by the Company			
Deli Hub Catering Pte. Ltd.[1] (Singapore)	100	100	Investment holding and provision of food catering services
H-Cube F&B Pte. Ltd.[1] (Singapore)	100	100	Processing and supply of Japanese food product
Neo Garden Catering Pte. Ltd.[1] (Singapore)	100	100	Provision of food catering services
Niwa Sushi Pte. Ltd.[1] (Singapore)	100	100	Food retail outlets
NKK Import & Export Trading Pte. Ltd.[1] (Singapore)	100	100	General trading
Orange Clove Catering Pte. Ltd.[1] (Singapore)	100	100	Provision of food catering services
Best Catering Pte. Ltd.[1] (Singapore)	100	100	Proprietors of food establishments and catering and manufacture of cooked food preparations
Neo Global Pte. Ltd.[1] (Singapore)	100	100	Investment holding and provision of management consultancy services
I DO Flowers & Gifts Pte. Ltd.[1] (Singapore)	100	–	Design, marketing and distribution of floral arrangements, gifts and hampers
CHOZ Confectionery Pte. Ltd.[1] (Singapore)	100	–	Manufacturing of bread, cakes and confectionery
Held by Niwa Sushi Pte. Ltd.			
G&C Food Investment Pte. Ltd.[1] (Singapore)	100	100	Franchising and licensing activities in F&B concepts

[1] Audited by BDO LLP, Singapore

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31 March 2015 $	31 January 2014 $	31 March 2015 $	31 January 2014 $
Non-current				
Non-trade receivables				
– employees	197,153	–	–	–
Current				
Trade receivables				
– third parties	1,769,379	1,216,239	–	–
– related parties	6,520	2,214	–	–
	1,775,899	1,218,453	–	–
Allowance for impairment loss on third parties trade receivables	–	(21,400)	–	–
	1,775,899	1,197,053	–	–
Non-trade receivables				
– third parties	2,161,036	149,590	1,942,558	35,859
– employees	29,126	–	–	–
– subsidiaries	–	–	3,882,151	3,156,583
– related parties	5,627	62,513	1,347	–
	2,195,789	212,103	5,826,056	3,192,442
Goods and services tax receivable	–	261,595	–	–
Advances to suppliers	276,819	112,715	–	–
Deferred expenses	89,099	–	89,099	–
Deposits	1,311,867	1,302,861	–	–
	3,873,574	1,889,274	5,915,155	3,192,442
Total current trade and other receivables	5,649,473	3,086,327	5,915,155	3,192,442
Total trade and other receivables	5,846,626	3,086,327	5,915,155	3,192,442

Trade receivables are unsecured, non-interest bearing and generally on 3 to 30 (31 January 2014: 7 to 30) days' credit terms.

Included in the non-trade amount due from a third party of $1,900,000 are secured by personal guarantee of the third party, bear interest rate at 3% per annum and repayable before August 2016. On 16 June 2015, the loan was repaid in full by the third party.

Non-trade amount due from subsidiaries and related parties are unsecured, non-interest bearing and repayable on demand.

Current and non-current non-trade amounts due from employees are loans which are unsecured, non-interest bearing and are for a period of 5 years from November 2014 to November 2019. The non-interest bearing loans are stated at fair value at inception. The difference between the fair value and the loan amounts at inception are recognised in "Finance costs" line item in the Group's profit or loss. Subsequent to initial recognition, the loans are measured at amortised cost using the effective interest method based on an estimated prevailing market interest rate of 3% per annum used for similar loans at the date of inception. The unwinding of the difference is recognised as interest income in the Group's profit or loss over the expected repayment period. The carrying amount of loans to employees approximate its fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

8. TRADE AND OTHER RECEIVABLES (Continued)

Advances to suppliers relates to advance payments made to the suppliers for the purchase of goods.

Deferred expenses represents amounts invoiced by vendors for which services are yet to be rendered.

Deposits mainly relate to the rental deposits of retail outlets, offices spaces and central kitchens.

Movements in allowance for impairment loss on third parties trade receivables were as follows:

	Group	
	31 March 2015 $	31 January 2014 $
Balance at beginning of financial period/year	21,400	4,397
Allowance made during the financial period/year	–	21,400
Allowance for impairment loss on third parties trade receivables written back	(13,177)	–
Allowance written off	(8,223)	(4,397)
Balance at end of financial period/year	–	21,400

The allowance for impairment loss on third parties trade receivables amounting to $Nil (31 January 2014: $21,400) and write-off of third parties trade receivables of $1,506 (31 January 2014: $Nil) were recognised in "Other expenses" line item in the Group's profit or loss subsequent to the debt recovery assessment performed on trade receivables by the management as at 31 March 2015.

During the financial period ended 31 March 2015, allowance written back of $13,177 (31 January 2014: $Nil) was recognised in "Other income" line item in the Group's profit or loss when the related trade receivables were recovered.

The currency profiles of the Group's and the Company's trade and other receivables as at the end of the reporting period are as follows:

	Group		Company	
	31 March 2015 $	31 January 2014 $	31 March 2015 $	31 January 2014 $
Singapore dollar	5,825,379	3,075,936	5,915,155	3,192,442
Chinese Renminbi	16,112	–	–	–
United States dollar	5,135	10,391	–	–
	5,846,626	3,086,327	5,915,155	3,192,442

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

9. AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group and Company	
	31 March 2015 $	31 January 2014 $
Quoted equity securities, at fair value		
Balance at beginning of financial period/year	693,000	–
Addition	–	900,000
Fair value changes recognised in other comprehensive income	(22,500)	(207,000)
Balance at end of financial period/year	670,500	693,000

The investment in quoted equity securities has no fixed maturity date or coupon rate. The fair value of the securities is based on closing quoted market prices on the last market day of the financial year. The securities are listed on Singapore Exchange Securities Trading Limited (SGX-ST).

The currency profile of the Group's and the Company's available-for-sale financial asset as at the end of the reporting period is Singapore dollar.

10. INVENTORIES

	Group	
	31 March 2015 $	31 January 2014 $
Goods-in-transit	119,327	–
Raw materials	365,056	200,489
Trading goods	1,057,447	929,122
	1,541,830	1,129,611

During the financial period ended 31 March 2015, the Group carried out a review of the realisable values of its inventories and the review led to the recognition of write down of inventories of $8,025 (31 January 2014: $Nil) as expenses which was included in "Changes of inventories" line item in the Group's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	31 March 2015 $	31 January 2014 $	31 March 2015 $	31 January 2014 $
Cash and bank balances	7,559,104	7,097,308	677,884	603,455
Fixed deposits	40,930	1,362,284	–	811,000
Cash and cash equivalents on statements of financial position	7,600,034	8,459,592	677,884	1,414,455
Fixed deposits pledged	(40,930)	(50,810)		
Cash and cash equivalents on consolidated statement of cash flows	7,559,104	8,408,782		

Fixed deposits are placed for a period of 12 (31 January 2014: 12) months and bear effective interest rate at 0.25% (31 January 2014: 0.23% to 0.55%) per annum for the financial period ended 31 March 2015. The Group's and the Company's fixed deposits are readily convertible to cash at minimal cost.

The currency profile of the Group's and the Company's cash and cash equivalents as at the end of the reporting period is Singapore dollar.

12. ASSETS CLASSIFIED AS HELD FOR SALE

	Group
	31 March 2015 $
Balance at beginning of financial period	–
Reclassified from property, plant and equipment (Note 4)	399,458
Reclassified from investment properties (Note 5)	388,600
Balance at end of financial period	788,058

On 25 March 2015, the Group entered into an option to dispose of the property which classified as leasehold property and investment property. Pursuant to this option signed, the leasehold property and investment property were reclassified as assets held for sale.

As at 31 March 2015, the fair value of the assets classified as held for sale was $1,460,000, representing the net proceeds of total consideration offered by a third party to acquire such assets. On 17 April 2015, the Group completed the sale transaction and disposed of the assets held for sale to a third party and recognised a gain on disposal amounting to approximately $672,000.

As at 31 March 2015, the details of the Group's assets classified as held for sale are as follows:

Location	Description/existing use	Tenure	Approximate site area (sq m)
10E Enterprise Road, Singapore 629831	General office	30 years leasehold from 12 June 2007	653

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

13. TRADE AND OTHER PAYABLES

	Group		Company	
	31 March 2015 $	31 January 2014 $	31 March 2015 $	31 January 2014 $
Trade payables				
– third parties	1,514,064	1,458,937	–	–
– related parties	80	1,096	–	–
	1,514,144	1,460,033	–	–
Non-trade payables				
– third parties	1,359,082	1,199,639	234,758	61,044
– subsidiaries	–	–	3,220,000	1,666,820
– related parties	99,559	59,905	–	–
– directors of the Company	302,400	11,600	–	–
	1,761,041	1,271,144	3,454,758	1,727,864
Goods and services tax payable	645,506	–	17,854	29,204
Deferred income	313,295	334,328	–	–
Deposits received	44,515	28,719	–	–
Accrued operating expenses	2,592,501	1,689,770	664,488	474,420
Unutilised annual leave	138,572	136,886	–	–
	5,495,430	3,460,847	4,137,100	2,231,488
Total trade and other payables	7,009,574	4,920,880	4,137,100	2,231,488

Trade payables are unsecured, non-interest bearing and generally on 7 to 30 (31 January 2014: 7 to 30) days' credit terms.

Non-trade amount due to subsidiaries, related parties and directors of the Company are unsecured, non-interest bearing and repayable on demand, except for amounts due to subsidiaries of $1,900,000 which bear interest at 3% per annum.

Deferred income represents the amount of billing raised and received in advance for uncompleted orders from customers.

The currency profile of the Group's and the Company's trade and other payables as at the end of the reporting period is Singapore dollar.

14. PROVISIONS

	Group	
	31 March 2015 $	31 January 2014 $
Balance at beginning of financial period/year	206,735	150,040
Provision made during the financial period/year	145,849	46,600
Utilisation during the financial period/year	(58,389)	–
Amortisation of discount	19,284	10,095
Balance at end of financial period/year	313,479	206,735

Provision for dismantlement, removal or restoration are the estimated costs of dismantlement, removal or restoration of property, plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

15. BANK BORROWINGS

	Group	
	31 March 2015 $	31 January 2014 $
Current		
Secured		
Term loan I	52,069	48,578
Term loan II	114,597	117,410
Term loan III	688,681	680,187
Term loan IV	420,178	422,821
Term loan V	597,955	–
Unsecured		
Term loan VI	183,018	–
Term loan VII	48,370	–
Term loan VIII	150,944	–
Revolving loans	3,000,000	–
	5,255,812	1,268,996
Non-current		
Secured		
Term loan I	406,144	482,813
Term loan II	277,822	412,351
Term loan III	4,080,160	4,886,476
Term loan IV	8,620,747	9,106,827
Term loan V	1,196,186	–
Unsecured		
Term loan VI	301,777	–
Term loan VII	79,711	–
	14,962,547	14,888,467
	20,218,359	16,157,463

Non-current bank borrowings are repayable as follows:

	Group	
	31 March 2015 $	31 January 2014 $
In the second year	2,078,555	1,247,059
In the third year	1,939,214	1,186,003
In the fourth year	1,179,305	1,124,672
In the fifth year	1,195,224	1,096,496
After five years	8,570,249	10,234,237
	14,962,547	14,888,467

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

15. BANK BORROWINGS (Continued)

The effective interest rates per annum of the bank borrowings during the financial period/year are as follows:

	Group	
	Period from 1 February 2014 to 31 March 2015 %	Year ended 31 January 2014 %
Term loan I	3.77	4.78
Term loan II	3.53	3.53
Term loan III	3.95	3.95
Term loan IV	4.61	4.55
Term loan V	2.93	–
Term loan VI	2.99	–
Term loan VII	2.95	–
Term loan VIII	2.86	–
Revolving loans	2.92	–

Bank borrowings are arranged at floating rates, thus exposing the Group to interest rate risk.

The fair values of the Group's non-current bank borrowings approximate $15,088,000 (31 January 2014: $14,189,000).

Term loan I is repayable over 168 months commencing from February 2009 to January 2023. As at 31 March 2015, term loan I is secured by assets classified as held for sale with carrying amount of $788,058. As at 31 January 2014, term loan I was secured by legal mortgage on leasehold property with carrying amount of $421,219 and investment property with carrying amount of $409,769. Term loan I is supported by corporate guarantee provided by the Company amounted to $788,000 (31 January 2014: $788,000).

Term loan II is repayable over 60 months commencing from June 2013 to May 2018. As at 31 March 2015, term loan II is secured by the legal mortgage on investment property with carrying amount of $1,064,281 (31 January 2014: $1,091,520) and supported by corporate guarantee provided by the Company amounted to $1,140,000 (31 January 2014: $1,140,000).

Term loan III is repayable over 120 months commencing from November 2011 to October 2021.

Term loan IV is repayable over 240 months commencing from December 2013 to November 2033.

Term loan V is repayable over 36 months commencing from March 2015 to Feb 2018.

As at 31 March 2015, term loan III, IV and V are secured by the legal mortgage on land held for development and leasehold properties with aggregate carrying amount of $22,069,150 (31 January 2014: $22,102,454) and supported by corporate guarantee provided by the Company to a bank amounted to $18,560,000 (31 January 2014: $17,921,000).

Term loan VI is repayable over 36 months commencing from November 2014 to October 2017.

Term loan VII is repayable over 36 months commencing from January 2015 to December 2017.

As at 31 March 2015, term loan VI and VII are supported by the corporate guarantee provided by the Company to a bank amounted to $700,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

15. BANK BORROWINGS (Continued)

Term loan VIII is repayable over 12 months commencing from October 2014 to September 2015. As at 31 March 2015, term loan VIII is supported by the corporate guarantee provided by the Company to a bank amounted to $315,000.

Revolving loans have maturity periods ranging from 30 to 90 days.

As at the end of the reporting period, the Group has banking facilities as follows:

	Group	
	31 March 2015 $	31 January 2014 $
Banking facilities granted	29,773,782	23,056,277
Banking facilities utilised	21,008,782	16,157,463

The currency profile of the Group's bank borrowings as at the end of the reporting period is Singapore dollar.

16. FINANCE LEASE PAYABLES

The Group has finance leases for certain items of plant and equipment. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Minimum lease payments $	Future finance charges $	Present value of minimum lease payments $
Group			
31 March 2015			
Current			
Within one financial year	593,828	(16,178)	577,650
Non-current			
After one financial year but within five financial years	373,777	(32,117)	341,660
	967,605	(48,295)	919,310
31 January 2014			
Current			
Within one financial year	112,450	(878)	111,572

The finance lease terms range from 1 to 5 years (31 January 2014: 1 year) for the financial period ended 31 March 2015. The effective interest rates for the finance lease obligations for the financial period ended 31 March 2015 range from 2.50% to 3.72% (31 January 2014: 3.70%) per annum.

The fair value of the Group's non-current finance lease payables approximate its carrying amount as at 31 March 2015.

All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the leased assets, which will revert to the lessors in the event of default by the Group. As at 31 March 2015, certain finance lease payables are supported by the corporate guarantee provided by the Company to banks amounted to $790,424.

The currency profile of the Group's finance lease payables as at the end of the reporting period is Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

17. DEFERRED TAX LIABILITIES

	Group	
	31 March 2015 $	31 January 2014 $
Balance at beginning of financial period/year	209,000	106,000
Charged to profit or loss	198,000	103,000
Balance at end of financial period/year	407,000	209,000

Deferred tax liabilities arise as a result of temporary differences of the following computed at statutory tax rate of 17% (31 January 2014: 17%):

	Group	
	31 March 2015 $	31 January 2014 $
Accelerated tax depreciation	423,000	225,000
Accrued unutilised leave	(16,000)	(16,000)
	407,000	209,000

18. SHARE CAPITAL

	Group and Company	
	31 March 2015 $	31 January 2014 $
Issued and fully-paid:		
144,000,000 ordinary shares at the beginning and end of financial period/year	6,399,133	6,399,133

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

19. MERGER RESERVES

Merger reserves represent the differences between the consideration paid and the share capital of subsidiaries acquired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

20. FAIR VALUE ADJUSTMENT ACCOUNT

Fair value adjustment account represents the cumulative fair value changes, net of tax, of available-for-sale financial asset until it is disposed of or impaired.

21. RETAINED EARNINGS

Retained earnings are distributable and the movement of retained earnings of the Company are as follows:

	Company	
	31 March 2015 $	31 January 2014 $
Balance at beginning of financial period/year	2,565,809	1,601,326
Profit for the financial period/year, representing total comprehensive income for the financial period/year	4,674,326	4,089,283
Dividends (Note 31)	(3,686,400)	(3,124,800)
Balance at end of financial period/year	3,553,735	2,565,809

22. REVENUE

	Group	
	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
Sales of food and beverages		
– Food catering	57,330,126	38,991,848
– Food retail	19,145,348	12,629,414
– Food and catering supplies	427,174	698,813
Franchise fee	21,000	38,058
Other businesses	478,112	–
	77,401,760	52,358,133

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

23. OTHER INCOME

	Group	
	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
Advertising sponsorship income	–	46,000
Allowance for impairment loss on third parties trade receivables written back	13,177	–
Food reimbursement income	119,164	61,082
Dividend income	33,750	11,250
Gain on disposal of property, plant and equipment	454,908	865
Government grants	1,098,094	432,663
Rental income	179,441	151,164
Others	243,326	190,093
	2,141,860	893,117

24. EMPLOYEE BENEFITS EXPENSE

	Group	
	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
Salaries, wages, bonuses and other staff benefits	23,380,941	14,709,817
Contributions to defined contribution plans	1,549,066	940,989
Directors' fees	195,832	155,000
	25,125,839	15,805,806

Included in the employee benefits expense were the remuneration of Directors and key management personnel of the Group as set out in Note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

25. DEPRECIATION AND AMORTISATION EXPENSES

	Group	
	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
Depreciation of property, plant and equipment	4,060,886	1,988,709
Depreciation of investment properties	48,408	41,493
Amortisation of intangible assets	67,351	1,757
	4,176,645	2,031,959

26. OPERATING LEASE EXPENSES

	Group	
	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
Rental of equipment, vessel and vehicles	720,401	400,190
Rental of hostel, kitchens and warehouse	591,416	574,117
Rental of offices	810,023	399,969
Rental of outlets		
– minimum lease payments	2,938,654	1,762,830
– contingent rent	163,929	118,602
	5,224,423	3,255,708

27. FINANCE COSTS

	Group	
	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
Interest expenses		
– term loans	302,396	156,575
– finance leases	16,440	7,852
– amortisation of discount on provision	19,284	10,095
– amortisation of discount on other receivables	23,721	–
– revolving loans	90,568	14,450
	452,409	188,972

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

28. PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
Other expenses		
Audit fees paid/payable to auditors of the Company	118,000	97,000
Non-audit fees paid/payable to auditors of the Company	63,700	35,300
Allowance for impairment loss on third parties trade receivables	–	21,400
Bad third parties trade receivables written off	1,506	3,004
Bad third parties non-trade receivables written off	–	8,325
Credit card charges	413,462	255,412
Insurance	367,242	223,193
Inventories written down	8,025	–
Laundry and dish washing expenses	100,016	78,715
Low value assets items expensed	316,116	208,542
Printing and stationery expenses	299,905	187,585
Professional and legal fees	706,629	483,049
Plant and equipment written off	70,574	34,754
Repairs and maintenance	520,165	386,812
Software and programming expenses	274,344	185,612
Telephone and internet charges	320,834	207,366
Upkeep of motor vehicles	676,799	502,295

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

29. INCOME TAX EXPENSE

	Group	
	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
Current income tax		
– current financial period/year	1,281,966	864,065
– over-provision in prior financial years	(52,525)	(513,912)
	1,229,441	350,153
Deferred income tax		
– current financial period/year	106,000	99,000
– under-provision in prior financial years	92,000	4,000
	198,000	103,000
Total income tax expense recognised in profit or loss	1,427,441	453,153

Reconciliation of effective income tax rate

	Group	
	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
Profit before income tax	8,829,970	6,851,581
Income tax calculated at Singapore's statutory income tax rate of 17% (2014: 17%)	1,501,095	1,164,767
Expenses not deductible for income tax purposes	342,892	203,807
Income not subject to income tax	(147,368)	(13,668)
Income tax exemption	(98,980)	(85,377)
Enhance tax deduction and tax rebate	(440,818)	(306,080)
Over-provision of income tax in prior financial years	(52,525)	(513,912)
Under-provision of deferred income tax in prior financial years	92,000	4,000
Deferred tax assets not recognised	174,000	13,992
Utilisation of previously unrecognised deferred tax assets	–	(18,944)
Others	57,145	4,568
	1,427,441	453,153

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

29. INCOME TAX EXPENSE (Continued)

Unrecognised deferred tax assets

	Group	
	31 March 2015 $	31 January 2014 $
Balance at beginning of financial period/year	13,992	112,520
Amount not recognised during the financial period/year	174,000	13,992
Utilisation of previously unrecognised deferred tax assets	–	(18,944)
Adjustment resulting from change in estimate	–	(93,576)
Balance at end of financial period/year	187,992	13,992

The unrecognised deferred tax assets are attributable to the following temporary differences:

	Group	
	31 March 2015 $	31 January 2014 $
Unutilised tax losses	127,884	53,479
Unabsorbed capital allowances	168,714	22,974
Accelerated tax depreciation	(116,576)	(70,431)
Accrued unutilised leave	7,970	7,970
	187,992	13,992

As at 31 March 2015, the Group has unutilised tax losses of approximately $752,000 (31 January 2014: $315,000) and unabsorbed capital allowances of approximately $992,000 (31 January 2014: $135,000) available for offset against future taxable profits which has no expiry date and subject to the agreement by the tax authorities and provisions of the tax legislations of Singapore. No deferred tax assets have been recognised in respect of the unutilised tax losses and unabsorbed capital allowances of approximately $297,000 (31 January 2014: $76,000) as at 31 March 2015 as it is not certain whether future taxable profits will be available against which the Group can utilise these benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

30. EARNINGS PER SHARE

The calculation for earnings per share is based on:

	Group	
	Period from 1 February 2014 to 31 March 2015	Year ended 31 January 2014
Profit attributable to owners of the parent ($)	7,402,529	6,398,428
Actual number of ordinary shares in issue during the financial period/year applicable to basic earnings per share	144,000,000	144,000,000
– Basic and diluted earnings per share (in cents)	5.14	4.44

The calculations for basic earnings per share for the relevant periods are based on the profit attributable to owners of the parent for the financial period/year ended 31 March 2015 and 31 January 2014 divided by the actual number of ordinary shares in the relevant periods.

The dilutive earnings per share for the relevant periods are the same as the basic earnings per share as the Group does not have any dilutive options for the relevant periods.

31. DIVIDENDS

	Group	
	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
A final tax exempt dividend of $0.0101 per share on 144,000,000 ordinary shares in respect of financial year ended 31 January 2013	–	1,454,400
A first interim tax exempt dividend of $0.0116 per share on 144,000,000 ordinary shares in respect of financial year ended 31 January 2014	–	1,670,400
A final tax exempt dividend of $0.0151 per share on 144,000,000 ordinary shares in respect of financial year ended 31 January 2014	2,174,400	–
A first interim tax exempt dividend of $0.0105 per share on 144,000,000 ordinary shares in respect of financial period from 1 February 2014 to 31 March 2015	1,512,000	–
	3,686,400	3,124,800

The Board of Directors proposed that a final tax-exempt dividend of $0.0105 per ordinary share amounting to $1,512,000 be paid in respect of current financial period from 1 February 2014 to 31 March 2015. This final dividend has not been recognised as a liability as at the end of the reporting period as it is subject to approval by shareholders at the Annual General Meeting of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in these financial statements, the following were significant related party transactions at terms and rates agreed between the Group and the Company with its related parties during the financial period/year:

	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
Group		
With related parties		
Sales to	(8,934)	(6,020)
Expenses made on behalf of	(1,259)	(5,980)
Provision of IT services by	129,041	183,312
Purchases from	620	1,940
Purchases of IT equipment from	133,498	44,679
Rental income received from	(21,000)	(21,600)
Operating lease expenses paid to	378,000	230,000
Printing and stationery expenses paid to	–	8,979
Utilities income received from	(7,000)	(5,590)
With directors of the Company		
Sales to	(11,139)	–
Loan from	288,000	–
Operating lease expenses paid to	379,700	371,100
Company		
With subsidiaries		
Dividend income from	(5,100,000)	(4,200,000)
Expenses made on behalf of	(448,763)	(17,508)
Loans from	1,900,000	–
Management fee income from	(2,295,860)	(1,968,750)

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

As the Group employs foreign workers in Singapore, a security bond of $5,000 (31 January 2014: $5,000) is required to be furnished to the Ministry of Manpower Singapore ("**MOM**") for each foreign worker before the Group is allowed to engage such foreign workers. Instead of furnishing the security bonds, the Group entered into arrangements with an insurance company for letters of guarantee to be issued to MOM by such insurance company in respect of each foreign worker. In return for the issuance of such letters of guarantee, the Group pays the insurance company an insurance premium and three Directors of the Company provided indemnities to the insurance company to secure the Group's obligations amounting to approximately $475,000 (31 January 2014: $380,000) as at 31 March 2015. As at 31 March 2015, no fee was paid by the Group to the Directors for the provision of the above indemnities.

Compensation of key management personnel

Key management personnel are directors of the Company and subsidiaries and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

The remuneration of directors of the Company and subsidiaries and key management personnel of the Group during the financial period/year was as follows:

	Group	
	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
Directors of the Company		
– short-term benefits	1,690,000	1,410,000
– post-employment benefits	62,400	54,400
– directors' fee	195,832	155,000
Directors of subsidiaries		
– short-term benefits	78,000	78,800
– post-employment benefits	10,670	10,688
Other key management personnel		
– short-term benefits	799,467	580,830
– post-employment benefits	70,992	67,632
	2,907,361	2,357,350

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

33. OPERATING LEASE COMMITMENTS

The Group as a lessor

The Group leased out office spaces under non-cancellable operating leases. The leases are contracted for an average of 2 (31 January 2014: 2) years.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables are as follows:

	Group	
	31 March 2015 $	31 January 2014 $
Not later than one financial year	105,585	80,856
Later than one financial year but not later than five financial years	6,588	23,058
	112,173	103,914

The Group as a lessee

The Group leased various retail outlets, office spaces and central kitchens under non-cancellable operating leases. The operating lease commitments are based on existing rental rates as at the end of the reporting period. Some of the operating leases of premises provide for rentals based on percentage of sales derived from the rented premises. The Group has the options to renew certain agreements on the lease premises for an average of 3 (31 January 2014: 3) years.

The future minimum lease payable under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities are as follows:

	Group	
	31 March 2015 $	31 January 2014 $
Not later than one financial year	3,246,297	3,153,740
Later than one financial year but not later than five financial years	3,035,480	2,297,625
	6,281,777	5,451,365

34. CAPITAL COMMITMENTS

As at 31 March 2015, the Group has capital commitments on the construction-in-progress for the renovation and improvements to leasehold properties amounting to $73,500.

35. SEGMENT INFORMATION

Management has determined the operating segment based on the reports reviewed by the chief operating decision maker. For management purposes, the Group is organised into business units based on its services, and has four reportable operating segments as follows:

(a) Food catering business

(b) Food retail business

(c) Food and catering supplies business

(d) Other businesses

Food catering business segment provides events catering services under four catering brands to corporate, community or private functions. Food catering business segment also provides daily meal delivery services to families, Halal-certified food as well as catering for last minute events or emergency orders.

Food retail business segment operates a chain of food retail outlets specialising in Japanese cuisine and generates franchise fee from franchise outlets specialising in Japanese cuisine.

Food and catering supplies business segment supplies food ingredients used in food catering business and food retail business and the supply of food products for third parties' catering business.

Other businesses segment involves in the design, marketing and distribution of floral arrangements, gifts and hampers and manufacturing of bread, cakes and confectionery.

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before income tax expense not including non-recurring gains and losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for inter-segment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These inter-segment transactions are eliminated in the financial statements. Inter-segment pricing is determined on an arm's length basis.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, liabilities and expenses.

Segment assets comprise primarily of property, plant and equipment, investment properties, intangible assets, available-for-sale financial asset, inventories, receivables and cash and cash equivalents. Segment liabilities comprise operating liabilities and exclude tax liabilities.

Segment capital expenditure is the total cost incurred during the financial period/year to acquire segment assets that are expected to be used for more than one financial period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

35. SEGMENT INFORMATION (Continued)

	Food catering business $	Food retail business $	Food and catering supplies business $	Other businesses $	Unallocated $	Elimination $	Total $
Group							
31 March 2015							
Revenue							
External revenue	57,330,126	19,166,348	427,174	478,112	–	–	77,401,760
Inter-segment revenue	1,019	–	17,695,361	101,968	–	(17,798,348)	–
	57,331,145	19,166,348	18,122,535	580,080	–	(17,798,348)	77,401,760
Results							
Segment results	13,254,071	748,757	1,022,170	(382,000)	4,047,272	(5,619,000)	13,071,270
Interest income	9,064	–	–	–	3,887	–	12,951
Interest expense	(347,378)	(22,293)	(36,219)	(23,721)	(22,798)	–	(452,409)
Depreciation of property, plant and equipment	(2,765,777)	(906,359)	(375,514)	(9,959)	(3,277)	–	(4,060,886)
Depreciation of investment properties	–	–	–	–	(48,408)	–	(48,408)
Amortisation of intangible assets	(46,086)	(4,437)	(10,860)	(2,709)	(3,259)	–	(67,351)
Plant and equipment written off	(41,626)	(5,425)	(23,523)	–	–	–	(70,574)
Gain on disposal of property, plant and equipment	–	–	–	–	454,908	–	454,908
Other non-cash expenses:							
– Inventories written down	–	–	–	(8,025)	–	–	(8,025)
– Bad third parties trade receivables written off	(1,409)	(97)	–	–	–	–	(1,506)
Profit before income tax	10,060,859	(189,854)	576,054	(426,414)	4,428,325	(5,619,000)	8,829,970
Income tax expense							(1,427,441)
Profit/(Loss) for the financial period							7,402,529
Capital expenditure							
Property, plant and equipment	9,318,087	2,144,195	1,407,702	153,722	12,500	–	13,036,206
Intangible assets	96,853	20,977	39,261	11,341	17,173	–	185,605
Assets and liabilities							
Assets	49,116,559	4,597,128	8,149,083	1,015,741	15,748,135	(24,178,458)	54,448,188
Liabilities	29,739,236	4,548,472	5,888,632	575,723	5,002,884	(17,294,225)	28,460,722
Unallocated liabilities							
– Current income tax payable							1,401,643
– Deferred tax liabilities							407,000
							30,269,365

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

35. SEGMENT INFORMATION (Continued)

	Food catering business $	Food retail business $	Food and catering supplies business $	Unallocated $	Elimination $	Total $
Group						
31 January 2014						
Revenue						
External revenue	38,991,848	12,667,472	698,813	–	–	52,358,133
Inter-segment revenue	5,525	–	10,509,778	–	(10,515,303)	–
	38,997,373	12,667,472	11,208,591	–	(10,515,303)	52,358,133
Results						
Segment results	8,653,848	951,249	476,960	3,345,302	(4,306,042)	9,121,317
Interest income	1,083	191	–	16,539	–	17,813
Interest expense	(178,877)	(10,095)	–	–	–	(188,972)
Depreciation of property, plant and equipment	(1,342,328)	(428,038)	(216,130)	(2,213)	–	(1,988,709)
Depreciation of investment properties	–	–	–	(41,493)	–	(41,493)
Amortisation of intangible assets	(1,757)	–	–	–	–	(1,757)
Plant and equipment written off	(6,356)	(28,398)	–	–	–	(34,754)
Gain on disposal of plant and equipment	–	865	–	–	–	865
Other non-cash expenses:						
– Allowance for impairment loss on third parties trade receivables	(21,400)	–	–	–	–	(21,400)
– Bad third parties trade receivables written off	(492)	(2,512)	–	–	–	(3,004)
– Bad third parties non–trade receivables written off	(6,325)	–	–	(2,000)	–	(8,325)
Profit before income tax	7,097,396	483,262	260,830	3,316,135	(4,306,042)	6,851,581
Income tax expense						(453,153)
Profit for the financial year						6,398,428
Capital expenditure						
Property, plant and equipment	14,630,803	489,110	283,588	–	–	15,403,501
Intangible assets	246,010	–	–	–	–	246,010
Assets and liabilities						
Assets	40,315,587	3,265,817	3,807,964	10,992,833	(14,800,507)	43,581,694
Liabilities	23,404,478	2,812,885	1,786,829	2,207,060	(8,814,602)	21,396,650
Unallocated liabilities						
– Current income tax payable						1,490,850
– Deferred tax liabilities						209,000
						23,096,500

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

35. SEGMENT INFORMATION (Continued)

Geographical information

The Group operates mainly in Singapore with revenue generated in the Singapore market. Accordingly, an analysis of assets and profits of the Group by geographical distribution has not been presented.

Major customers

The Group's customers comprise the general public, households, community clubs and corporations. Due to the diverse base of customers to whom the Group sells products in each of the reporting period, the Group is not reliant on any customer for its sales and no one single customer accounted for 5% or more of the Group's total revenue for each of the reporting period.

36. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's and the Company's activities expose them to financial risks (including credit risk, foreign currency risk, interest rate risk and liquidity risk) arising in the ordinary course of business. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets in the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which they manage and measure the risk. The Group and the Company do not hold or issue derivative financial instruments for trading purposes, if any, in interest rates and foreign exchange rates.

36.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of their counterparties' financial condition and generally do not require collaterals.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except as follows:

	Company	
	31 March 2015 $	31 January 2014 $
Corporate guarantees provided to banks for subsidiaries' banking facilities utilised as at end of the reporting period	21,008,782	16,157,463

The earliest period that the guarantee could be called is within 1 year from the end of the reporting period. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics. As at 31 March 2015, the Company has significant credit exposure arising from the non-trade amounts due from subsidiaries amounting to $3,882,151 (31 January 2014: $3,156,583).

The Group's and the Company's major classes of financial assets are cash and cash equivalents and trade and other receivables.

Cash and cash equivalents are mainly deposits with reputable banks with minimum risk of default.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

36. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

36.1 Credit risk (Continued)

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

The age analysis of third parties trade receivables that are past due but not impaired as at end of the reporting period is as follows:

	Group	
	31 March 2015 $	31 January 2014 $
Past due 0 to 1 month	728,457	630,092
Past due 1 to 2 months	248,289	196,421
Past due 2 to 3 months	56,505	52,704
Past due over 3 months	66,471	44,844

36.2 Foreign currency risk

The Group and the Company do not have significant exposure to foreign currency risk at the end of the reporting period as the Group and the Company mainly operate in Singapore and deal with local customers and suppliers which transact in Singapore dollar.

36.3 Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to bank borrowings as shown in Note 15 to the financial statements. The Company is not exposed to interest rate risk as it does not have any bank borrowings at the end of the reporting period.

The Group's results are affected by changes in interest rates due to the impact of such changes on interest expenses from bank borrowings which are at floating interest rates. It is the Group's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 0.5% change in the interest rates from the end of the reporting period, with all variables held constant.

If the interest rate increases or decreases by 0.5%, the Group's profit or loss, will increase or decrease by:

	Group	
	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
Bank borrowings	101,092	80,787

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

36. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

36.4 Equity price risk

The Group and the Company are exposed to equity price risk arising from quoted equity investment classified as available-for-sale financial asset. The quoted equity investment is held for strategic rather than for trading purposes. The Group and the Company do not actively trade available-for-sale financial asset.

Further details of this quoted equity investment are set out in Note 9 to the financial statements.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

The sensitivity analysis assumes an instantaneous 20% increase or decrease in the equity prices from the end of the reporting period, with all variables held constant, the Group's other comprehensive income will, increase or decrease by:

	Group	
	Period from 1 February 2014 to 31 March 2015 $	Year ended 31 January 2014 $
Available-for-sale financial asset	134,100	138,600

36.5 Liquidity risk

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage their operating cash flows so as to ensure that all repayment needs are met. As part of its overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintains sufficient levels of cash to meet working capital requirements.

Contractual maturity analysis

The following table details the Group's and the Company's remaining contractual maturity for non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

36. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

36.5 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

	Within one financial year $	After one financial year but within five financial years $	After five financial years $	Total $
Group				
31 March 2015				
Financial assets				
Trade and other receivables	5,284,429	220,000	–	5,504,429
Cash and cash equivalents	7,600,034	–	–	7,600,034
Available-for-sale financial asset	–	–	670,500	670,500
Total undiscounted financial assets	12,884,463	220,000	670,500	13,774,963
Financial liabilities				
Trade and other payables	5,912,201	–	–	5,912,201
Bank borrowings	5,577,982	8,438,446	11,260,553	25,276,981
Finance lease payables	593,828	373,777	–	967,605
Total undiscounted financial liabilities	12,084,011	8,812,223	11,260,553	32,156,787
31 January 2014				
Financial assets				
Trade and other receivables	2,712,017	–	–	2,712,017
Cash and cash equivalents	8,459,592	–	–	8,459,592
Available-for-sale financial asset	–	–	693,000	693,000
Total undiscounted financial assets	11,171,609	–	693,000	11,864,609
Financial liabilities				
Trade and other payables	4,449,666	–	–	4,449,666
Bank borrowings	1,493,777	6,329,440	13,506,383	21,329,600
Finance lease payables	112,450	–	–	112,450
Total undiscounted financial liabilities	6,055,893	6,329,440	13,506,383	25,891,716

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

36. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

36.5 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

	Within one financial year $	After one financial year but within five financial years $	After five financial years $	Total $
Company				
31 March 2015				
Financial assets				
Trade and other receivables	5,826,056	–	–	5,826,056
Cash and cash equivalents	677,884	–	–	677,884
Available-for-sale financial asset	–	–	670,500	670,500
Total undiscounted financial assets	6,503,940	–	670,500	7,174,440
Financial liabilities				
Trade and other payables	4,119,246	–	–	4,119,246
Total undiscounted financial liabilities	4,119,246	–	–	4,119,246
31 January 2014				
Financial assets				
Trade and other receivables	3,192,442	–	–	3,192,442
Cash and cash equivalents	1,414,455	–	–	1,414,455
Available-for-sale financial asset	–	–	693,000	693,000
Total undiscounted financial assets	4,606,897	–	693,000	5,299,897
Financial liabilities				
Trade and other payables	2,202,284	–	–	2,202,284
Total undiscounted financial liabilities	2,202,284	–	–	2,202,284

The Group's and the Company's operations are financed mainly through equity, retained earnings and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

The repayment terms of the Group's non-current bank borrowings are disclosed in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

36. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

36.6 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as going concern and maintain an optimal capital structure so as to maximise shareholders' value.

The Group and the Company constantly review the capital structure to ensure the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on its operating cash flows. The Group's and the Company's overall strategy remains unchanged from 31 January 2014.

The Group and the Company are not subject to any externally imposed capital requirements for the financial period/year ended 31 March 2015 and 31 January 2014.

The Group and the Company monitor capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group and the Company include within net debt, trade and other payables, bank borrowings and finance lease payables less cash and cash equivalents. Total equity comprises capital and reserves.

	Group		Company	
	31 March 2015 $	31 January 2014 $	31 March 2015 $	31 January 2014 $
Trade and other payables	7,009,574	4,920,880	4,137,100	2,231,488
Bank borrowings	20,218,359	16,157,463	–	–
Finance lease payables	919,310	111,572	–	–
Less: Cash and cash equivalents	(7,600,034)	(8,459,592)	(677,884)	(1,414,455)
Net debt	20,547,209	12,730,323	3,459,216	817,033
Total equity	24,178,823	20,485,194	9,723,368	8,757,942
Total capital	44,726,032	33,215,517	13,182,584	9,574,975
Gearing ratio	45.9%	38.3%	26.2%	8.5%

36.7 Fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value hierarchy

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

36. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

36.7 Fair values of financial assets and financial liabilities (Continued)

Fair value of financial instruments that are not carried at fair value

The carrying amounts of the current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments.

The fair values of non-current financial liabilities that are not carried at fair value and for disclosure purpose in relation to bank borrowings and finance lease payables as disclosed in Notes 15 and 16 to the financial statements respectively have been determined using discounted cash flow pricing models and are considered Level 3 recurring fair value measurements. Significant inputs to the valuation include adjustments to the discount rate for credit risk associated with the Group.

Fair value of financial instruments carried at fair value

The fair value of non-current financial asset carried at fair value in relation to available-for-sale financial asset is disclosed in Note 9 to the financial statements.

The table below classified financial instruments carried at fair value by level of fair value hierarchy as at the end of the reporting period:

	Level 1 $	Level 2 $	Level 3 $	Total $
31 March 2015				
Available-for-sale financial asset	670,500	–	–	670,500
31 January 2014				
Available-for-sale financial asset	693,000	–	–	693,000

36.8 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	31 March 2015 $	31 January 2014 $	31 March 2015 $	31 January 2014 $
Financial assets				
Loans and receivables	13,080,742	11,171,609	6,503,940	4,606,897
Available-for-sale financial asset	670,500	693,000	670,500	693,000
	13,751,242	11,864,609	7,174,440	5,299,897
Financial liabilities				
Other financial liabilities, at amortised cost	27,049,870	20,718,701	4,119,246	2,202,284

37. COMPARATIVE FIGURES

During the financial period, the Group and the Company changed their financial year-end from 31 January to 31 March. Consequently, the financial statements for the current financial period covered a period of 14 months from 1 February 2014 to 31 March 2015 while the comparative figures for the financial statements for financial year ended 31 January 2014 covered a period of 12 months from 1 February 2013 to 31 January 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 February 2014 to 31 March 2015

38. EVENTS AFTER THE REPORTING PERIOD

On 12 May 2015, the Company incorporated a new wholly-owned subsidiary in Singapore, namely Thong Siek Holdings Pte. Ltd. ("**TSH**") with an initial issued and paid-up capital of $1. On 12 June 2015, TSH increased its issued and paid-up capital by way of allotment and issuance of 999,999 new ordinary shares to the Company and non-controlling shareholders. The Company subscribed for 489,999 new ordinary shares and acquired 60,000 ordinary shares from a non-controlling shareholder in TSH for considerations of $8,999,999 and $900,000 respectively. Accordingly, TSH becomes a 55%-owned subsidiary of the Company. On the same day, TSH acquired Thong Siek Group, which comprises four entities, namely Thong Siek Food Industry Pte Ltd, DoDo Marketing Pte. Ltd., TSF Engineering Pte. Ltd. and TS Food Industry Sdn Bhd, with an aggregate purchase consideration of $7,350,000. Subsequent to the acquisition, TSH owns the entire issued and paid-up capital of Thong Siek Group.

The Thong Siek Group is involved in the manufacturing of seafood-based products and other surimi-based products through two production facilities operating in Senoko, Singapore and Johor Bahru, Malaysia. The acquisition represents a strategic development of the Group's business into the upstream of the supply chain and provide a vertical integration process that will enable the Group to expand into manufacturing business and also provide the Group with a platform to expand and grow its geographical footprint.

The Company is in the midst of finalising the due diligence of this acquisition. Accordingly, no disclosure on the effect of the acquisition has been made under the requirements of FRS 103 *Business Combinations* as the fair value of the net assets of the acquiree is not determinable as at the date of financial statements.

STATISTICS OF SHAREHOLDINGS

As at 18 June 2015

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest		
Substantial Shareholders	No. of Shares	%	No. of Shares	%	Total %
Neo Kah Kiat	101,116,550	69.74	8,064,000	5.56	75.30[1]
Liew Oi Peng	8,064,000	5.56	101,116,550	69.74	75.30

Note:

1 By virtue of Section 7 of the Act, Mr Neo Kah Kiat is deemed to have interests in the shares of all the wholly-owned subsidiaries of the Company. Mr Neo Kah Kiat is deemed to be interested in the shares held by his spouse, Ms Liew Oi Peng, and vice versa.

SHAREHOLDING HELD IN PUBLIC HANDS

Approximately 14.54% of the shareholding of the Company is held in the hands of the public as at 18 June 2015 and Rule 723 of the Catalist Rule is complied with.

STATISTICS OF SHAREHOLDINGS

As at 18 June 2015

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	107	22.02	101,700	0.07
1,001 – 10,000	220	45.27	1,235,800	0.85
10,001 – 1,000,000	150	30.86	13,318,892	9.19
1,000,001 and above	9	1.85	130,343,608	89.89
Total	**486**	**100.00**	**145,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Neo Kah Kiat	101,116,550	69.74
2	Liew Oi Peng	8,064,000	5.56
3	Lee Kwang Boon (Li Guangwen)	7,200,000	4.97
4	Sirius Venture Capital Pte Ltd	4,320,000	2.98
5	Poon Wai	2,850,000	1.97
6	CIMB Securities (Singapore) Pte. Ltd.	2,068,000	1.43
7	Maybank Nominees (Singapore) Private Limited	2,006,000	1.38
8	Liew Choh Khing	1,691,558	1.17
9	Chin Chee Hwa	1,027,500	0.71
10	Lim Boon Chay	1,000,000	0.69
11	Teo Hwee Ai (Zhang Hui'ai)	935,000	0.64
12	Ng Kah Lye	864,892	0.60
13	Ong Wai Meng	719,200	0.50
14	DBS Nominees (Private) Limited	667,800	0.46
15	Tan Kok Ching	500,000	0.34
16	Choo Kwe Yen	414,000	0.29
17	Loh Tai Min	389,000	0.27
18	Cheong Zhen Wen (Zhang Zhenwen)	368,000	0.25
19	Ong Song Huat	298,000	0.21
20	Poh Sun Ching	293,000	0.20
	TOTAL	**136,792,500**	**94.36**

NOTICE OF THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of the Company will be held at The Star Performing Arts Centre, 1 Vista Exchange Green, The Star Gallery @ Level 3, Singapore 138617 on Thursday, 30 July 2015 at 11:30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial period from 1 February 2014 to 31 March 2015 and the Directors' Reports and the Auditor's Report thereon. **(Resolution 1)**

2. To declare a tax exempt (one-tier) final dividend of S$0.0105 per ordinary share in respect of the financial period from 1 February 2014 to 31 March 2015 **(Resolution 2)**

3. To approve the proposed Directors' fees of S$195,832 for the financial period from 1 February 2014 to 31 March 2015 **(Resolution 3)**

4. To re-elect the following Directors retiring pursuant to Article 98 of the Company's Articles of Association:

   (a) Mr Liew Choh Khing *[See Explanatory Note (a)]* **(Resolution 4)**
   (b) Mr Tan Lye Huat *[See Explanatory Note (b)]* **(Resolution 5)**
   (c) Mr Ng How Hwan, Kevin *[See Explanatory Note (c)]* **(Resolution 6)**

5. To re-elect Mr Yeo Kok Tong retiring by rotation pursuant to Article 102 of the Company's Articles of Association. *[See Explanatory Note (d)]* **(Resolution 7)**

6. To re-appoint Messrs BDO LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary resolutions, with or without modifications:

7. **AUTHORITY TO ALLOT AND ISSUE SHARES**

   "That pursuant to Section 161 of the Companies Act, Chapter 50 and the Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to issue and allot new shares ("**Shares**") in the capital of the Company whether by way of rights, bonus or otherwise) and/or make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS that:

   (1) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 100% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with paragraph (2) below), and provided further that where shareholders of the Company ("**Shareholders**") are not given the opportunity to participate in the same on a pro-rata basis ("**non pro-rata basis**"), then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with paragraph (2) below);

NOTICE OF THIRD ANNUAL GENERAL MEETING

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the issued Shares of the Company (excluding treasury shares) at the time such authority was conferred, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;
(b) new Shares arising from the exercising share options or the vesting of share awards which are outstanding or subsisting at the time such authority was conferred; and
(c) any subsequent consolidation or subdivision of the Shares;

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Rules of Catalist of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Articles of Association of the Company for the time being; and

(4) (unless revoked or varied by the Company in a general meeting) the authority so conferred shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (e)] **(Resolution 9)**

8. **AUTHORITY TO ISSUE SHARES UNDER THE NEO GROUP EMPLOYEE SHARE OPTION SCHEME**

"That pursuant to Section 161 of the Companies Act, Chapter 50 and the provisions of the Neo Group Employee Share Option Scheme ("**ESOS**"), authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the ESOS, provided that the aggregate number of additional ordinary Shares to be issued pursuant to the ESOS and Neo Group Performance Share Plan ("**PSP**") collectively shall not exceed 15% of the total number of issued Shares (excluding treasury shares) of the Company from time to time."

[See Explanatory Note (f)] **(Resolution 10)**

9. **AUTHORITY TO ISSUE SHARES UNDER THE NEO GROUP PERFORMANCE SHARE PLAN**

"That pursuant to Section 161 of the Companies Act, Chapter 50 and the provisions of the Neo Group Performance Share Plan ("**PSP**"), authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the PSP, provided always that the aggregate number of additional ordinary Shares to be allotted and issued pursuant to the ESOS and PSP collectively shall not exceed 15% of the total number of issued Shares (excluding treasury shares) of the Company from time to time.

[See Explanatory Note (g)] **(Resolution 11)**

10. To transact any other business which may be properly transacted at an Annual General Meeting.

By Order of the Board

Pan Mi Keay
Company Secretary

13 July 2015
Singapore

NOTICE OF THIRD ANNUAL GENERAL MEETING

Explanatory Notes:

(a) Key information on Mr Liew Choh Khing, who is seeking re-election as a Director of the Company under item 4(a) above (under the heading "Ordinary Business") is found on page 120 of the Annual Report. Details of the share interests of Mr Liew Choh Khing in the Company can be found in pages 58 & 119 of the Annual Report. Mr Liew Choh Khing is the Executive Director and brother of Ms Liew Oi Peng, who is also the Executive Director of the Company and spouse of Mr Neo Kah Kiat, the Executive Chairman and Chief Executive Officer of the Company.

(b) Key information on Mr Tan Lye Huat, who is seeking re-election as a Director of the Company under item 4(b) above (under the heading "Ordinary Business") is found on page 120 of the Annual Report. Mr Tan Lye Huat will remain as the Lead Independent Director, Chairman of the Audit and Risk Committee and Nominating Committee upon re-election as a Director of the Company and will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist. There are no relationships (including immediate family relationships) between Mr Tan Lye Huat and the other Directors, or the Company, or its 10% shareholders.

(c) Key information on Mr Ng How Hwan, Kevin, who is seeking re-election as a Director of the Company under item 4(c) above (under the heading "Ordinary Business") is found on page 120 of the Annual Report. Mr Ng How Hwan, Kevin will remain as the Chairman of the Remuneration Committee and the Member of the Nominating Committee upon re-election as a Director of the Company. Details of the share interests of Mr Ng How Hwan, Kevin in the Company can be found in pages 58 & 119 of the Annual Report.

(d) Key information on Mr Yeo Kok Tong, who is seeking for re-election as a Director of the Company under item 5 above (under the heading "Ordinary Business") is found on page 120 of the Annual Report. Mr Yeo Kok Tong will remain as the member of the Audit and Risk Committee and Remuneration Committee upon re-election as a Director of the Company and will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist. There are no relationships (including immediate family relationships) between Mr Yeo Kok Tong and the other Directors, or the Company, or its 10% shareholders.

(e) The proposed ordinary resolution 9, if passed, will empower the Directors of the Company from the date of the above meeting to issue shares in the Company up to an amount not exceeding 100% of the total number of issued shares in the capital of the Company with a sub-limit of 50% other than on a pro-rata basis to shareholders for the time being for such purposes as they consider would be in the interest of the Company. The authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

(f) The proposed ordinary resolution 10, if passed, will empower the Directors of the Company to allot and issue Shares pursuant to the exercise of such options under the ESOS. The aggregate amount of new Shares over which the Company may grant options on any date, when added to the amount of new Shares to be issued in respect of all options granted under the ESOS, and all awards vested under PSP of the Company and for the time being in force, collectively shall not exceed total 15% of the total number of issued Shares (excluding treasury shares) of the Company from time to time.

(g) The proposed ordinary resolution 11, if passed, will empower the Directors of the Company to allot and issue Shares in the Company collectively of up to a number not exceeding in total 15% of the total number of issued Shares (excluding treasury shares) in the share capital of the Company from time to time pursuant to the grant of share awards under the PSP.

Notes:

(1) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(2) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 1 Enterprise Road, Singapore 629813 not less than 48 hours before the meeting.

(3) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

(4) In the case of joint shareholders, all holders must sign the form of proxy.

(5) The Chairman of the Meeting will be exercising his rights under article 65 of the Company's articles of association to call for all resolutions at the Meeting and at any adjournment thereof to be put to the vote by way of poll. Accordingly, each resolution at the Meeting will be voted on by way of a poll.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NEO GROUP LIMITED
Registration Number : 201207080G
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy Neo Group Limited's shares, this Annual Report 2015 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

I / We, ______________________________ (name) ______________________ (NRIC/Passport No.)

of ____ (address)

being a member/members of Neo Group Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding(s)	
		No. of Shares	%
Address			

and/or (delete where appropriate)

Name	NRIC/Passport No.	Proportion of Shareholding(s)	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Third Annual General Meeting ("**AGM**") of the Company as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the AGM of the Company to be held at The Star Performing Arts Centre, 1 Vista Exchange Green, The Star Gallery @ Level 3, Singapore 138617 on Thursday, 30 July 2015 at 11:30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

Resolution No.	Ordinary Resolutions	For	Against
1.	Adoption of Directors' and Auditor's Reports and Audited Financial Statements of the Company for the financial period from 1 February 2014 to 31 March 2015.		
2.	Approval of final one tier tax-exempt dividend of 1.05 Singapore cents per ordinary share for the financial period from 1 February 2014 to 31 March 2015.		
3.	Approval of proposed Directors' fees of S$195,832 for the financial period from 1 February 2014 to 31 March 2015.		
4.	Re-election of Mr Liew Choh Khing as Director.		
5.	Re-election of Mr Tan Lye Huat as Director.		
6.	Re-election of Mr Ng How Hwan, Kevin as Director.		
7.	Re-election of Mr Yeo Kok Tong as Director.		
8.	Re-appointment of Messrs BDO LLP as Auditors.		
9.	Authority to allot and issue shares.		
10.	Authority to issue shares under the Neo Group Employee Share Option Scheme.		
11.	Authority to allot and issue shares under the Neo Group Performance Share Plan.		

Dated this ________day of ______________________ 2015

Total number of Shares in	No. of Shares held
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: Please read notes overleaf

Fold this flap here for sealing

Affix Postage Stamp Here

The Company Secretary
NEO GROUP LIMITED
1 Enterprise Road
Singapore 629813

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Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. Such proxy need not be a member of the Company.
2. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the power of attorney or a duly certified copy thereof must be lodged with the instrument.
4. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with Section 179 of the Companies Act, Chapter 50.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 Enterprise Road, Singapore 629813 not less than 48 hours before the time appointed for the Annual General Meeting.
6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse the admission of any person or persons appointed under the instrument of proxy, to the Annual General Meeting.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such member(s) are not shown to have shares entered against his/her/their name(s) in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his/her name appears on the Depository Register 48 hours before the time appointed for the Annual General Meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Third Annual General Meeting dated 13 July 2015.

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NEO GROUP LIMITED
Company Registration Number: 201207080G

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Tel: (65) 68967757 Fax: (65) 65151235

www.neogroup.com.sg