LOCAL TASTE
GLOBAL MARKET

NEO GROUP LIMITED
梁苑集团

ANNUAL REPORT 2016

CONTENTS

Our Brands

NO.1 EVENTS CATERER IN SINGAPORE

NEO GROUP HAS RETAINED ITS POSITION AS SINGAPORE'S LEADING EVENTS CATERER FOR THE FOURTH YEAR WITH INCREASED MARKET SHARE OF 14.7%[1]

1 *As defined in Euromonitor International report, 'Events Catering Services in Singapore', dated April 2016 whereby events catering refers to food catering services provided for social or corporate events only and is based upon customer value sales.*

CORPORATE PROFILE

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 20 years. Listed on SGX since July 2012, Neo Group provides customers with end-to-end food and catering solutions through a comprehensive suite of capabilities and service offerings under five business segments – Food Catering, Food Retail, Food Manufacturing, Food Trading 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 with a leading 14.7% market share[1].

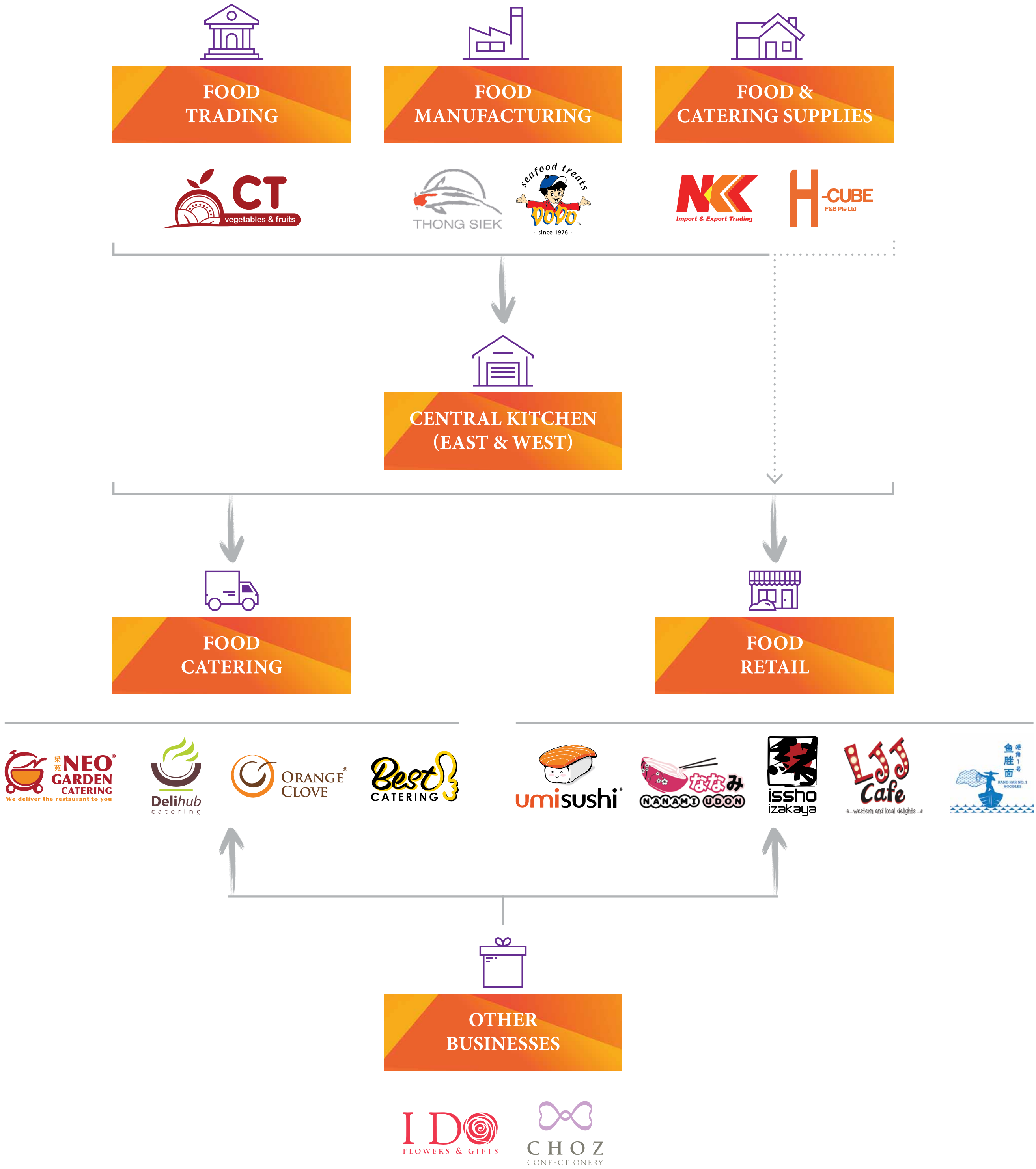
Neo Group supplies a large variety of quality food and buffets appealing to various market segments through its strong portfolio of brands – including "Neo Garden Catering", "Orange Clove Catering", "Deli Hub Catering", "Best Catering", "umisushi" and "Choz Confectionery". The Group owns a food retail network spanning 29 outlets islandwide[2].

Through its subsidiaries, the Group's business presence spans 29 countries worldwide, and its operations are supported by East and West central kitchens, manufacturing facilities, warehouses and over 1,200 dedicated employees.

1 *As defined in Euromonitor International report, 'Events Catering Services in Singapore', dated April 2016 whereby events catering refers to food catering services provided for social or corporate events only and is based upon customer value sales.*

2 *As at 31 March 2016.*

VALUE CHAIN ILLUSTRATION



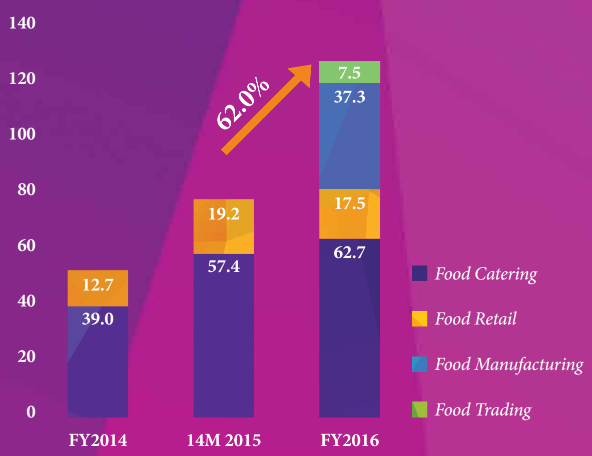
GLOBAL DISTRIBUTION NETWORK

29 ***countries***

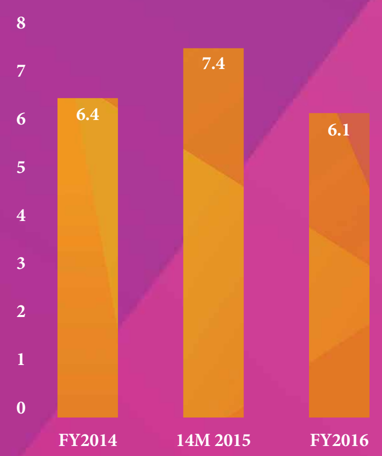
Neo Group leverages on its global reach to enter new markets and capitalise on new growth opportunities.

FINANCIAL HIGHLIGHTS

REVENUE
S$'m



PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT
S$'m



	FY2014	14M 2015[1]	FY2016
INCOME STATEMENT (S$'m)			
Revenue	52.4	77.4	125.4
Profit Before Tax	6.9	8.8	5.2
Net Profit Attributable to Owners of the Parent	6.4	7.4	6.1
BALANCE SHEET (S$'m)			
Total Assets	43.6	54.4	128.6
Total Liabilities	23.1	30.3	92.4
Total Shareholders' Equity Attributable to Owner of the Parent	20.5	24.2	30.6
Cash and Cash Equivalents at End of Period	8.5	7.6	12.2
CASH FLOW (S$'m)			
Net Cash from Operating Activities	7.9	10.5	2.9
Capital Expenditure	(15.3)	(11.5)	(6.7)
KEY RATIOS			
Revenue Growth (%)	25.6	47.8	62.0
Net Profit Attributable to Owner of the Parent Growth (%)	111.9	15.7	(18.1)
Net Gearing[2] (times)	0.38	0.56	1.77
Return on Shareholders' Equity (%)	31.2	30.6	19.8
Return on Total Assets (%)	14.7	13.6	4.7
PER SHARE INFORMATION (CENTS)			
Earnings Per Share	4.44[3]	5.14[3]	4.18[4]
Net Asset Value Per Share	14.23	16.79	20.97
Dividend Per Share	2.67	2.10	1.00
MARKET CAPITALISATION			
Market Capitalisation[5]	116.6	131.0	95.8

1 *14M 2015 refers to the 14-month financial period from 1 February 2014 to 31 March 2015.*
2 *Net Gearing is computed by dividing net debt by equity attributable to owners of the parent.*
3 *Based on 144,000,000 weighted average number of ordinary shares.*
4 *Based on 145,170,084 weighted average number of ordinary shares.*
5 *As at end of financial year/period.*

SOLID FUNDAMENTALS
ADAPTIVE STRATEGIES

CHAIRMAN'S STATEMENT

NEO KAH KIAT, PBM
Founder, Chairman and CEO

Dear Valued Shareholders,

On behalf of the Board of Directors, it is with great pleasure that I present to you our Annual Report for the financial year ended 31 March 2016 ("**FY2016**") for Neo Group Limited ("**Neo Group**", or together with its subsidiaries, the "**Group**").

RECORD REVENUE, SURPASSES 'S$100 MILLION' BENCHMARK FOR FIRST TIME

We are pleased to have retained our leading market position as Singapore's No.1 Events Caterer with a rise in our market share to 14.7% in 2016 within a S$409 million catering industry. This compared to our 10.0% market share within a S$360 million industry in 2014, according to a study conducted by Euromonitor[1] dated April 2016.

At the same time, we are proud that our revenue has successfully crossed the 'S$100 million' benchmark for the first time, a record for us, as we continued to exert dominance in the market. Our revenue rose 62% to hit S$125.4 million for the 12-month period ended 31 March 2016 ("**FY2016**"), surpassing our earlier record of S$77.4 million for the 14-month period ended 31 March 2015 ("**14M 2015**").

This performance is the result of recent synergistic acquisitions and a focused strategy to raise brand awareness across our business segments. Topline was lifted by a maiden 10-month revenue from our Food Manufacturing subsidiary, Thong Siek Holdings Pte. Ltd. and its subsidiaries ("**TS Group**") and a 5-month revenue contribution from our Food Trading subsidiary, CT Vegetables & Fruits Pte Ltd and its subsidiaries ("**CTVeg Group**").

Consistent revenue growth from our core Food Catering segment also boosted the Group's topline, with a 27.1% increase to S$62.7 million on a 12-month annualised basis[2] ("**12M 2015**"), driven by effective marketing on broadcast and print advertising as well as SG50 promotions.

Our Food Retail's revenue rose 3.9% to S$17.5 million in FY2016 from S$16.8 million on an annualised basis, underscored by growth in delivery sales.

Net profit after income tax attributable to the owners of the parent, on the other hand, took impact from these increased marketing expenses and business expansion activities as we invested for sustainable long-term growth, and stood at S$6.1 million in FY2016, as compared to S$7.4 million in 14M 2015.

1 *As defined in Euromonitor International report, 'Events Catering Services in Singapore', dated April 2016 whereby events catering refers to food catering services provided for social or corporate events only and is based upon customer value sales.*

2 *12-month annualised basis from April 2014 to March 2015.*

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CHAIRMAN'S STATEMENT

PRIMED FOR GLOBAL GROWTH

During the year, we progressed well with an enhanced value chain, as we work towards our value proposition of being a fully-integrated catering solutions provider. This is in line with our long-term strategic focus to solidify our leadership position locally; and differentiate ourselves from other industry players as we prime ourselves for our next phase of growth – Going Global.

FOOD MANUFACTURING

TS Group – Upstream Integration Well in Progress

Our acquisition of a 55%-equity stake in TS Group last year was our landmark and first major acquisition made since listing. The synergistic acquisition has enhanced our supply chain and provided a vertical integration process that will expand our food manufacturing business in Singapore and around the world.

Streamlining Operations; Fine-tuning Sourcing and Pricing Strategies

In line with our strategy to improve TS Group's performance, we will be moving its existing facility to 22 Senoko Way, having obtained JTC's approval, to allow for greater cost savings and operational synergies. With a land area of 159,000 square feet, the new facility is almost 2.5 times the size of TS Group's existing facility that is almost at maximum utilisation. The added space will allow for automation projects and machinery upgrades for greater productivity and cost efficiencies. Additionally, the new facility has an existing cold room facility, which is expected to generate significant savings in the area of rental and utilities.

Through this consolidation of business functions and processes, the benefits are dual-pronged – allowing TS Group to reap greater cost savings and operational synergies and at the same time, with increased capacity, there will be vast opportunities to ramp up B-to-C initiatives when the new facility is up and running.

As a leading manufacturer, distributor and retailer of surimi-based seafood products, a large proportion of food material cost for TS Group is surimi. In this regard, our in-house sourcing capabilities have put us in a good position for better cost management. In fact, we have already started to significantly reduce sourcing costs for TS Group's surimi needs and other products through NKK Import & Export Trading ("**NKK**").

Additionally, TS Group is actively refining its pricing strategies upwards in response to rising costs of surimi to optimise margin efficiencies. Coupled with strong market leadership of the popular "DoDo" brand of fish balls, crabsticks and other surimi-based products and good cost controls through our in-house sourcing capabilities, we believe we are well on our way to enlarge TS Group's market share amidst a highly competitive market.

The overall integration of TS Group's processes has been smooth as we pressed fast in the past year in ensuring a smooth transition and in setting the stage for TS Group's turnaround.

FOOD TRADING – ACCESS TO FRESHEST PRODUCE

Another market leader that has joined the Neo Group 'corporate family' in 2015 is our 90%-owned CTVeg Group, a trader of over 300 varieties of fruits and vegetables. With a wide customer base accumulated over two decades, this newly acquired Food Trading business segment has contributed healthy recurring top- and bottom-line and allowed us to enjoy cost savings of at least 20%.

CTVeg Group currently imports and exports fruits and vegetables in more than 12 countries which means that we now have access to the freshest produce for all business segments. CTVeg Group now meets 100% of our fruit and vegetable needs, allowing us to have full control over cost and quality.

DRIVING ORGANIC GROWTH

We continue to be very focused in driving organic growth through our strong brands and market leadership position. For our core Food Catering business, we will continue to drive growth and capture market share through our portfolio of strong brands and aggressively pursue corporate clients and venue partnerships for sustainable growth. We will also selectively take on higher margin institutional catering and corporate café management to increase recurring income.

In Food Retail, we are in the midst of implementing new initiatives to increase efficiency and productivity in retail stores, such as streamlining of menus, adopting the use of technology and closely monitoring raw material costs to enhance operating margins. We are also reviewing pricing strategies, product mix and concepts to engage customers.

STREAMLINING FOR GREATER PRODUCTIVITY

Apart from a clear focus on expansion of revenue stream from each business segment, we remain firmly committed to enhancing margin efficiencies through our emphasis on process automation and innovation. In our productivity drive, we are pushing for paperless initiatives. We will also leverage on TS Group's food manufacturing expertise to gradually fully-automate our kitchen processes for greater consistency and productivity.

FOOD SAFETY

Over and above a focus on cost efficiencies, top on our priority is close attention on food safety. We adhere to the best practices and we are pleased that all of Neo Group's kitchens have achieved ISO 22000 certification. We have also met international food safety standard requirements, leading the market by example with dedicated food hygiene officers in each of our kitchens to ensure the highest food safety standards.

OUTLOOK & FUTURE STRATEGIES

Broadening of Global Network

Our synergistic acquisitions of TS Group and CTVeg Group have enabled us to gain a sizeable distribution network spanning across 29 countries, which we will leverage on to enter new markets and capitalise on new growth opportunities – both organic and inorganic. With the strengths of two market leaders and a clear growth strategy mapped out to extract value, we are confident in bringing the business to the next level – to be a global player in the food industry, beyond being the top caterer in Singapore.

Capturing Market Share

We will continue to serve up the best versions of ourselves by continually pushing boundaries for greater business excellence. We will continue to aggressively strengthen brand awareness to retain market dominance and actively pursue corporate clients and venue partnerships for sustainable growth.

Planning is already underway to develop new market segments to bring TS Group's products to corporates, hotels, restaurants and cafes. We are also exploring to expand TS Group's presence and market leadership overseas where there is less competition and possibly higher margins.

Concurrently, we will work closely with CTVeg Group to expand its customer base and capture greater market share. We are currently exploring the possibility of entering the cruise industry as well as deepening our penetration in existing markets and entering new geographical markets.

Prudent M&A Strategy

We will continue to seek out suitable M&A targets, with a focus on leading players that complement our core Food Catering business. This will allow us to expand on our suite of capabilities to strengthen our value chain and in the long-run, lead to greater cost efficiencies for the entire Group.

We take a long-term view – for potential M&A targets, we are focused on value accretive deals with the potential to offer economies of scale and add value to our operations.

PROPOSED DIVIDEND

To thank shareholders for their continued support, the Directors have proposed a one-tier tax-exempt final cash dividend of 1.00 Singapore cent per share. We are a growing company and we seek to achieve a balance between rewarding our loyal shareholders and redeploying surplus funds into higher yielding business areas to enhance shareholders' value.

APPRECIATION

I would like to extend my appreciation to the Board of Directors who has provided their invaluable guidance and counsel to help the Group manage through this year of 'transformation'. My appreciation also goes to the management and staff for their dedication and efforts, and to our customers, partners and business associates, for their unwavering support over the years.

Last but not least, I would like to thank our valued shareholders for your vote of confidence in standing by us and we look forward to where we can showcase the best versions of our local cuisine to the global market.

NEO KAH KIAT, PBM
Founder, Chairman and CEO
30 June 2016

BOARD OF DIRECTORS

1 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 more than 10 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 fish balls and CT Vegetables & Fruits – a leading trader of fresh fruits and vegetables in 2015.

Mr Neo was awarded the Public Service Medal (Pingat Bakti Masyarakat) on 9 August 2014; the EY Entrepreneur of the Year (Food and Beverage) award in 2015, 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 is a Director on the Board of Ren Ci Hospital. He also serves as a patron at Jurong Spring Community Club, and was the appointed Organising Chairman of the Community Club's Building Fund in March 2014.

2 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 employee strength of more than 300.

Ms Liew spearheads the Group's corporate social responsibility initiatives including the employee-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.

3 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. 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.

4 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 July 2015. 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 almost 10 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 and a NANAMI UDON outlet, as at 31 March 2016. 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 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.

5 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. and the Non-Executive Vice-Chairman of SGX-listed Japan Foods Holding Ltd.

Mr Wong currently sits on SGX Catalist-listed companies such as Jason Marine Group Limited and Singapore Kitchen Equipment Limited.

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BOARD OF DIRECTORS

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 Council member of the Singapore Institute of Directors.

6 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 July 2015. He was previously 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 Fellow (C. Dir FIoD) of the Institute of Directors (IOD, UK), 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.

7 YEO KOK TONG

Independent Director

Mr Yeo Kok Tong was appointed to the Board on 1 October 2014 and re-elected on 30 July 2015. He is an Independent Director, Chairman of the Remuneration Committee and member of the Audit and Risk Committee of the Group. 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. He is also a Non-Executive Director of Pacific Hunt Energy Pte. Ltd. since June 2015.

Mr Yeo was Chief Executive Officer of Singapore Food Industries from 2006 to 2009 and had 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).

8 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 July 2015. He is an Independent Director, Chairman of the Nominating Committee and member of the Remuneration Committee of the Group. 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) Limited, 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 24 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 30 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).

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.

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 employees, managing about 100 employees today.

Ms Liew maintains the overall responsibility 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.

Prior to joining the Group, she was the manager of Best Catering, a partnership in the manufacture of cooked food preparations and proprietors of food establishments and catering, from 2001 to 2008.

CORPORATE STRUCTURE

As at 31 March 2016

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%

FOOD & CATERING SUPPLIES

- NKK IMPORT & EXPORT TRADING PTE. LTD. (SINGAPORE) 100%
- H-CUBE F&B 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%

MANUFACTURING

- THONG SIEK HOLDINGS PTE. LTD. 55%
  - THONG SIEK FOOD INDUSTRY PTE LTD 100%
  - DODO MARKETING PTE. LTD. 100%
  - TSF ENGINEERING PTE. LTD. 100%
  - TS FOOD INDUSTRY SDN BHD 100%

FOOD TRADING

- CT VEGETABLES & FRUITS PTE LTD 90%
  - C T FRESH PTE. LTD. 100%
  - COOL FRESH MARKETING PTE. LTD. 100%

BUSINESS REVIEW

Neo Group continues to report strong revenue for the financial year ended 31 March 2016, reporting a 62.0% growth in revenue to S$125.4 million, surpassing the earlier record of S$77.4 million for the 14-month period ended 31 March 2015 ("**14M 2015**")(1).

The strong topline growth was bolstered by consistently robust growth from its core catering business segment, maiden 10-month and 5-month revenue contribution from newly-acquired businesses, Thong Siek Holdings Pte. Ltd. and its subsidiaries ("**TS Group**") – which owns the popular "DoDo" brand of fish balls; and CT Vegetables & Fruits Pte Ltd and its subsidiaries ("**CTVeg Group**"), respectively.

Other Income rose 202.0% to S$6.5 million in FY2016 due to fair value uplift of properties which resulted in a gain from bargain purchase on the acquisition of CTVeg Group, a gain on disposal of an asset classified as held for sale, increase in government grants and rental income.

Due to maiden consolidation of TS Group and CTVeg Group, as well as one-off business expansion costs such as professional and legal fees incurred relating to the M&A activities, Neo Group recorded a rise in expenses and reported FY2016 net profit of S$4.2 million compared to S$7.4 million in 14M 2015.

Overall, the Group's profit after income tax and attributable to the owners of the parent decreased by S$1.3 million or 18.1% from a profit of S$7.4 million in 14M 2015 to a profit of S$6.1 million in FY2016. On an annualised basis ("**12M 2015**"), the profit after income tax and attributable to the owners of the parent increased by S$0.7 million or 13.9%.

The Group's cash and cash equivalents was S$12.2 million as at 31 March 2016, compared to S$7.6 million a year ago. Earnings per share slid to 4.18 Singapore cents from 5.14 Singapore cents in 14M 2015 while net asset value per share was boosted to 20.97 Singapore cents from 16.79 Singapore cents across the comparable periods.

According to the latest Euromonitor study(2) dated April 2016, Neo Group has retained its leading market position as Singapore's No.1 Events Caterer with a rise in its market share to 14.7% in 2016 within a S$409 million catering industry, compared to a 10.0% market share within a S$360 million industry in 2014. The Group will continue to aggressively strengthen its brand awareness to capture greater market share and continue to retain market dominance.

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 April 2016 whereby events catering refers to food catering services provided for social or corporate events only and is based upon customer value sales.*

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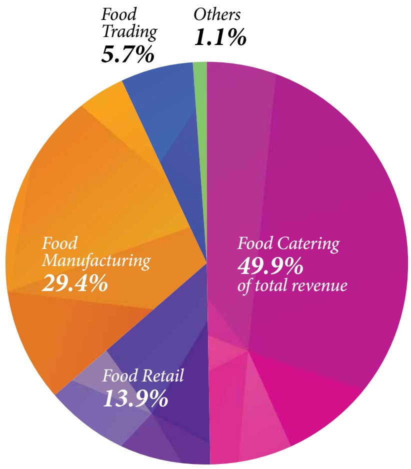
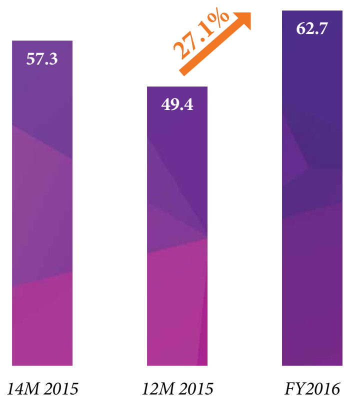
BUSINESS REVIEW



FOOD CATERING REVENUE
S$'m



FOOD CATERING

Food Catering remains as Neo Group's largest revenue driver, contributing S$62.7 million in FY2016, a 27.1% annualised growth compared to S$49.4 million in 12M 2015 or 9.4% higher than S$57.3 million in 14M 2015. The consistently strong performance was lifted by SG50 promotions in 2015 and is a testament on the effectiveness of the Group's marketing efforts across broadcast and print media.

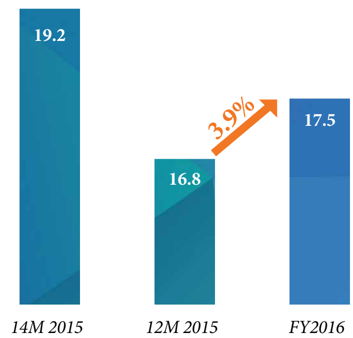
The Group surpassed its record once again, serving a total of 1,531 events or 28.8% more events on the first day of Lunar New Year 2016 compared to record of 1,189 events last year.

The segment also continues to pursue venue partnerships and corporate clients for more sustainable income streams. Concurrently, the Group is exploring opportunities to take on more institutional catering and corporate café management, which offers higher margins and strengthens its recurring income streams.

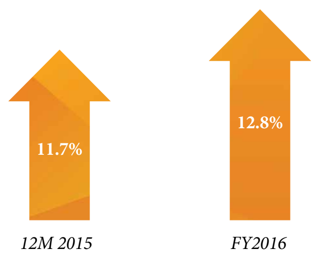
In its effort to keep customers engaged, new healthier menus and product offerings were also launched, while products and services are continuously refreshed, such as the new Hawker Live Stations offering that serves local delights.

As a result of the above, the segment reported strong profit before income tax of S$7.6 million in FY2016.

Food Retail Revenue
S$'m



Food Retail Delivery Growth
As % of Food Retail Revenue



FOOD RETAIL

The Food Retail segment contributed revenue of S$17.5 million in FY2016, a 3.9% growth from S$16.8 million in 12M 2015 or a 8.8% decline from S$19.2 million in 14M 2015. Delivery sales continue to grow, contributing to 12.8% of the segment's revenue, compared to 11.7% in 12M 2015.

Due to adverse news reports relating to the Group B Streptococcus (GBS) bacterial infection and a prolonged spell of haze that had impacted the F&B industry, the Group's stores experienced lower footfall during the period under review and reported a loss of S$1.4 million in FY2016.

The Group currently has 29 Food Retail stores islandwide as at 31 March 2016, as it looks to streamline processes in stores, and embrace technology to optimise margin efficiencies, while ramping up delivery sales to capitalise on the increasing demand for delivery. It will also look at relocating underperforming stores and tailoring its offerings to better meet the needs of the unique demographics of each store, while constantly refreshing product and service mix to deepen consumer engagement.

The Group will continue to monitor costs closely and fine-tune processes and business models for the segment to accelerate the turnaround of the Food Retail segment, while aggressively pursuing partnerships with corporate clients to boost business demand.

FOOD MANUFACTURING

The Group's newly-acquired Food Manufacturing subsidiary, TS Group, contributed its maiden 10-month revenue of S$37.3 million in FY2016 albeit a loss of S$4.2 million.

Following the acquisition, the Group has wasted no time in executing the segment's turnaround strategies. Firstly, prices for TS Group's products have

BUSINESS REVIEW

been revised upwards in view of rising surimi costs that had impacted its bottom line in FY2016. To strengthen brand awareness and encourage business volumes, TS Group can now leverage on Neo Group's promotions and marketing efforts.

The Group is also exploring opportunities to expand TS Group's presence overseas where there is relatively less competition and hence higher margins.

To optimise margins, the Group is working to accelerate back-end integration with TS Group for operational synergies and economies of scale to kick in, and plans to move TS Group's existing manufacturing facility to an enlarged facility that will allow for greater production capacity, cost savings, automation and machinery upgrades that will boost efficiency and productivity.

Separately, the Group is leveraging on TS Group's manufacturing capabilities to implement new initiatives to gradually fully-automate its kitchen processes.

FOOD TRADING

The Group's newly-acquired Food Trading subsidiary, CTVeg Group, contributed revenue of S$7.5 million and net operating profit of S$0.8 million in just five months. CTVeg Group now meets 100% of Neo Group's fruit and vegetable needs, resulting in a 20% reduction in costs, greater control over its supply and access to the freshest produce attained directly from its source.

CTVeg Group currently imports and exports fruits and vegetables in over 12 countries, and will continue to explore viable opportunities overseas to boost business volumes.

FOOD & CATERING SUPPLIES AND OTHER BUSINESSES

The Group's Food and Catering Supplies and Other Businesses continue to support Neo Group's core businesses in line with its vertical integration strategy, contributing to the remaining 1.1% of its total revenue in FY2016.

Through NKK and H-Cube, Neo Group continues to enjoy significant cost savings through bulk purchases and currently supplies over 1,200 items to the Group's businesses. TS Group has also relegated its sourcing needs for

surimi-based products to the Group's Food and Catering Supplies businesses that will allow for greater economies of scale and cost efficiencies.

The Group will continue to develop the business segment to gradually venture beyond supplying to its own businesses, reaching out to external businesses.

Choz Confectionery offers a comprehensive range of modern and traditional confectionery and Nonya kuehs, catering to the bourgeoning demand for baby full month and wedding packages. I DO Flowers & Gifts continues to provide bespoke floral arrangements to complement the Group's buffet and retail set-ups, to enhance the Group's value proposition as a one-stop food and catering solutions provider.

DIVERSIFIED INTERESTS
UNIFIED GOALS

AWARDS AND ACCOLADES

Singapore Book of Records
"Largest Events Caterer" and "Highest Number of Events Catered by a Company in One Day"
2016, 2015, 2014 & 2013

Influential Brands Top Brand
Caterer Category
2016, 2015 & 2014

Euromonitor International
Number 1 Events Caterer in Singapore
2016, 2014

ISO 22000
Food Safety Management
2016

HRM Asia Readers' Choice
Best Corporate Caterer
2015, 2014

Excellent Service Award
1 Star Award, 3 Gold Awards, 10 Silver Awards
2015, 2014

Singapore Prestige Brand Award
Overall Winner, Established Brands
2015, 2013 & 2012

Promising Brands
2014

Hall of Fame
2015, 2013

World Gourmet Summit Awards of Excellence
Outstanding Caterer of the Year
2015

EY Entrepreneur of the Year Award
Food & Beverage Category
2015

Singapore Business Review
Listed Companies Award for Innovation in Food Services
2015

Asia Pacific Entrepreneurship Awards (Outstanding Category)
2015

SIAS Investors' Choice Awards
Most Transparent Company (Catalist)
2015, 2014

Singapore Quality Class Award
2015

AVA Food Safety Excellence Award 2015 (Gold)
2015

Singapore 1000 Company – Public Listed Companies 2015
2015

Reader's Digest Trusted Brand
Platinum
2015, 2014 & 2013

Epicurean Star Award Singapore
Best Caterer
2014

Singapore Quality Brand Award
2014

FOOD CATERING:
NEO GARDEN CATERING & DELI HUB CATERING

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.

The award-winning brand serves both the mid-tier market segment and corporate clients, with strong dedication to offer top notch standards for food quality, speed of service and impeccable buffet set-ups. Backed by a one-chef-one-dish system and a strong central kitchen, the brand is able to cater for up to 500 guests within a three-hour notice period.

DELI HUB CATERING

Deli Hub Catering serves the mass market, corporate, institutional and public sectors, offering a wide selection of halal-certified buffet menus catering to events of varying scale – from office and school functions to large-scale corporate events.

Established over 10 years, it has since built strong brand loyalty through a customer-centric approach, delivering quality and reliable local buffet fare and bento meals at budget-friendly prices.

FOOD CATERING:
ORANGE CLOVE CATERING & BEST CATERING

ORANGE CLOVE CATERING

Orange Clove Catering has established a strong foothold in the market for corporate catering events, filling a market gap for exquisite gastronomic fare, serving the mid-to-high-end segment.

It offers cross-cultural Asian and international fusion delights carefully curated for its menus. To capture the growing wedding market, Orange Clove established a wedding showroom in partnership with wedding-related service vendors to showcase its innovative food offerings and thematic setups, providing one-stop wedding solutions.

Deepening its value proposition as a one-stop shop for customers, Orange Clove also 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.

BEST CATERING

Best Catering offers a range of economical buffet menus and healthy Tingkat (tiffin carriers) subscription meals at competitive prices, catering to the busy lifestyles of our fast-paced society.

The brand serves the mass market and household segments, and recently revamped its menus to encourage healthier living through reduced oil and salt, healthier cooking methods and an additional option for brown rice to appeal to a bourgeoning market segment of health-conscious consumers.

FOOD RETAIL: UMISUSHI

umisushi®

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. It also offers quick and easy access through its online portal and islandwide delivery.

umisushi has expanded its retail network to 25 outlets islandwide as of 31 March 2016, with two newly opened outlets in Ng Teng Fong General Hospital and Waterway Point shopping mall in Punggol.

New products were also launched, such as Zosui (breakfast item), Kids Bento and Toji in retail outlets, as well as pizza and alcoholic drinks only for delivery.

The food retail chain is being supported by Neo Group's strong central kitchen that delivers supplies twice daily. New equipment and technology have also been implemented to improve consistency and speed of service.

FOOD RETAIL:
NANAMI UDON, ISSHO IZAKAYA, LJJ CAFÉ & KANG KAR NO. 1 NOODLES

NANAMI UDON

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 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.

LJJ CAFÉ

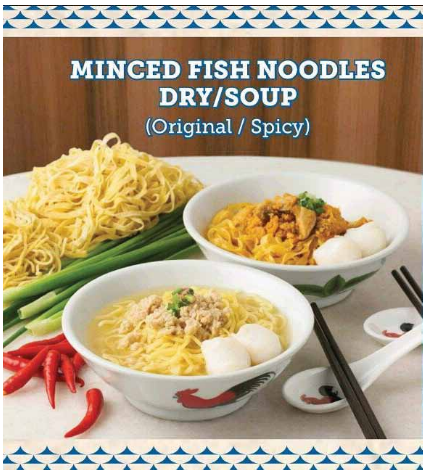
LJJ Café, located at the newly-opened Ng Teng Fong General Hospital in Jurong East, specialises in western fare and offers all-day breakfast sets to office crowd, hospital employees and visitors in the vicinity.

LJJ Café counts western delights and local fare, such as fish & chips and curry chicken, as its specialties. Customers can also enjoy a good local cuppa coffee in a sleek and minimalist décor setting.

KANG KAR NO. 1 NOODLES

Kang Kar No. 1 Noodles ("**Kang Kar**"), located at 77 Circuit Road, features TS Group's flagship DoDo brand of fish balls. Kang Kar offers value-for-money traditional minced fish noodles, a healthier choice compared to minced meat.

With its neighbourly and cosy ambience, the new concept store has been well-received since its launch in November 2015, and has introduced new menu items such as minced fish soup with rice.



FOOD MANUFACTURING: TS GROUP

THONG SIEK

seafood treats

DoDo™

~ since 1976 ~

TS GROUP

Established in 1976, Thong Siek Holdings Pte. Ltd. and its subsidiaries ("**TS Group**") is Singapore's largest fish ball manufacturer, distributor and retailer of quality surimi-based (minced-fish paste) seafood products in Singapore, and owns the popular DoDo brand of fish balls, a well-known household brand.

Over the last 40 years, TS Group has perfected its large selection of over 60 types of surimi-based products, which can be found in 26 countries worldwide including Australia, Belgium, Canada, China, Denmark and Egypt amongst others.

In 2015, TS Group attained the Gold Award from AVA (Agri-food and Veterinary Authority of Singapore) for the 15th consecutive time since 1999, achieving Grade A in food hygiene, sanitation and processing. This achievement is a first in the fish ball manufacturing industry.

TS Group achieved the BRC Global Standard certification for Food Safety in the same year. The BRC Global Standard is a leading safety and quality certification programme initiated by the world's leading retailers and food manufacturers. It guarantees the standardisation of quality, safety and operational criteria and ensures that manufacturers fulfil their legal obligations to protect the end consumer.

FOOD TRADING:
CTVEG GROUP

CTVEG GROUP

CT Vegetables & Fruits Pte Ltd ("**CTVeg Group**") was established in 1991, and has grown rapidly over the last 25 years to establish itself as one of Singapore's largest fruits and vegetables traders.

CTVeg Group currently carries more than 300 varieties of fruits and vegetables, specially flown in and delivered to ensure optimal freshness. Its wide customer base includes foreign cruise ships and ship chandlers.

It currently imports and exports a wide variety of fruits and vegetables over 12 countries including China, India, Bangladesh, Holland, Malaysia, New Zealand, Vietnam, amongst others.

FOOD CATERING & SUPPLIES:
NKK IMPORT & EXPORT TRADING

Import & Export Trading

NKK IMPORT & EXPORT TRADING

Specialising in wholesale and distribution of food products, equipment and packaging, NKK Import & Export Trading is Neo Group's sourcing arm. Serving the Group's businesses, NKK sources products from quality local and overseas suppliers.

In FY2016, NKK's product line has expanded to include the import of shrimp, surimi products, brown rice and "healthier choice" cooking oil approved by the Health Promotion Board.

Occupying a warehouse and cold room of approximately 10,000 square feet at Jurong, NKK is able to meet the demand from its growing client portfolio as well as allowing the Group's businesses to be self-reliant.

OTHER BUSINESSES:
CHOZ CONFECTIONERY AND I DO FLOWERS & GIFTS

CHOZ CONFECTIONERY

CHOZ CONFECTIONERY

Choz Confectionery, a popular and established brand, serves an assortment of cakes for baby full-month and wedding celebrations. It also offers a variety of authentic and freshly handmade Nonya kueh.

I DO FLOWERS & GIFTS

I DO FLOWERS & GIFTS

Spearheaded by an industry veteran of over 20 years of experience and supported by a team of dedicated floral designers, I DO Flowers & Gifts provides a variety of floral arrangements and hampers for all occasions, and specialises in customised floral solutions.

RAISING STANDARDS
BROADENING HORIZONS

CORPORATE CULTURE

ZERO ERROR TRANSFORMATION

CORPORATE CULTURE

Zero Error Transformation

To raise the bar for its service standards and enhance customer experience, Neo Group rolled out the "Zero Error Transformation" campaign that fulfils 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. This involves the review and implementation of standard operating procedures and policies and Group-wide internal campaigns to raise awareness for the pursuit of zero errors.

Innovation & Technology

With a strong innovative culture and emphasis on automation and technology to boost efficiency and food consistency and reduce reliance on manpower, the Group has seven proprietary applications and systems across its business functions and kitchens.

Talent Management & Development

Neo Group believes strongly in developing its core assets – its employees, whom are regarded the ingredients of Neo Group's success.

The Group launched the Talent Management Programme in March 2016, to train and groom employees at executive levels and above who have been with the Group for a minimum of two years.

CORPORATE SOCIAL RESPONSIBILITY

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.

"Begin with Love" Campaign

In January 2016, the Group celebrated the start of a new year by donating more than S$160,000 – proceeds from its first day of catering sales in 2016 – to six non-profit organisations as part of a new annual initiative.

The six beneficiaries for Begin with Love 2016 are AWWA, Halogen Foundation Singapore, Cheng Hong Welfare Service Society, Sian Chay Medical Institution, Ren Ci, and the Singapore Thong Chai Medical Institution.

Singapore Table Tennis Association

To encourage Singapore's sporting scene, this year marks the Group's third 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.

Singapore Swimming Association

Neo Group was also the official F&B sponsor for the Singapore Swimming Association and donated S$120,000 to fund the association's events.

MINDS

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.

International Outreach

In 2015, Neo Group raised and donated S$20,000 to the Singapore Red Cross Society to provide assistance to the victims of the Nepalese earthquake.

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. Coupled with a monthly "No Air-Conditioning Hours" and paperless initiatives in the kitchens, 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

NG HOW HWAN, KEVIN
Chairman

TAN LYE HUAT

WONG HIN SUN, EUGENE

REMUNERATION COMMITTEE

YEO KOK TONG
Chairman

NG HOW HWAN, KEVIN

WONG HIN SUN, EUGENE

COMPANY SECRETARIES

PAN MI KEAY (ACIS)
LEE WEI HSIUNG (ACIS)

REGISTERED OFFICE

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Singapore 629813
T: (65) 68967757
F: (65) 65151235

COMPANY REGISTRATION NUMBER

201207080G

SHARE REGISTRAR & SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

SPONSOR

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

INDEPENDENT AUDITORS

BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Partner-in-charge:
Adrian Lee Yu-Min
(Appointed since the financial period ended 31 March 2015)

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 048624

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

DBS Bank Ltd
12 Marina Boulevard Level 3
Marina Bay Financial Centre Tower 3
Singapore 018982

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Ms Amelia Lee
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T: (65) 65345122
F: (65) 65344171

CORPORATE GOVERNANCE REPORT

Neo Group Limited (the "**Company**") and its subsidiaries (the "**Group**") continues to be committed to high standards of corporate conduct. The Board of Directors ("**Board**") and Management believe that good corporate governance is key to the integrity of the Group and essential to the long-term sustainability of the Group's businesses and performance. 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.

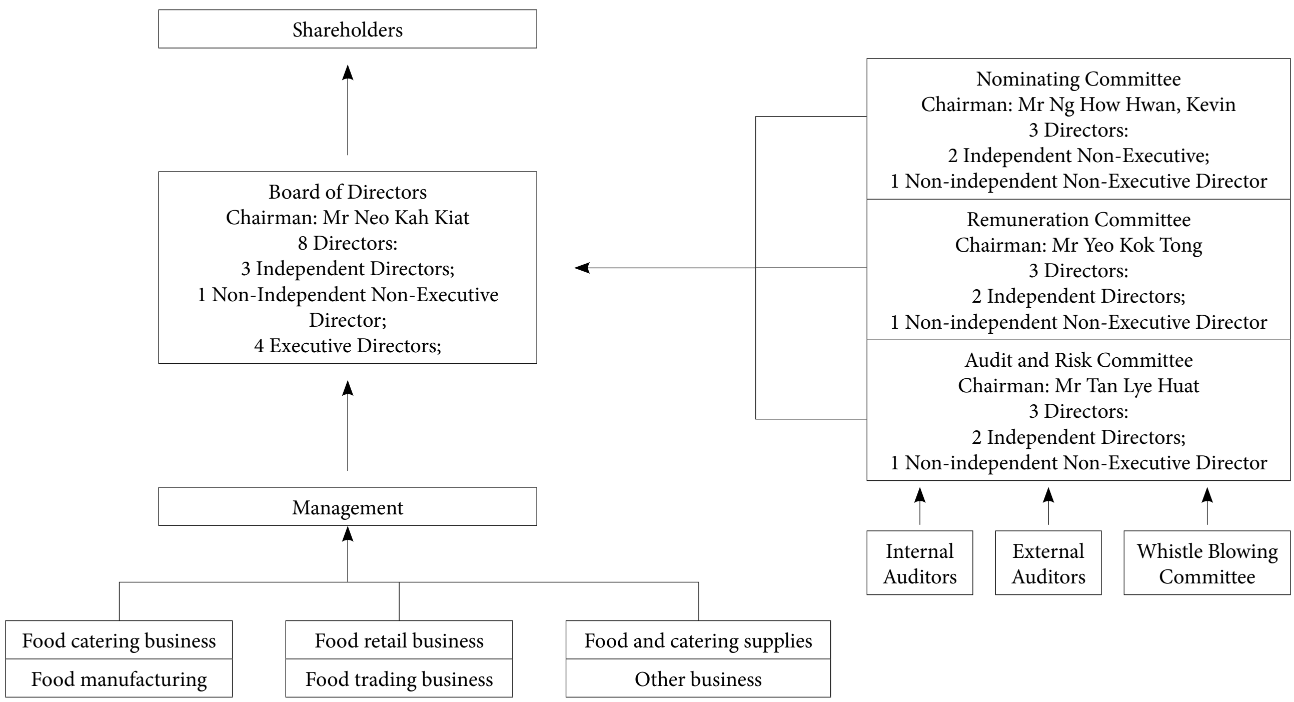
The Board is pleased to report the Company's corporate governance practices for the financial year ended 31 March 2016 with specific reference to each guideline of the Code of Corporate Governance 2012 (the "**Code**").

The Board, after making due inquiries, believes that the Company has complied in all material aspects with the principles and guidelines as set out in the Code, exceptions of which are set out below:

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

The following describes the Group's corporate governance practices with reference to the Code.

CORPORATE GOVERNANCE STRUCTURE



CORPORATE GOVERNANCE REPORT

BOARD MATTERS

The Board's Conduct of its Affairs

The Board oversees the overall strategy and business direction of the Group and is collectively responsible for its long-term 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 affecting 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 exercises due diligence and independent judgment in dealing with 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**"). 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.

Guideline 1.4
Meetings of Board and Board Committees

For the financial year ended 31 March 2016 ("**FY2016**"), 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 Constitution 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 are circulated at least a week in advance and most materials dispatched a few days before the meetings.

CORPORATE GOVERNANCE REPORT

The details of the number of meetings held for the Board and Board Committees during FY2016 and the attendance of each Director at those meetings are disclosed below:

Name of Directors	Board of Directors No. of meeting Held	Attended	Audit & Risk Committee No. of meeting Held	Attended	Nominating Committee No. of meeting Held	Attended	Remuneration Committee No. of meeting Held	Attended
Neo Kah Kiat	7	7	–	–	–	–	–	–
Liew Oi Peng	7	7	–	–	–	–	–	–
Liew Choh Khing	7	7	–	–	–	–	–	–
Lee Kwang Boon	7	7	–	–	–	–	–	–
Tan Lye Huat	7	7	4	4	1	1	–	–
Ng How Hwan, Kevin	7	6	–	–	1	1	1	1
Yeo Kok Tong	7	7	4	4	–	–	1	1
Wong Hin Sun, Eugene	7	4	4	3	1	1	1	1

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. The Board Committees and the Management remain accountable to the Board. This matrix, which is reviewed on a regular basis and revised accordingly when necessary, includes the following significant matters which require the Board's specific approval:

(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

During FY2016, 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.

Guideline 1.6
Continuous Training & Development of Directors

The Company offers Directors opportunities to update and refresh their knowledge on an ongoing basis, to enable them to continue fulfilling their roles as Board members and Committee members effectively. During the year, the Management also kept the Directors up-to-date on pertinent developments in the business including changes in laws and regulations, code of corporate governance, financial reporting standards and industry-related matters. Such periodic updates were provided to Directors to facilitate the discharge of their duties. During the year, some Directors have participated in/attended 3rd party-run programmes.

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 develop the necessary 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.

CORPORATE GOVERNANCE REPORT

Guideline 1.7
Letter to Directors on Appointment

Newly appointed Directors will be provided a formal letter setting out their duties and obligations. They will be given briefings by the Management on the business activities of the Group and its strategic directions as well as its corporate governance practices.

No new Director was appointed during FY2016.

Board Composition and Guidance

Principle 2: Independent Element on the Board

Guideline 2.1
Independent Element of the Board

The NC determines the independence of each Director annually. An Independent Director is one who has no relationship with the Company, its related companies, its 10% shareholders (as defined in the Code) or its officers that can interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgment to the best interests of the Company.

As at the date of this report, the Board comprises eight (8) Directors, four of whom are Non-Executive Directors with three of them are independent. The NC conducted its annual review of the Directors' independence and was satisfied that the Company complies with the guidelines of the Code which provides that at least one-third of the Board is made up of Independent Directors.

Guidance 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 and has recommended to the Board to consider increasing the independence element so as to be in line with the relevant guidelines of the Code. Guideline 2.2 of the Code provides that Independent Directors make up at least half of the Board where, *inter alia*, the Chairman on the Board is not an Independent Director and where such guideline has to be complied as soon as possible but not later than 31 July 2017.

Guideline 2.3
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.

Guideline 2.4
Independence of Directors Who Have Served on the Board beyond Nine Years

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.

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.

CORPORATE GOVERNANCE REPORT

A summary of the composition of the Board and Committees is set out below:-

Name of Directors	Status	Board of Directors	Audit & Risk Committee	Nominating Committee	Remuneration Committee
Neo Kah Kiat	ED, NID	C	–	–	–
Liew Oi Peng	ED, NID	M	–	–	–
Liew Choh Khing	ED, NID	M	–	–	–
Lee Kwang Boon	ED, NID	M	–	–	–
Tan Lye Huat	NED, Lead ID	M	C	M	–
Ng How Hwan, Kevin	NED, ID	M	–	C	M
Yeo Kok Tong	NED, ID	M	M	–	C
Wong Hin Sun, Eugene	NED, NID	M	M	M	M

Legend:
C – Chairman; M – Member; ED – Executive Director; NED – Non-Executive Director; ID – Independent Director; NID – Non-Independent Director

During FY2016, 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 2.6
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 respective 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. Details of the Directors' qualifications, background and working experience, principal commitments and shareholdings in related corporations are set out on pages 10 to 12.

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

During the year, the Non-Executive Directors communicated and met amongst themselves 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.

CORPORATE GOVERNANCE REPORT

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.

Guideline 3.1
Common Role of Chairman and CEO

Mr Neo Kah Kiat is both the Chairman of the Board ("**Chairman**") and Chief Executive Officer ("**CEO**") of the Company. The Board is of the view that it is not necessary to separate the role of the Chairman and the CEO after taking into consideration the size, scope and the nature of the operations of the Group. Mr Neo Kah Kiat is the founder of the Group and has played an instrumental role in developing the business since its establishment. He has considerable industry experience and business network and has also provided the Group with strong leadership and vision. The Board is of the view that it is in the interest of the Group to adopt a single leadership structure at this point in its development.

Guideline 3.2
Role and Responsibilities of Chairman

The Chairman, who is also the CEO, 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 to ensure its effectiveness.

He also ensures that the Directors receive accurate, timely and clear information, ensure effective communication with Shareholders, encourage constructive relations between the Board and the Management, promote a culture of openness and debate at the Board, as well as facilitate the effective contribution of Non-Executive Directors.

Guideline 3.3
Appointment of Lead Independent Director

In view that the Chairman is not an Independent Director, 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.

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

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

The Board is of the view that given the current board composition, there are sufficient safeguards and checks in place to ensure that the process of decision-making by the Directors is independent and based on collective decision-making without the Chairman and CEO being able to exercise considerable concentration of power or influenced by the Lead Independent Director, the Independent Directors will be meeting periodically without the presence of the other Directors, and the Lead Independent Director will provide feedback to the Chairman after such meetings as appropriate.

CORPORATE GOVERNANCE REPORT

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

The NC consists of three members with a majority, including the NC Chairman, being Independent Directors. They are:

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

The NC, which meets at least once a year, carries out its duties in accordance with a set of written 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 FY2016, the NC held one scheduled meeting with full attendance.

CORPORATE GOVERNANCE REPORT

Guideline 4.2
Responsibilities of NC

Key responsibilities of the NC include making recommendations to the Board on relevant matters such as the process for evaluating the performance of the Board and each Director. It also ensures compliance with the requirements of the Company's Constitution 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 Fourth AGM:

<u>Pursuant to Article 98 of the Constitution of the Company:</u>

(i) Mr Neo Kah Kiat

(ii) Mr Lee Kwang Boon

(iii) Mr Wong Hin Sun, Eugene

In making the recommendations, the NC considers the overall contribution and performance of the Directors. The NC member had abstained from deliberation in respect of his 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 4.3
NC To Determine Directors' Independence

Each Director of the Company will annually confirm his independence (or otherwise) based on a checklist. The checklist is drawn up based on the guidelines provided in the Code. The NC has reviewed the independence of the Directors as mentioned under guidelines 2.3 and 2.4 above, based on, *inter alia*, their declarations as aforesaid. As and when circumstances require, the NC will also assess and determine a Director's 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.

CORPORATE GOVERNANCE REPORT

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.

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.

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 pages 10 to 12 of 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 performance evaluation to assess the effectiveness of the Board as a whole and its ability to discharge to facilitate discussion to discharge its responsibilities in providing stewardship, corporate governance and oversight of Management's performance duties more effectively.

For the year under review, all Directors participated in the evaluation by updating their respective feedbacks in their completed Board Performance Evaluation questionnaire 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 which is the prescribed form established for this purpose. To ensure confidentiality, the updated evaluation returns by Directors were submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review and discussion. The NC has reported to the Board on its review of the Board's performance for the year.

CORPORATE GOVERNANCE REPORT

Guideline 5.2
Performance Criteria for Board Evaluation

There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board. The NC assesses the performance and effectiveness of the Board as a whole as well as the contribution of individual Directors to the effectiveness of the entire Board. The qualitative measures include the effectiveness of the Board in its monitoring and the attainment of the strategic objectives set by the Board.

The evaluation exercise is carried out annually by way of a Board Assessment Checklist, which is circulated to the Board members for completion and thereafter the NC to review and determine the actions required to ensure continuous improvement of the corporate governance of the Company and effectiveness of the Board as a whole.

<u>Board performance criteria</u>

(i) The Board's effectiveness in its monitoring role and attainment of the strategic and long-term objectives;

(ii) The Board's ability to ensure information flow and accountability; and

(iii) The Board's ability to ensure respective committees' performance.

Guideline 5.3
Evaluation of Individual Director

The evaluation of individual Director's performance is performed on an annual basis at the same time as evaluation of the performance of the Board as a whole based on, amongst others, the Director Assessment questionnaire to assess Directors' respective areas of specialisation and expertise, and general consideration of such other factors as mentioned below.

For the year under review, the NC also took note of each individual Director's attendance at meetings of the Board and 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.

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.

CORPORATE GOVERNANCE REPORT

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 FY2016, 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

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

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

CORPORATE GOVERNANCE REPORT

The RC is guided by its written Terms of Reference which clearly set out its authority and duties. Key Terms of Reference include, mainly, the following:

- Offer an independent perspective in assisting the Board in the establishment of a formal and transparent procedure for developing policy on remuneration matters for the Directors and key management personnel of the Company;

- Establish appropriate framework of remuneration policies to motivate and retain Directors and executives, and ensure that the Company is able to attract appropriate talent from the market to maximize value for shareholders;

- Determine the specific remuneration packages for the Directors and key management personnel (or executive of equivalent rank) and any relative of a Director and/or substantial shareholder who is employed in a managerial position by the Company;

- Review and administer the award of shares to Directors and employees under the employee performance share plan and employee share option scheme adopted by the Company;

- Review and determine the contents of any service contracts for any Directors or key management personnel; and

- Review the appropriateness and transparency of remuneration matters for disclosure to shareholders.

The RC will meet at least once a year. During FY2016, 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 the 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.

Under the guidance of former RC Chairman, Mr Ng How Hwan Kevin, the executive compensation framework has been formalised since the beginning of FY2016 comprising the basic pay and variable short-term incentive for Executive Directors (subject to the achievements of key performance indicators ("**KPI**") which is partly based on financial outcomes and partly based on development objectives).

As the salaries paid to the Executive Directors were frozen for three years after listing on Catalist, the Chairman and CEO voluntarily froze his own basic salary for FY2016 in view of business operating environment's getting more challenging. Likewise, the basic salary paid to Executive Director (Retail) has also been frozen for FY2016.

The remuneration of related employees will be reviewed annually by the RC to ensure that their remuneration packages are in line with the employee 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 (on per annum basis unless otherwise indicated) is as follows:

Role	Member	Chairman
Board of Directors	$30,000	N/A
Audit and Risk Committee	$10,000	Additional $10,000
Other Committees	$5,000	Additional $5,000
Lead Independent Director	$10,000	N/A

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

CORPORATE GOVERNANCE REPORT

Guideline 7.3
RC Access to Advice on Remuneration Matters

The RC would access to the advice of external experts in the field of executive compensation, where required. For FY2016, the Company did not engage any external remuneration consultant to advise on remuneration matters. Our policy is to update with external consultants every 3 years with the last one done in FY2014.

Guideline 7.4
Employment Contract

Each of the Executive Directors has an employment contract 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 six (6) months' notice of termination and vice versa. The appointments of Executive Directors are on long term basis and no onerous removal clauses are contained in their respective employment contract.

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 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 the Board.

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 year ended 31 March 2016. The RC and the Board are of the view that the remuneration of the Non-Executive Directors are appropriate in accordance with the market condition and take into account factors such as effort and time spent, and the increasingly onerous responsibilities of the Directors. In order not to reduce its public float which currently stood at less than 20%, the Company does not have any scheme to encourage Non-Executive Directors to hold shares in the Company.

Guideline 8.4
Contractual provision to reclaim incentive components of remuneration

As the Company does not have any long-term incentive in the variable components of the remuneration packages of the Executive Directors and Key Management Personnel, the RC is of the view that the institution of contractual provisions in the employment to reclaim any incentive components of their remuneration paid in prior years is not necessary.

Principle 9: Disclosure on Remuneration

Guideline 9.1
Remuneration Report

Details on the remuneration of Directors and Key Management Personnel for the year under review are presented below. During FY2016, there was no termination, retirement and post-employment benefits granted to any Director and Key Management Personnel.

Guideline 9.2
Remuneration of Directors

A summary of each Non-Executive Directors' and Executive Directors' remuneration paid or payable by the Company for FY2016 is set out below:

	Breakdown of Remuneration in Percentage (%)					Total Remuneration in Compensation Bands of S$250,000
Name of Directors	Fees [1] (%)	Salary [2] (%)	Benefits (%)	Variable Bonus [3] (%)	Total (%)	
Neo Kah Kiat	–	81	–	19	100	S$500,001 – S$750,000
Liew Oi Peng	–	81	–	19	100	S$250,001 – S$500,000
Lee Kwang Boon	–	82	–	18	100	S$250,001 – S$500,000
Liew Choh Khing	–	69	–	31	100	< S$250,000
Tan Lye Huat	100	–	–	–	100	S$66,667
Wong Hin Sun Eugene	100	–	–	–	100	S$50,000
Ng How Hwan, Kevin	100	–	–	–	100	S$45,000
Yeo Kok Tong	100	–	–	–	100	S$48,333
Total Directors' Remuneration	**12**	**70**	**–**	**18**	**100**	**S$1,711,150**

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 variable bonus amount shown is inclusive of CPF.

Guideline 9.3
Remuneration of Key Management Personnel (Other than the Company's Executive Director)

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 Key Management Personnel in the Company and its subsidiaries, but do not include any associated companies, are presented as follows:

		Breakdown of Remuneration in Percentage (%)				Total Remuneration in Compensation Bands of S$250,000
Name of Top 5 Key Management Personnel	Position	Salary [1] (%)	Benefits-in-kind (%)	Variable Bonus [2] (%)	Total (%)	
Liew Oi Yen	Director (Operation)	81	–	19	100	< S$250,000
Lim Li Ling	Group Financial Controller	88	–	12	100	< S$250,000
Teo Hwee Ai	Chief Operating Officer	81	–	19	100	< S$250,000
Lilian Seah	General Manager	100	–	–	100	< S$250,000
Lillian Chan	General Manager	100	–	–	100	< S$250,000
Total Top 5 Key Management Personnel's Remuneration		**88**	**–**	**12**	**100**	**S$829,062**

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 for sensitivity and competitive reasons.

CORPORATE GOVERNANCE REPORT

Guideline 9.4
Employee Related to Directors/CEO

The following immediate family members of a Director or the CEO were the employees of the Group whose remuneration exceeded S$50,000 in FY2016:-

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

The aggregate remuneration (including CPF contribution thereon and bonus) of these employees amounted to approximately S$108,000.

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 during FY2016.

Guideline 9.5
Employee Share Scheme

The Company has adopted a share option scheme known as the "Neo Group Employee Share Option Scheme". 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 that the Group's financial 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 furnish an overall representation to the ARC and the Board confirming, *inter alia*, that the financial processes and controls and the integrity of the Group's financial statements are in place, highlighting material financial risk and impacts and providing updates on status of significant financial issues of the Group.

In accordance with Rule 705(5) of the Catalist Rules, during FY2016, the Board issued negative assurance statements in its interim 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.

CORPORATE GOVERNANCE REPORT

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, and relevant 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

The Management updated the Board on the Group's business activities and financial performance by providing updates on any business, operations and financial related matters on a quarterly basis. Such reports compared the Group's actual performance against the approved budget and result of the previous year and where appropriate. 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 result 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 adopt for the release of the results.

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. 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 Group recognises 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 CEO and the Management of the Company assume the responsibilities of the risk management function. They regularly assess and review the Group's business and operational environment to identify areas of significant financial, operational, compliance and information technology risks.

The Board has approved a Enterprise Risk Management Framework ("**ERM Framework**") for the identification of key risks within the business which is aligned with the ISO 31000:2009 Risk Management framework.

Internal Controls

Internal controls have been implemented to enhance the Group's functions in the areas of finance, operations, compliance and information technology. The internal control measures aim to secure that the Group's assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

CORPORATE GOVERNANCE REPORT

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

The risk management and internal control systems have been integrated throughout the Group and have been an essential part of its business planning and monitoring process.

A Controls Self-Assessment Programme ("**CSA Programme**") is established for Management and Board to obtain assurance on the state of internal controls. The CSA Programme is risk-based and aligned with the results of the ERM Framework exercise performed. On a yearly basis, the risk owners are required to review, assess and report on the adequacy and effectiveness of key mitigating internal controls for risks identified from the ERM Framework exercise and which are under their risk responsibilities.

The Group also has in place an Assurance Activity Framework ("**Assurance Framework**") to facilitate and guide the Board's assessment on the adequacy and effectiveness of the Group's internal control and risk management systems. The Assurance Framework lays out the assurance activities performed, the assessment criterion and also the reporting process. Assurance activities covered under the Assurance Framework include CSA Programme by Management, internal audit by the internal auditors, statutory audit by the external auditors and external certification on health and safety standards by a third party professional service firm.

On an annual basis, Management reports to the Board on updates to the Group's risk profile, risk treatments and results of assurance activities so as the assure that the process is operating effectively as planned.

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

Based on the ERM Framework, Assurance Framework and internal controls established and maintained in the Company, CSA Programme conducted by the Management, work performed by the internal auditors, the statutory audit undertaken by the external auditors, certification by a third party professional service firm, and the written representation from the CEO and Group Financial Controller providing assurance on the Group's risk management and internal control systems, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, the Board is of the view that, except for the recently acquired subsidiaries, the Group has a sound system of risk management and internal controls.

The Board, with the concurrence of the ARC, is satisfied that except for the recently acquired subsidiaries, adequate and effective internal controls have been in place to address the risks relating to financial, operational, compliance and information technology controls for FY2016.

The Board notes that systems of risk management and internal controls established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Guideline 11.4
Risk Committee

The responsibility of overseeing the Company's ERM Framework and Assurance Framework and policies is undertaken by the ARC with the assistance of the internal and external 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. As recommended by the 2nd Edition of the Guidebook for Audit Committees in Singapore, the Audit Committee was renamed Audit and Risk Committee ("**ARC**") on 25 March 2015 guided by revised Terms of Reference.

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

Guideline 12.1
ARC Membership

The ARC comprises the following three 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 four scheduled meetings with majority 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 experience and 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:

1. Assist the Board in fulfilling its responsibilities for the Company's financial reporting, management of financial and control risks and monitoring of the internal controls system. Review the financial reporting process, the system of internal controls and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct.

2. Ensure that arrangements are in place for the independent investigation of possible improprieties in matters of financial reporting or other matters that may be raised and that appropriate follow up actions are taken.

3. Review the external auditors' proposed audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope. Review the nature and extent of non-audit services provided by the external auditors. Approve the remuneration and terms of engagement of the external auditors. Monitor and assess the independence of the external auditors and their performance. Ensure that significant findings and recommendations made by the external auditors are received and discussed in a timely manner. Ensure that Management responds to recommendations made by the external auditors.

4. Review the activities and organisational structure of the internal audit function and ensure that there are no unjustified restrictions or limitations. Review the internal audit program with regard to the complementary roles of the internal and external audit functions. Ensure that significant findings and recommendations made by the internal auditors are received and discussed in a timely manner. Ensure that Management responds to recommendations made by the internal auditors.

5. Satisfy that adequate counter measures are in place to identify and mitigate any material business risks associated with the Company. Review the adequacy of the Company's internal financial controls, operational, compliance and information technology controls, and risk management policies and systems established by the Management. Ensure that a review of the effectiveness of the Company's internal controls is conducted at least annually.

CORPORATE GOVERNANCE REPORT

6. Evaluate how Management is reviewing the principal business risks and assess the appropriateness of the mechanisms in place to identify, prevent and minimise these business risks. Ensure that an appropriate system is established to identify and report areas of potential business risk promptly in order for remedial actions to be taken. Assess at least annually the effectiveness of the control and risk management systems. Recommend to the Board its findings and proposed course of actions to be taken by Management to ensure controls are put in place to address these risks. Management is responsible for the actions to be taken.

7. Review the relevance and consistency of the accounting standards used by the Company and the Group, significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance.

8. Review and recommend for Board approval Interested Person Transactions, as specified under Chapter 9 of the Catalist Rules and/or the procedures set out in the general mandate approved by shareholders.

During the year, the ARC reviewed the interested person transactions in accordance with the Catalist Rules and on a quarterly basis, the ARC reviews the financial results announcements of the Company before their submission to the Board for approval.

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 and employees. It also has full discretion to invite any Director or any member of the Management to attend its meetings.

Guideline 12.5
External & 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 scope and value of non-audit services provided to the Group as part of the ARC's assessment of the independence of the external auditors, BDO LLP. A breakdown of the fees paid to the external auditors for audit and non-audit services are S$198,767 and S$43,383 respectively. The ARC is of the view that the nature and extent of such services did not prejudice the objectivity and independence 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 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 independent 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 has a Whistle Blowing Policy in place. The Policy provides 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 and members 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 victimization 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.

CORPORATE GOVERNANCE REPORT

Whistle Blowing Committee

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

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 has been disseminated to all employees 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. 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.

During the year, the ARC reviewed the Whistle-blowing Policy and such review shall be conducted once every two years to assess the effectiveness of the processes in place and to ensure that the said policy is updated with any related changes in the legal and regulatory requirements.

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.

CORPORATE GOVERNANCE REPORT

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 perform its function.

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 one review during FY2016 in accordance with the internal audit plan approved by the ARC. The Management 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

Presently, the Constitution of the Company allows nominee companies as member of the Company to appoint up to two proxies only to attend and vote at any general meetings. Nevertheless, pursuant to Section 181 of the Companies Act, Chapter 50, a member of the Company who is a relevant intermediary is now entitled to appoint more than two proxies to attend and vote in his stead. "Relevant Intermediary" has the meaning described to it in Section 181 of the Companies Act, Chapter 50.

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.

CORPORATE GOVERNANCE REPORT

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 every quarter ended and 60 days from the FY2016. In addition, the Annual Report 2016 is distributed to shareholders at least 14 days before the AGM to be held on 28 July 2016.

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.

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 1.00 Singapore cent per ordinary share for FY2016 as the final one-tier tax exempt dividend payable to shareholders, subject to the approval of shareholders at the forthcoming Fourth 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

(f) 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.

CORPORATE GOVERNANCE REPORT

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.

Guideline 16.5
Voting by poll at General Meetings

The Company conducted poll voting for all resolutions passed at its last AGM held on 30 July 2015. 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 Fourth AGM to be held on 28 July 2016.

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 FY2016, the Company issues quarterly circulars to its Directors, officers and employees prohibiting dealing in its shares during the period commencing two weeks before the announcement of the Group's quarterly financial results and one month before the commencement of the Group's 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 FY2016.

INTERESTED PERSON TRANSACTIONS
(Rule 907 of the Catalist Rules of SGX-ST)

Details of the interested person transactions for FY2016 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 $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) $'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) $'000
Neo Kah Kiat		
(i) Office premise lease expense	99	Nil
(ii) GUI Solutions Pte. Ltd.		
– Cost of goods and services purchased	241	Nil
– Rental and utilities income	24	Nil
Neo Kah Kiat and Liew Oi Peng		
(i) Office premise lease expense	208	Nil
(ii) Twinkle Investment Pte. Ltd.		
– Office premise lease expense	100	Nil
– Rental of yacht	240	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.

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

Save for the employment contracts between the Company and the Executive Directors and disclosures above in the "Interested Person Transactions" as well as except as disclosed in the Directors' Statement 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 FY2016.

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.

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' STATEMENT

The Directors of Neo Group Limited (the "**Company**") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 March 2016 and the statement of financial position of the Company as at 31 March 2016.

1. OPINION OF THE DIRECTORS

In the opinion of the Directors,

(a) the accompanying financial statements comprising the statements of financial position of the Group and of the Company, 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 (the "**Act**") and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; 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.

2. DIRECTORS

The Directors of the Company in office at the date of this statement are as follows:

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

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year 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.

DIRECTORS' STATEMENT

4. 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 Act, none of the Directors of the Company who held office at the end of the financial year 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 April 2015	Balance at 31 March 2016	Balance at 1 April 2015	Balance at 31 March 2016
	Number of ordinary shares			
Company				
Neo Kah Kiat	101,116,550	101,116,550	8,064,000	8,064,000
Liew Oi Peng	8,064,000	8,064,000	101,116,550	101,116,550
Lee Kwang Boon	7,200,000	5,200,000	–	–
Liew Choh Khing	1,691,558	1,691,558	–	–
Wong Hin Sun, Eugene	–	–	4,520,000	4,370,000
Ng How Hwan, Kevin	264,000	264,000	175,000	175,000
Yeo Kok Tong	–	34,600	–	–

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 year. 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.

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 accounts 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 2016 in the shares of the Company have not changed from those disclosed as at 31 March 2016.

5. SHARE OPTIONS

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

There were no shares issued during the financial year 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 year.

<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.

DIRECTORS' STATEMENT

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 year 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 Act and the Singapore Code of Corporate Governance, including the following:

(i) reviewing the adequacy of the Group's internal financial controls, operational, compliance and information technology controls, risk management policies and systems established by the management and ensuring a review of effectiveness of the Group's internal controls and risk management system is conducted at least annually;

(ii) ensuring the arrangements are in place for independent investigation of possible improprieties in matters of financial reporting or other matters that may be raised and that appropriate follow up actions are taken;

(iii) reviewing the external auditors' proposed audit scope and approach and ensuring no unjustified restrictions or limitations have been placed on the scope;

(iv) approving the remuneration and terms of engagement of the external auditors;

(v) monitoring and assessing the independence of external auditors and their performance;

(vi) ensuring significant findings and recommendations made by the external and internal auditors are received and discussed in a timely manner and recommendations are responded by management;

(vii) reviewing the activities and organisational structure of the internal audit function and ensuring there are no unjustified restrictions or limitations;

(viii) reviewing the internal audit program with regard to the complementary roles of the internal and external audit functions;

(ix) ensuring an appropriate system is established to identify and report areas of potential business risk promptly;

(x) reviewing the relevance and consistency of the accounting standards used by the Group, significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcement relating to the Group's financial performance;

(xi) reviewing and recommending for Board's approval on Interested Person Transactions, as specified under Chapter 9 of the Catalist Rules and/or the procedures set out in the general mandate approved by shareholders.

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.

DIRECTORS' STATEMENT

7. INDEPENDENT AUDITORS

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

On behalf of the Board of Directors

Neo Kah Kiat
Director

Liew Oi Peng
Director

Singapore
30 June 2016

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 134, which comprise the statements of financial position of the Group and of the Company as at 31 March 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, 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 financial statements 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 consolidated 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 financial position of the Group and of the Company as at 31 March 2016 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

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 subsidiary corporations 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
30 June 2016

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
ASSETS					
Current assets					
Inventories	4	9,044	1,542	–	–
Trade and other receivables	5	16,491	5,649	6,551	5,915
Prepayments		759	561	11	10
Cash and cash equivalents	6	12,176	7,600	378	678
		38,470	15,352	6,940	6,603
Assets classified as held for sale	7	1,043	788	–	–
Total current assets		39,513	16,140	6,940	6,603
Non-current assets					
Property, plant and equipment	8	75,884	36,015	14	13
Investment properties	9	2,787	1,064	–	–
Intangible assets	10	9,608	362	10	11
Investments in subsidiaries	11	–	–	21,351	6,586
Other receivables	5	197	197	2,211	–
Available-for-sale financial asset	12	630	670	630	670
Total non-current assets		89,106	38,308	24,216	7,280
TOTAL ASSETS		128,619	54,448	31,156	13,883
EQUITY					
Capital and reserves					
Share capital	13	7,899	6,399	7,899	6,399
Merger reserves	14	(326)	(326)	–	–
Fair value adjustment account	15	–	(230)	–	(230)
Foreign currency translation reserve	16	150	–	–	–
Retained earnings	17	22,874	18,335	3,748	3,554
Equity attributable to owners of the parent		30,597	24,178	11,647	9,723
Non-controlling interests		5,660	–	–	–
TOTAL EQUITY		36,257	24,178	11,647	9,723
LIABILITIES					
Current liabilities					
Trade and other payables	18	19,298	7,010	5,083	4,137
Provisions	19	400	313	–	–
Bank borrowings	20	30,883	5,256	–	–
Finance lease payables	21	2,012	578	–	–
Derivative financial liabilities	22	82	–	–	–
Income tax payable		1,520	1,401	23	23
Total current liabilities		54,195	14,558	5,106	4,160
Non-current liabilities					
Other payables	18	–	–	14,403	–
Bank borrowings	20	30,995	14,962	–	–
Finance lease payables	21	2,494	342	–	–
Deferred tax liabilities	23	4,678	408	–	–
Total non-current liabilities		38,167	15,712	14,403	–
TOTAL LIABILITIES		92,362	30,270	19,509	4,160
TOTAL EQUITY AND LIABILITIES		128,619	54,448	31,156	13,883

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2016

	Note	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Revenue	24	125,418	77,402
Other items of income			
Interest income		7	13
Other income	25	6,469	2,142
Items of expense			
Purchases and consumables used		(50,163)	(21,558)
Changes in inventories		567	463
Delivery expenses		(3,629)	(2,575)
Employee benefits expense	26	(37,385)	(25,126)
Depreciation and amortisation expenses	27	(7,173)	(4,177)
Advertising expenses		(5,412)	(3,011)
Operating lease expenses	28	(7,327)	(5,225)
Utilities		(4,068)	(3,190)
Other expenses		(10,477)	(5,877)
Finance costs	29	(1,611)	(452)
Profit before income tax	30	5,216	8,829
Income tax expense	31	(987)	(1,427)
Profit for the financial year/period		4,229	7,402
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Loss on fair value changes of available-for-sale financial asset		–	(23)
Reclassification adjustments on fair value of available-for-sale financial asset		230	–
Exchange differences arising from translation of foreign operations		274	–
Income tax relating to items that may be reclassified subsequently		–	–
Other comprehensive income for the financial year/period, net of tax		504	(23)
Total comprehensive income for the financial year/period		4,733	7,379
Profit attributable to:			
Owners of the parent		6,062	7,402
Non-controlling interests		(1,833)	–
		4,229	7,402
Total comprehensive income attributable to:			
Owners of the parent		6,442	7,379
Non-controlling interests		(1,709)	–
		4,733	7,379
Earnings per share			
– Basic and diluted (in cents)	32	4.18	5.14

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2016

	Note	Share capital $'000	Merger reserves $'000	Fair value adjustment account $'000	Foreign currency translation reserves $'000	Retained earnings $'000	Total equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2015		6,399	(326)	(230)	–	18,335	24,178	–	24,178
Profit for the financial year		–	–	–	–	6,062	6,062	(1,833)	4,229
Other comprehensive income									
Reclassification adjustments on fair value of available-for-sale financial asset		–	–	230	–	–	230	–	230
Exchange differences arising from translation of foreign operations		–	–	–	150	–	150	124	274
Total comprehensive income for the financial year		–	–	230	150	6,062	6,442	(1,709)	4,733
Transactions with non-controlling interests:									
Acquisition of subsidiaries	13	1,500	–	–	–	–	1,500	7,369	8,869
Total transaction with non-controlling interests		1,500	–	–	–	–	1,500	7,369	8,869
Distribution to owners of the parent:									
Dividends	33	–	–	–	–	(1,523)	(1,523)	–	(1,523)
Total transaction with owners of the parent		–	–	–	–	(1,523)	(1,523)	–	(1,523)
Balance at 31 March 2016		7,899	(326)	–	150	22,874	30,597	5,660	36,257

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2016

	Note	Share capital $'000	Merger reserves $'000	Fair value adjustment account $'000	Retained earnings $'000	Total equity attributable to owners of the parent $'000
Balance at 1 February 2014		6,399	(326)	(207)	14,619	20,485
Profit for the financial period		–	–	–	7,402	7,402
Other comprehensive income						
Loss on fair value changes of available-for-sale financial asset		–	–	(23)	–	(23)
Total comprehensive income for the financial period		–	–	(23)	7,402	7,379
Distribution to owners of the parent:						
Dividends	33	–	–	–	(3,686)	(3,686)
Total transaction with owners of the parent		–	–	–	(3,686)	(3,686)
Balance at 31 March 2015		6,399	(326)	(230)	18,335	24,178

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2016

	Note	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Operating activities			
Profit before income tax		5,216	8,829
Adjustments for:			
Bad third parties trade receivables written off		30	1
Depreciation and amortisation expenses		7,173	4,177
Dividend income		(18)	(34)
Fair value loss on derivative financial instruments		82	–
Gain from bargain purchase on acquisition of subsidiary		(3,453)	–
Gain on disposal of assets classified as held for sale		(672)	–
Impairment loss on available-for-sale financial asset		270	–
Impairment loss on property, plant and equipment		271	–
Interest expense		1,611	452
Interest income		(7)	(13)
Inventories written down		10	8
Loss on disposal of investment property		25	–
Gain on disposal of property, plant and equipment		(47)	(455)
Plant and equipment written off		146	71
Operating cash flows before working capital changes		10,637	13,036
Working capital changes:			
Inventories		(3,499)	(420)
Trade and other receivables		(882)	(2,788)
Prepayments		(12)	(47)
Trade and other payables		(2,440)	2,090
Provisions		(33)	(58)
Cash generated from operations		3,771	11,813
Income tax paid		(879)	(1,319)
Net cash from operating activities		2,892	10,494
Investing activities			
Acquisition of subsidiaries, net of cash acquired	11	(10,175)	–
Purchase of property, plant and equipment		(6,668)	(11,314)
Purchase of intangible assets		(41)	(186)
Proceeds from disposal of assets classified as held for sale		1,460	–
Proceeds from disposal of investment property		3	–
Proceeds from disposal of property, plant and equipment		207	901
Interest received		7	15
Dividend received		18	34
Net cash used in investing activities		(15,189)	(10,550)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2016

	Note	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Financing activities			
Fixed deposits pledged with bank		(185)	10
Drawdown of bank borrowings		54,185	7,844
Loan from a director		800	–
Loan from a related party		1,500	–
Repayment of bank borrowings		(36,304)	(3,783)
Repayment of finance lease payables		(1,397)	(769)
Dividends paid		(1,523)	(3,686)
Interest paid		(1,572)	(410)
Net cash from/(used in) financing activities		15,504	(794)
Net change in cash and cash equivalents		3,207	(850)
Cash and cash equivalents at beginning of financial year/period		7,559	8,409
Cash and cash equivalents at end of financial year/period	6	10,766	7,559

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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 Group's ultimate controlling party is Mr Neo Kah Kiat.

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 11 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 year ended 31 March 2016 were authorised for issue in accordance with a Directors' resolution dated 30 June 2016.

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**") including related Interpretations of FRS ("**INT FRS**") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

As at 31 March 2016, the Group's current liabilities exceeded its current assets by approximately $14,682,000. However, the Group's total assets exceeded its total liabilities by approximately $36,257,000. The Directors of the Company are of the view that it is appropriate for the financial statements to be prepared on a going concern basis which contemplates the realisation of assets and liabilities in the ordinary course of business.

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 (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("**$**"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements. All values presented are rounded to the nearest thousand ("**$'000**") as indicated.

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 year. 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 year in which the estimate is revised if the revision affects only that financial year, or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

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.

In the current financial year, the Group and the Company adopted the new or revised FRS that are relevant to its operations and effective for the current financial year. The adoption of the new or revised 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 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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 7 (Amendments)	: Disclosure Initiative	1 January 2017
FRS 12 (Amendments)	: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 16 and 38 (Amendments)	: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 109	: Financial Instruments	1 January 2018
FRS 115	: Revenue from Contracts with Customers	1 January 2018
FRS 115 (Amendments)	: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116	: Leases	1 January 2019
Improvements to FRSs (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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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)

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

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. The Group is in the process of making a detailed assessment of the impact of this standard and 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. The Group is in the process of making a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 April 2018 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.

FRS 116 *Leases*

FRS 116 supersedes FRS 17 *Leases* and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. FRS 116 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under FRS 116. FRS 116 also requires enhanced disclosures by both lessees and lessors.

On initial adoption of this standard, there may be a potentially significant impact on the accounting treatment for the Group's leases, particularly rented office premises and other operating facilities, which the Group, as lessee, currently accounts for as operating leases. 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 2019 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

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.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that have a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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 year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Business combinations

Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain from bargain purchase.

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 consideration paid for the acquisition and share capital of acquiree is recognised directly to equity as merger reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 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, in excess of the standard of performance of the item before the expenditure was made, 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 year 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 year 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 year the asset is derecognised.

Freehold land has an unlimited useful life and therefore is not depreciated. 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
Building	50
Leasehold properties	Over lease term of 20 to 45
Furniture and fittings	3 to 5
Kitchen and office equipment	3 to 6
Motor vehicles	10
Renovation	3 to 6
Operating supplies	2 to 3
Factory equipment	3 to 10
Plant and machinery	10

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 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 2.4 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 year 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 terms 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.

2.6 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Intangible assets (Continued)

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 to 10 years.

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Trademarks

Trademarks are stated at cost less accumulated impairment losses. The management has assessed the useful life of the trademarks to be indefinite and thus the intangible asset is not amortised. The useful life of the trademarks is being reviewed at least annually to determine whether the indefinite useful life assessment continues to be supportable.

2.7 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Impairment of non-financial assets excluding goodwill

The carrying amounts of non-financial assets excluding goodwill 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.

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.

2.9 Inventories

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

The costs of raw materials and trading goods are 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. In the case of manufactured goods, costs include cost of material, direct labour and an appropriate portion of manufacturing overheads.

Work-in-progress is stated at cost which comprises direct material, direct labour and other directly attributable expenses. Allowance is made for anticipated losses, if any, on work-in-progress when the possibility is ascertained.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 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.

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 are recognised in other comprehensive income except that 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 financial asset is derecognised or is determined to be impaired.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

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.

2.11 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, cash at bank and fixed deposits, net of fixed deposits pledged with banks and bank overdrafts.

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 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, including derivative not designated and effective as hedging instrument, or it is designated as such 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.

Certain bank borrowings 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Offsetting and netting

Financial assets and financial liabilities are only offset and the net amount reported on the statements of financial position when there is a legally enforceable right to set off the recognised amounts and where the Group and the Company intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.15 Derivative financial instruments

Derivative financial instruments held by the Group are recognised as assets or liabilities on the statements of financial position and classified as financial assets or financial liabilities at fair value through profit or loss.

The Group uses derivative financial instruments such as forward currency contract to hedge its risks associated with foreign currency. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to profit or loss for the financial year.

2.16 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.

2.17 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 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 associated with the transaction 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, food trading and food manufacturing 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.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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

2.19 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.

2.20 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as expenses in profit or loss in the same financial year 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 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 year in which termination takes place.

Contingent rents are recognised as an expense in profit or loss in the financial year 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 payable.

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.

2.22 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 year in which they are incurred using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Income tax

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

Current income tax

The tax currently payable is based on taxable profit for the financial year. 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

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.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales taxation that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Foreign currencies

In preparing the financial statements of the individual entities, 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 year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial year 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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign exchange translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are taken to the foreign currency translation reserve. On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that operation is reclassified to profit or loss.

2.25 Dividends

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

2.26 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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 whether 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 recoverable amounts of investments in subsidiaries or fair value of financial assets are less than their carrying amounts 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.

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 year are discussed below:

(i) Impairment of goodwill and trademark

Management performs impairment test on goodwill and trademark on an annual basis and whenever there is objective evidence or indication that they are impaired. The process of evaluating the potential impairment of goodwill and trademark is subjective and requires significant judgement. Management estimates the recoverable amount based on the expected future cash flows from the cash generating units to which the trademark and goodwill belong. The carrying values of the cash generating units are then compared against the recoverable amounts. Any excess of the carrying values over the discounted future cash flows are recognised as impairment loss in profit or loss.

The carrying amounts of goodwill and trademark as at 31 March 2016 were approximately $2,095,000 (2015: $Nil) and $7,034,000 (2015: $Nil) respectively.

(ii) 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 as disclosed in Note 2.4 and 2.5 to the financial statements. The carrying amounts of property, plant and equipment of the Group and the Company as at 31 March 2016 were approximately $75,884,000 (2015: $36,014,000) and $14,000 (2015: $13,000) respectively. The carrying amount of investment properties of the Group as at 31 March 2016 was approximately $2,787,000 (2015: $1,064,000). 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.

(iii) Inventory obsolescence

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using first-in, first-out basis. 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 2016 was approximately $9,044,000 (2015: $1,542,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

3.2 Key sources of estimation uncertainty (Continued)

(iv) 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 2016 were approximately $16,688,000 (2015: $5,846,000) and $8,762,000 (2015: $5,915,000) respectively.

(v) 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 2016 were approximately $1,520,000 (2015: $1,401,000) and $23,000 (2015: $23,000) respectively. The carrying amount of deferred tax liabilities of the Group as at 31 March 2016 was approximately $4,678,000 (2015: $408,000).

4. INVENTORIES

	Group	
	2016	2015
	$'000	$'000
Raw materials	5,924	365
Trading goods	2,959	1,058
Work in progress	125	–
Goods-in-transit	36	119
	9,044	1,542

During the financial year ended 31 March 2016, 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 approximately $10,000 (2015: $8,000) as expenses which was included in "Purchases and consumables used" line item in the Group's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

5. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current				
Trade receivables				
– third parties	11,257	1,770	–	–
– related parties	–	6	–	–
	11,257	1,776	–	–
Non-trade receivables				
– third parties	853	2,160	51	1,943
– employees	2	29	–	–
– subsidiaries	–	–	6,261	3,882
– related parties	16	6	–	1
	871	2,195	6,312	5,826
Advances to suppliers	687	277	–	–
Deferred expenses	131	89	131	89
Deposits	3,545	1,312	108	–
	5,234	3,873	6,551	5,915
Total current trade and other receivables	16,491	5,649	6,551	5,915
Non-current				
Non-trade receivables				
– employees	197	197	–	–
– subsidiaries	–	–	2,211	–
	197	197	2,211	–
Total trade and other receivables	16,688	5,846	8,762	5,915

Trade receivables are unsecured, non-interest bearing and generally on 3 to 90 (2015: 3 to 30) days' credit terms.

During financial year 2015, included in the non-trade amount due from a third party of $1,900,000 are secured by personal guarantee of the third party, bore interest rate at 3% per annum and repayable before August 2016. The loan was repaid in full by the third party during the current financial year.

Current and non-current non-trade amounts due from subsidiaries are unsecured, bear interest rate at 3% (2015: Nil%) per annum and repayable on demand, except for amounts due from subsidiaries of approximately $2,211,000 which are unsecured, bear interest rate at 3% to 5% (2015: Nil%) and repayable within 5 (2015: Nil) years.

The carrying amount of non-current non-trade amount due from subsidiaries approximates its fair value as they are floating rate instruments that are repriced to market interest rates on or near the balance sheet date.

Non-trade amount due from 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

5. TRADE AND OTHER RECEIVABLES (Continued)

During the financial year ended 31 March 2016, bad third parties trade receivables written off of approximately $30,000 (2015: $1,000) was recognised in "Other expenses" line item in the Group's profit or loss.

During the financial year ended 31 March 2016, allowance written back of approximately $Nil (2015: $13,000) 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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Singapore dollar	14,951	5,825	8,762	5,915
Chinese renminbi	–	16	–	–
United States dollar	742	5	–	–
Malaysian ringgit	965	–	–	–
Australian dollar	30	–	–	–
	16,688	5,846	8,762	5,915

6. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash and bank balances	11,688	7,559	378	678
Fixed deposits	488	41	–	–
Cash and cash equivalents on statements of financial position	12,176	7,600	378	678
Fixed deposits pledged	(226)	(41)		
Bank overdraft	(1,184)	–		
Cash and cash equivalents on consolidated statement of cash flows	10,766	7,559		

Fixed deposits are placed for a period of 8 to 12 (2015: 12) months and bear effective interest rate at 0.45% (2015: 0.25%) per annum for the financial year ended 31 March 2016. The Group's fixed deposits are readily convertible to cash at minimal cost.

The currency profiles of the Group's and the Company's cash and cash equivalents as at the end of the reporting period are as follows:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Singapore dollar	12,077	7,600	378	678
United States dollar	91	–	–	–
Hong Kong dollar	1	–	–	–
Malaysian ringgit	7	–	–	–
	12,176	7,600	378	678

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

7. ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2016	2015
	$'000	$'000
Balance at beginning of financial year/period	788	–
Reclassified from property, plant and equipment (Note 8)	–	399
Reclassified from investment properties (Note 9)	1,043	389
Disposal	(788)	–
Balance at end of financial year/period	1,043	788

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.

On 23 March 2016, the Group entered into options to dispose of certain investment properties and accordingly, these investment properties have been reclassified as assets held for sale.

As at 31 March 2016, the fair value of the assets classified as held for sale was $2,860,000 (2015: $1,460,000), representing the net proceeds of total consideration offered by third parties to acquire such assets.

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)
2016			
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
2015			
10 E Enterprise Road, Singapore 629831	General office	30 years leasehold from 12 June 2007	653

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

8. PROPERTY, PLANT AND EQUIPMENT

	Land held for development $'000	Freehold land $'000	Building $'000	Leasehold properties $'000	Furniture and fittings $'000	Kitchen and office equipment $'000	Motor vehicles $'000	Renovation $'000	Operating supplies $'000	Factory equipment $'000	Plant and machinery $'000	Construction-in-progress $'000	Total $'000
Group													
Cost													
Balance at 1 April 2015	8,856	–	–	14,460	1,307	6,858	6,122	7,095	857	–	–	32	45,587
Acquisition of subsidiaries (Note 11)	–	2,127	2,147	28,296	27	214	1,051	534	–	465	2,225	–	37,086
Additions	–	–	–	–	304	1,168	4,409	1,642	62	225	1,223	1,363	10,396
Disposals	–	–	–	–	(1)	(5)	(327)	–	–	–	(46)	–	(379)
Written off	–	–	–	–	(18)	(59)	(30)	(305)	–	(14)	(48)	–	(474)
Transfer	–	–	–	–	87	130	–	346	–	–	–	(563)	–
Reclassification	(8,856)	–	–	–	–	–	–	–	–	–	–	8,856	–
Currency re-alignment	–	–	–	–	–	(15)	(10)	(53)	–	(70)	(301)	–	(449)
Balance at 31 March 2016	–	2,127	2,147	42,756	1,706	8,291	11,215	9,259	919	606	3,053	9,688	91,767
Accumulated depreciation and accumulated impairment losses													
Balance at 1 April 2015	–	–	–	1,248	559	3,812	1,772	1,824	358	–	–	–	9,573
Depreciation for the financial year	–	–	41	1,147	387	1,666	926	1,640	285	229	596	–	6,917
Impairment losses	–	136	135	–	–	–	–	–	–	–	–	–	271
Disposals	–	–	–	–	–	(1)	(218)	–	–	–	–	–	(219)
Written off	–	–	–	–	(19)	(39)	(22)	(248)	–	–	–	–	(328)
Currency re-alignment	–	–	–	–	–	(9)	(6)	(42)	–	(50)	(224)	–	(332)
Balance at 31 March 2016	–	136	176	2,395	927	5,429	2,452	3,174	643	179	372	–	15,883
Carrying amount													
Balance at 31 March 2016	–	1,991	1,971	40,361	779	2,862	8,763	6,085	276	427	2,681	9,688	75,884

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land held for development $'000	Leasehold properties $'000	Furniture and fittings $'000	Kitchen and office equipment $'000	Motor vehicles $'000	Renovation $'000	Operating supplies $'000	Construction-in-progress $'000	Total $'000
Group									
Cost									
Balance at 1 February 2014	8,856	14,928	523	3,991	3,220	2,092	367	77	34,054
Additions	–	3	852	2,805	2,956	1,978	490	3,953	13,037
Disposals	–	(542)	–	–	(5)	–	–	–	(547)
Written off	–	–	(68)	(119)	(49)	(218)	–	–	(454)
Reclassified as assets held for sale (Note 7)	–	(503)	–	–	–	–	–	–	(503)
Reclassification	–	574	–	181	–	3,243	–	(3,998)	–
Balance at 31 March 2015	8,856	14,460	1,307	6,858	6,122	7,095	857	32	45,587
Accumulated depreciation									
Balance at 1 February 2014	–	805	333	2,565	1,238	1,087	72	–	6,100
Depreciation for the financial period	–	644	290	1,336	569	936	286	–	4,061
Disposals	–	(97)	–	–	(4)	–	–	–	(101)
Written off	–	–	(64)	(812)	(31)	(199)	–	–	(383)
Reclassified as assets held for sale (Note 7)	–	(104)	–	–	–	–	–	–	(104)
Balance at 31 March 2015	–	1,248	559	3,813	1,772	1,824	358	–	9,573
Carrying amount									
Balance at 31 March 2015	8,856	13,212	748	3,046	4,350	5,271	499	32	36,014

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Company	
	2016 $'000	2015 $'000
Renovation		
Cost		
Balance at beginning of financial year/period	19	7
Additions	8	12
Balance at end of financial year/period	27	19
Accumulated depreciation		
Balance at beginning of financial year/period	6	3
Depreciation for the financial year/period	7	3
Balance at end of financial year/period	13	6
Carrying amount		
Balance at end of financial year/period	14	13

During the financial year, the Group carried out a review of the recoverable amount of its property, plant and equipment. The review led to the recognition of an impairment loss of approximately $271,000 that has been recognised in "Other expenses" line item in the Group's profit or loss. The recoverable amount of the relevant asset has been determined on the basis of its fair value less costs to sell.

As at 31 March 2016, the carrying amounts of motor vehicles of the Group which were acquired under finance lease agreements were approximately $3,181,000 (2015: $2,419,000).

The freehold land, building and leasehold properties of the Group with aggregate carrying amounts of approximately $53,179,000 (2015: $22,068,000) as at 31 March 2016 are mortgaged as security for the banking facilities as set out in Note 20 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 year were financed as follows:

	Group	
	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Additions to property, plant and equipment	10,396	13,037
Provision for dismantlement, removal or restoration	(76)	(146)
Acquired under finance lease arrangements	(3,652)	(1,577)
Cash payments to acquire property, plant and equipment	6,668	11,314

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

In the prior financial year, the Group's land held for development is held for future development as owner-occupied property for the Group's business expansion plan. During the financial year, the management obtained approval from JTC Corporation ("**JTC**") to extend the lease term by 20 years to year 2049. The carrying amount of the Group's land held for development has been transferred to construction-in-progress as the construction works have commenced during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

9. INVESTMENT PROPERTIES

	Group	
	2016	2015
	$'000	$'000
Cost		
Balance at beginning of financial year/period	1,191	1,681
Acquisition of subsidiaries (Note 11)	2,859	–
Disposal	(28)	–
Reclassified as assets held for sale (Note 7)	(1,191)	(490)
Balance at end of financial year/period	2,831	1,191
Accumulated depreciation		
Balance at beginning of financial year/period	127	179
Depreciation for the financial year/period	65	49
Reclassified as assets held for sale (Note 7)	(148)	(101)
Balance at end of financial year/period	44	127
Carrying amount		
Balance at end of financial year/period	2,787	1,064

The fair value of investment properties as at 31 March 2016 amounted to approximately $2,800,000 (2015: $2,900,000). On 1 February 2016, the investment properties were valued by independent and licensed appraisers who have recent experience in the locations and categories of the investment properties being valued, using the direct comparative method. Sales 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 conforms to International Valuation Standards and is based on the assets' highest and best use, which is in line with their actual use. The following table presents the valuation technique and key inputs that were used to determine the fair value of the freehold land and building categorised under level 3 of the fair value hierarchy.

The following table presents the valuation technique and key input that was used to determine the fair value of investment property categorised under Level 3 of the fair value hierarchy:

Country	Description	Fair value at 31 March	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
2016					
Singapore	Commercial property	$1,400,000	Direct comparative method	Market price per square metre	The higher the market price per square metre, the higher the fair value
Singapore	Commercial property	$760,000	Direct comparative method	Market price per square metre	The higher the market price per square metre, the higher the fair value
Singapore	Commercial property	$640,000	Direct comparative method	Market price per square metre	The higher the market price per square metre, the higher the fair value

In 2015, management assessed there were no significant changes in the fair value of investment properties based on the valuation reports performed in 2014.

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 year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

9. INVESTMENT PROPERTIES (Continued)

The following amounts are recognised in profit or loss:

	Group	
	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Rental income	274	179
Property taxes and other direct operating expenses arising from investment properties	47	79

The investment properties of the Group with carrying amounts of approximately $2,787,000 (2015: $1,064,000) as at 31 March 2016 are mortgaged as security for the banking facilities as set out in Note 20 to the financial statements.

The Group's investment properties are as follows:

Location	Description	Tenure	Approximate site area (sq m)
2016			
Block 475 Tampines Street 44 #01-129, Singapore 520475	Commercial shophouse	99 years leasehold from 1 June 1991	40
50 Tuas Avenue 11, #02-12 Tuas Lot, Singapore 639107	Warehouse	99 years leasehold from 1 April 1980	352
16 Jalan Kilang Timor #03-07, Redhill Forum, Singapore 159308	General office	99 years leasehold from 1 January 1961	90
2015			
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	99 years leasehold from 9 October 2000	345

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

10. INTANGIBLE ASSETS

	Computer software $'000	Goodwill $'000	Trademark $'000	Total $'000
Group				
Cost				
Balance at 1 April 2015	431	–	–	431
Acquisition of subsidiaries (Note 11)	267	2,095	7,034	9,396
Additions	41	–	–	41
Balance at 31 March 2016	739	2,095	7,034	9,868
Accumulated amortisation				
Balance at 1 April 2015	69	–	–	69
Amortisation for the financial year	191	–	–	191
Balance at 31 March 2016	260	–	–	260
Carrying amount				
Balance at 31 March 2016	479	2,095	7,034	9,608

	Computer software $'000	Goodwill $'000	Trademark $'000	Total $'000
Group				
Cost				
Balance at 1 February 2014	245	–	–	245
Additions	186	–	–	186
Balance at 31 March 2015	431	–	–	431
Accumulated amortisation				
Balance at 1 February 2014	2	–	–	2
Amortisation for the financial period	67	–	–	67
Balance at 31 March 2015	69	–	–	69
Carrying amount				
Balance at 31 March 2015	362	–	–	362

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

10. INTANGIBLE ASSETS (Continued)

	Company 2016 $'000	Company 2015 $'000
Company		
Computer software		
Cost		
Balance at beginning of financial year/period	14	–
Additions	4	14
Balance at end of financial year/period	18	14
Accumulated amortisation		
Balance at beginning of financial year/period	3	–
Amortisation for the financial year/period	5	3
Balance at end of financial year/period	8	3
Carrying amount		
Balance at end of financial year/period	10	11

The management determines the useful life of trademark to be indefinite as the management intends and has the ability to maintain the trademark for foreseeable future and it is expected to contribute to net cash inflows indefinitely.

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

Impairment test for goodwill and trademark

Goodwill and trademark arising on acquisition of Thong Siek Group (Note 11) are allocated entirely to the food manufacturing segment that are expected to benefit from the business combinations.

The Group tests the cash generating units ("**CGU**") for impairment annually, or more frequently when there is an indication that the unit may be impaired.

The recoverable amounts of the CGU have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period and projection to terminal year. The key assumptions for the value in use calculations are those regarding the revenue growth rates, terminal growth rate and discount rates during the financial year as follow:

	Revenue growth rate %	Terminal growth rate %	Discount rate %
Food manufacturing segment	5-10	2.5	13.5

Management estimates the discount rate using post-tax rates that reflect current market assessment of the time value of money and the risks specific to the CGUs. The growth rate is based on management's estimates and expectations from historical trends.

Sensitivity analysis

With regards to the assessment of value in use for goodwill and trademark, management believes that no reasonably possible changes in any key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

11. INVESTMENTS IN SUBSIDIARIES

	Company 2016 $'000	Company 2015 $'000
Unquoted equity shares, at cost	22,076	6,586
Allowance for impairment loss	(725)	–
	21,351	6,586

Movement in unquoted equity shares, at cost was as follows:

	Company 2016 $'000	Company 2015 $'000
Balance at beginning of financial year/period	6,586	6,586
Additions	190	–
Acquisition of subsidiaries	15,300	–
Balance at end of financial year/period	22,076	6,586

Increase of share capital in wholly-owned subsidiaries of the Company

On 30 October 2015, Neo Global Pte. Ltd. and I Do Flowers & Gifts Pte. Ltd., the wholly-owned subsidiaries of the Company increased their issued and paid-up share capital by way of allotment and issuance of 90,000 and 100,000 new ordinary shares respectively to the Company at a consideration of $90,000 and $100,000 respectively.

Movement in allowance for impairment loss was as follows:

	Company 2016 $'000	Company 2015 $'000
Balance at beginning of financial year/period	–	–
Additions	725	–
Balance at end of financial year/period	725	–

Impairment of subsidiaries

As at the end of the financial year, the Company carried out a review of the investments in subsidiaries, having regard for indicators of impairment on investments in subsidiaries based on the existing performance of subsidiaries. The assessment was made with reference to the net assets value of the subsidiaries which best represented the fair value less cost of disposal. The assessment resulted in the full impairment of a subsidiary with the recognition of an impairment loss of $725,000 in the Company's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

11. INVESTMENTS IN SUBSIDIARIES (Continued)

The details of the subsidiaries are as follows:

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests		Principal activities
	2016 %	2015 %	2016 %	2015 %	
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	–	–	Leasing of vehicle and provision of after-sales services
I DO Flowers & Gifts Pte. Ltd. [(1)] (Singapore)	100	100	–	–	Design, marketing and distribution of floral arrangements, gifts and hampers
Choz Confectionery Pte. Ltd. [(1)] (Singapore)	100	100	–	–	Manufacturing of bread, cakes and confectionery
Thong Siek Holdings Pte. Ltd. [(1)] (Singapore)	55	–	45	–	Investment holding
CT Vegetables & Fruits Pte Ltd [(1)] (Singapore)	90	–	10	–	Importers, exporters and wholesalers of fruits and vegetables

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

11. INVESTMENTS IN SUBSIDIARIES (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests		Principal activities
	2016 %	2015 %	2016 %	2015 %	
Held by Niwa Sushi Pte. Ltd.					
G&C Food Investment Pte. Ltd. [(1)] (Singapore)	100	100	–	–	Franchising and licensing activities in F&B concepts
Held by Thong Siek Holdings Pte. Ltd.					
Thong Siek Food Industry Pte Ltd [(1)] (Singapore)	100	–	–	–	Manufacturing of food products, processing, curing and preserving of fish and other seafood products
Dodo Marketing Pte. Ltd. [(1)] (Singapore)	100	–	–	–	Import, export and wholesale in food products and F&B supplies
TSF Engineering Pte. Ltd. [(1)] (Singapore)	100	–	–	–	Provision of services relating to mechanical and electrical engineering works
TS Food Industry Sdn Bhd [(2)] (Malaysia)	100	–	–	–	Manufacturing and retailing in processed seafood products
Held by CT Vegetables & Fruits Pte Ltd					
C T Fresh Pte. Ltd. [(1)] (Singapore)	100	–	–	–	Importers, exporters and wholesalers of fruits and vegetables.
Cool Fresh Marketing Pte. Ltd. [(1)] (Singapore)	100	–	–	–	Importers, exporters and wholesalers of fruits and vegetables.

[1] Audited by BDO LLP, Singapore
[2] Audited by BDO Chartered Accountants, Malaysia

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

11. INVESTMENTS IN SUBSIDIARIES (Continued)

Non-controlling interests

The summarised financial information before intra-group elimination of the subsidiaries that have material non-controlling interests as at the end of each reporting period are as follows:

	Thong Siek Group 2016 $'000	CT Vege Group 2016 $'000
Assets and liabilities		
Non-current assets	34,612	17,910
Current assets	17,814	5,492
Non-current liabilities	(15,360)	(9,016)
Current liabilities	(26,799)	(3,986)
Net assets	10,267	10,400
Accumulated non-controlling interests	4,620	1,040

	Period from 12 June 2015 (Date of acquisition) to 31 March 2016 $'000	Period from 5 November 2015 (Date of acquisition) to 31 March 2016 $'000
Revenue	37,721	7,497
(Loss)/Profit for the financial year	(4,197)	562
Other comprehensive income for the financial year	274	–
Total comprehensive income for the financial year	(3,923)	562
(Loss)/Profit allocated to non-controlling interests	(1,889)	56
Total comprehensive income allocated to non-controlling interests	(1,765)	56
Net cash (used in)/from operating activities	(1,273)	1,431
Net cash used in investing activities	(9,657)	(4,008)
Net cash from financing activities	7,778	3,159
Net change in cash and cash equivalents	(3,152)	582

Acquisition of subsidiaries

On 12 June 2015, the Group acquired Thong Siek Group, which comprised five entities, namely Thong Siek Holdings Pte. Ltd., 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 $9,900,000 which was satisfied by cash consideration of $9,000,000 and allotment and issuance of 1,000,000 of the Company's ordinary shares amounting to $900,000. The acquisition of Thong Siek Group 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.

Pursuant to a sale and purchase agreement dated 5 November 2015 between the Company and shareholders of CT Vegetables & Fruits Pte Ltd, the Company acquired 90% of issued and fully paid-up share capital of CT Vege Group, which comprises three entities, namely CT Vegetables & Fruits Pte Ltd, C T Fresh Pte. Ltd. and Cool Fresh Pte. Ltd., for an aggregate consideration of $5,400,000, which was satisfied by the allotment and issuance of 907,100 of the Company's ordinary shares amounting to $600,000 and cash consideration of $4,800,000. The acquisition of CT Vege Group represents a strategic advancement of the Group's business into the upstream of the supply chain and provide a vertical integration process that would complement and support the Group's existing catering and manufacturing businesses and operations.

In connection with the acquisition of the 55% and 90% equity interest in Thong Siek Group and CT Vege Group respectively, the Company issued 1,000,000 and 907,100 ordinary shares with fair value of $0.90 and $0.66 each respectively. The fair value of shares issued is the published price of the shares at the respective acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

11. INVESTMENTS IN SUBSIDIARIES (Continued)

The fair values of the identifiable assets and liabilities of the subsidiaries as at the date of acquisition were:

	Thong Siek Group $'000	CT Vege Group $'000	Total $'000
Property, plant and equipment	24,360	12,726	37,086
Investment properties	1,429	1,430	2,859
Intangible assets	7,301	–	7,301
Inventories	4,010	94	4,104
Trade and other receivables	6,490	3,995	10,485
Cash and cash equivalents	3,116	1,070	4,186
Total assets	46,706	19,315	66,021
Bank borrowings	(18,656)	(5,741)	(24,397)
Finance lease payables	–	(94)	(94)
Deferred tax liabilities	(3,250)	(1,022)	(4,272)
Trade and other payables	(10,609)	(2,569)	(13,178)
Provisions	–	(44)	(44)
Income tax payable	–	(9)	(9)
Total liabilities	(32,515)	(9,479)	(41,994)
Net identifiable assets at fair value	14,191	9,836	24,027
Purchase consideration			(15,300)
			8,727
Less: Non-controlling interest measured at the non-controlling interests' proportionate share of net identifiable assets			(7,369)
Less: Gain from bargain purchase on acquisition of subsidiary			(3,453)
Goodwill arising from acquisition			(2,095)

Gain from bargain purchase

The acquisition of CT Vege Group resulted in a gain from bargain purchase of approximately $3,453,000 because the fair values of assets acquired and liabilities assumed exceed the total of the fair value of consideration paid and the fair value of non-controlling interest. The gain from bargain purchase is included in "Other income" line item in the Group's profit or loss and was included in the Food Trading segment.

Goodwill on acquisition

Goodwill of approximately $2,095,000 arising from the acquisition is mainly due to the expected synergies which will be achieved by integrating the investee into the Group's existing business.

None of the goodwill is expected to be deductible for tax purposes.

Transaction costs related to the acquisitions of approximately $230,000 have been recognised in "Other expenses" line item in the Group's profit or loss for the financial year ended 31 March 2016.

The effects of acquisition of subsidiaries on the consolidated statement of cash flows were as follows:

	2016 $'000
Total purchase consideration	15,300
Less: Non-cash consideration (Note 13)	(1,500)
Less: Cash and cash equivalents of subsidiaries acquired	(4,186)
Add: Bank overdraft	561
Net cash outflow on acquisition	10,175

Had the business combination during the financial year been effected at 1 April 2015, the revenue of the Group would have been approximately $141,701,000 and the loss for the year would have been approximately $196,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

12. AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group and Company	
	2016	2015
	$'000	$'000
Quoted equity securities, at fair value		
Balance at beginning of financial year/period	670	693
Fair value changes recognised in other comprehensive income	–	(23)
Reversal of fair value changes previously recognised in other comprehensive income	230	–
Impairment loss	(270)	–
Balance at end of financial year/period	630	670

A significant or prolonged decline in the fair value of available-for-sale financial asset below its cost has led the Group to recognise impairment loss of $270,000 in "Other expenses" line item in the Group's profit or loss.

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.

13. SHARE CAPITAL

	Group and Company			
	2016	2015	2016	2015
	Number of ordinary shares		$'000	$'000
Issued and fully-paid:				
Balance at beginning of financial year/period	144,000,000	144,000,000	6,399	6,399
Issued during the financial year/period	1,907,100	–	1,500	–
Balance at end of financial year/period	145,907,100	144,000,000	7,899	6,399

On 12 June 2015, the Company issued 1,000,000 ordinary shares for consideration of $900,000 pursuant to the completion of the acquisition of Thong Siek Group (Note 11).

On 5 November 2015, the Company issued 907,100 ordinary shares for consideration of $600,000 pursuant to the completion of the acquisition of CT Vege Group (Note 11).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

14. MERGER RESERVES

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

15. 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.

16. FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency and is not distributable.

17. RETAINED EARNINGS

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

	Company	
	2016 $'000	2015 $'000
Balance at beginning of financial year/period	3,554	2,566
Profit for the financial year/period, representing total comprehensive income for the financial year/period	1,717	4,674
Dividends (Note 33)	(1,523)	(3,686)
Balance at end of financial year/period	3,748	3,554

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Current				
Trade payables				
– third parties	6,326	1,514	–	–
Non-trade payables				
– third parties	4,310	1,359	304	235
– subsidiaries	–	–	2,491	3,220
– related parties	1,643	100	1,523	–
– directors of the Company	1,007	302	–	–
	6,960	1,761	4,318	3,455
Goods and services tax payable	342	646	27	18
Deferred income	564	313	–	–
Deposits received	219	45	–	–
Accrued operating expenses	4,714	2,593	738	664
Unutilised annual leave	173	138	–	–
	12,972	5,496	5,083	4,137
Total current trade and other payables	19,298	7,010	5,083	4,137
Non-current				
Non-trade payables				
– subsidiaries	–	–	14,403	–
Total trade and other payables	19,298	7,010	19,486	4,137

Trade payables are unsecured, non-interest bearing and generally on 7 to 30 (2015: 7 to 30) days credit terms.

Current and non-current 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 approximately $16,351,000 (2015: $1,900,000) which are unsecured, bear interest at 3.5% to 5% (2015: 3%) per annum and repayable within 5 years.

The carrying amount of non-current non-trade payables approximates its fair value as they are floating rate instruments that are repriced to market interest rates on or near the date of statement of financial position.

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

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

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Singapore dollar	16,991	7,010	19,486	4,137
Chinese renminbi	3	–	–	–
United States dollar	153	–	–	–
Malaysian ringgit	2,151	–	–	–
	19,298	7,010	19,486	4,137

19. PROVISIONS

	Group	
	2016 $'000	2015 $'000
Balance at beginning of financial year/period	313	206
Provision made during the financial year/period	76	146
Utilisation during the financial year/period	(5)	(58)
Amortisation of discount	16	19
Balance at end of financial year/period	400	313

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.

20. BANK BORROWINGS

	Group	
	2016 $'000	2015 $'000
Current		
Secured		
Term loan I	–	52
Term loan II	110	115
Term loan III	647	689
Term loan IV	377	420
Term loan V	616	598
Term loan VI	1,154	–
Term loan VII	1,716	–
Term loan VIII	52	–
Term loan IX	215	–
Term loan X	232	–
Term loan XI	24	–
Term loan XII	561	–
Term loan XIII	250	–
Term loan XIV	192	–
Term loan XV	1,750	–
Term loan XVI	256	–
Term loan XVII	338	–
Revolving loans	5,350	–
Unsecured		
Term loan XVIII	187	183
Term loan XIX	47	48
Term loan XX	160	–
Term loan XXI	–	151
Revolving loans	9,000	3,000
Bank overdrafts	1,184	–
Trust receipts	6,465	–
	30,883	5,256

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

20. BANK BORROWINGS (Continued)

	Group	
	2016 $'000	2015 $'000
Non-current		
Secured		
Term loan I	–	406
Term loan II	162	278
Term loan III	3,446	4,080
Term loan IV	8,262	8,621
Term loan V	583	1,196
Term loan VI	4,003	–
Term loan IX	4,098	–
Term loan X	611	–
Term loan XI	169	–
Term loan XII	2,301	302
Term loan XIII	750	79
Term loan XVI	6,380	–
Unsecured		
Term loan XVIII	115	–
Term loan XIX	33	–
Term loan XX	82	–
	30,995	14,962
	61,878	20,218

Non-current bank borrowings are repayable as follows:

	Group	
	2016 $'000	2015 $'000
In the second year	4,733	2,079
In the third year	3,928	1,939
In the fourth year	3,848	1,179
In the fifth year	2,524	1,195
After five years	15,962	8,570
	30,995	14,962

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

20. BANK BORROWINGS (Continued)

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

	Group	
	Year ended 31 March 2016 %	Period from 1 February 2014 to 31 March 2015 %
Term loan I	–	3.77
Term loan II	3.53	3.53
Term loan III	4.35	3.95
Term loan IV	5.72	4.61
Term loan V	3.32	2.93
Term loan VI	3.04	–
Term loan VII	4.06	–
Term loan VIII	5.82	–
Term loan IX	2.96	–
Term loan X	6.00	–
Term loan XI	2.76	–
Term loan XII	3.15	–
Term loan XIII	4.12	–
Term loan XIV	2.97	–
Term loan XV	6.12	–
Term loan XVI	2.87	–
Term loan XVII	4.04	–
Term loan XVIII	3.38	2.99
Term loan XIX	3.15	2.95
Term loan XX	3.30	–
Term loan XXI	–	2.86
Revolving loans	3.47	2.92
Bank overdrafts	5.35	–
Trust receipts	4.63	–

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 $28,344,000 (2015: $15,088,000).

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 approximately $788,000. As at 31 March 2015, term loan I is supported by corporate guarantee provided by the Company amounted to $788,000. During the financial year, term loan I has been terminated upon the disposal of the asset pledged for this term loan.

Term loan II is repayable over 60 months commencing from June 2013 to May 2018. As at 31 March 2016, term loan II is secured by the legal mortgage on investment property with carrying amount of approximately $1,043,000 (2015: $1,064,000) and supported by corporate guarantee provided by the Company amounted to $1,140,000 (2015: $1,140,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

20. BANK BORROWINGS (Continued)

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 February 2018.

Term loan VI is repayable over 60 months commencing from July 2015 to June 2020.

As at 31 March 2016, term loan III, IV, V and VI are secured by the legal mortgage on leasehold properties with carrying amount of approximately $21,528,000 (2015: $22,069,000) and supported by corporate guarantee provided by the Company to a bank amounted to $24,560,000 (2015: $18,560,000).

Term loan VII is repayable over 180 months commencing from January 2013 to December 2027.

Term loan VIII is repayable over 14 months commencing from June 2015 to July 2016.

As at 31 March 2016, term loan VII and VIII are secured by the legal mortgage on leasehold properties with carrying amount of approximately $19,415,000 and supported by joint and several guarantees of certain Director of the subsidiary, corporate guarantee provided by the subsidiary and corporate guarantee provided by the Company.

Term loan IX is repayable over 240 months commencing from January 2012 to November 2031.

Term loan X is repayable over 84 months commencing from April 2012 to July 2019.

Term loan XI is repayable over 120 months commencing from July 2013 to December 2022.

Term loan XII is repayable over 60 months commencing from January 2016 to December 2020.

Term loan XIII is repayable over 48 months commencing from January 2016 to December 2019.

As at 31 March 2016, term loan IX, X, XI, XII and XIII are secured by assignment of rental proceeds and legal mortgage on leasehold properties and investment properties with aggregate carrying amount of approximately $12,537,000 and supported by corporate guarantee provided by the Company to a bank amounted to $11,465,000.

Term loan XIV is repayable over 168 months commencing from January 2010 to December 2023. As at 31 March 2016, term loan XIV is secured by legal mortgage on investment property with carrying amount of approximately $351,000 (2015: $Nil) and supported by fresh monies guarantee provided by the Company to a bank.

As at 31 March 2016, the Group has conducted a review of compliance to loan covenants and noted that a certain loan covenant has not been met. In accordance to the terms of the banking facilities, non-compliance may constitute an event of default, rendering the facility being immediately terminated and any outstanding balances will be due immediately. Despite the Group has, subsequent to the financial year, obtained a waiver from the bank waiving the non-compliance, the non-current portion of term loan XIV of approximately $172,000, which would have been payable after twelve months based on original terms, have now been reclassified and presented as current liabilities as at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

20. BANK BORROWINGS (Continued)

Term loan XV is repayable over 2 months commencing from March 2016 to April 2016.

Term loan XVI is repayable over 240 months commencing from November 2015 to October 2035.

Term loan XVII is repayable over 6 months commencing from February 2016 to August 2016.

As at 31 March 2016, term loan XV, XVI and XVII are secured by legal mortgage on leasehold properties with carrying amount of approximately $15,454,000 and supported by joint and several guarantee provided by the Company to a bank amounted to approximately $5,586,000.

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

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

As at 31 March 2016, term loan XVIII and XIX are supported by the corporate guarantee provided by the Company to a bank amounted to $700,000 (2015: $700,000).

Term loan XX is repayable over 24 months commencing from October 2015 to October 2017. As at 31 March 2016, term loan XX is supported by the corporate guarantee provided by the Company to a bank amounted to $935,000.

Term loan XXI is repayable over 12 months commencing from October 2014 to September 2015 and fully settled during the financial year ended 31 March 2016.

Revolving loans have maturity periods ranging from 29 to 185 (2015: 30 to 90) days. Revolving loans amounted to $5,350,000 are secured by legal mortgage on leasehold properties with carrying amount of approximately $40,943,000 and supported by joint and several guarantees of certain Director of the subsidiary, corporate guarantee provided by the subsidiary and corporate guarantee provided by the Company.

Bank overdrafts are repayable on demand. As at 31 March 2016, bank overdrafts are secured by legal mortgage on leasehold properties and investment properties with aggregate carrying amount of approximately $16,830,000.

Trust receipts are repayable within 85 to 123 days. As at 31 March 2016, trust receipts are secured by legal mortgage on leasehold properties and investment properties with aggregate carrying amount of approximately $16,830,000.

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

	Group	
	2016	2015
	$'000	$'000
Banking facilities granted	120,505	29,774
Banking facilities utilised	70,684	21,009

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

21. 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 $'000	Future finance charges $'000	Present value of minimum lease payments $'000
Group			
2016			
Current			
Within one financial year	2,118	(106)	2,012
Non-current			
After one financial year but within five financial years	2,707	(213)	2,494
	4,825	(319)	4,506
2015			
Current			
Within one financial year	594	(16)	578
Non-current			
After one financial year but within five financial years	374	(32)	342
	968	(48)	920

The finance lease terms range from 1 to 7 years (2015: 1 to 5 years) for the financial year ended 31 March 2016. The effective interest rates for the finance lease obligations for the financial year ended 31 March 2016 range from 2.39% to 6.18% (2015: 2.50% to 3.72%) per annum.

The fair values of the Group's non-current finance lease payables approximate its carrying amount as at 31 March 2015 and 31 March 2016.

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 2016, certain finance lease payables are supported by the corporate guarantee provided by the Company to banks amounted to approximately $4,030,000 (2015: $790,000).

The currency profiles of the Group's and the Company's finance lease payables as at the end of the reporting period are as follows:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Singapore dollar	4,466	920	–	–
Malaysian ringgit	40	–	–	–
	4,506	920	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

22. DERIVATIVE FINANCIAL LIABILITIES

	Group 2016 $'000	Group 2015 $'000
Fair value loss on foreign currency forward contracts	82	–

The Company is a party to a variety of foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are denominated in the currency of the Company's principal market.

The following table details the foreign forward currency contracts outstanding as at the end of the reporting period:

	Foreign currency		Notional amount		Fair Value	
	2016 USD'000	2015 USD'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Sell Singapore dollar buy United States dollar in less than 12 months	1,719	–	2,319	–	82	–

The fair value is determined based on the mark-to-market valuation provided by the banks for equivalent instruments at the end of the reporting period.

23. DEFERRED TAX LIABILITIES

	Group 2016 $'000	Group 2015 $'000
Balance at beginning of financial year/period	408	210
Acquisition of subsidiaries	4,272	–
Charged to profit or loss	(2)	198
Balance at end of financial year/period	4,678	408

Deferred tax liabilities arise as a result of temporary differences of the following computed at statutory tax rate of 17% (2015: 17%):

	Group 2016 $'000	Group 2015 $'000
Accelerated tax depreciation	444	424
Accrued unutilised leave	(16)	(16)
Acquisition of subsidiaries		
– Accelerated tax depreciation	1,900	–
– Fair value of property, plant and equipment	872	–
– Fair value of investment properties	282	–
– Fair value of intangible assets	1,196	–
	4,678	408

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

24. REVENUE

	Group	
	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Sales of food and beverages		
– Food catering	62,595	57,330
– Food retail	17,468	19,146
– Food and catering supplies	343	427
– Food manufacturing	36,932	–
– Food trading	7,108	–
Franchise fee	18	21
Other businesses	954	478
	125,418	77,402

25. OTHER INCOME

	Group	
	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Allowance for impairment loss on third parties trade receivables written back	–	13
Food reimbursement income	91	119
Dividend income	18	34
Gain on disposal of assets classified as held for sale	672	–
Gain on disposal of property, plant and equipment	47	455
Gain from bargain purchase on acquisition of subsidiaries	3,453	–
Government grants	1,517	1,098
Rental income	533	180
Others	138	243
	6,469	2,142

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

26. EMPLOYEE BENEFITS EXPENSE

	Group	
	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Salaries, wages, bonuses and other staff benefits	33,733	23,381
Contributions to defined contribution plans	3,442	1,549
Directors' fees	210	196
	37,385	25,126

Included in the employee benefits expense were the remuneration of Directors and key management personnel of the Group as set out in Note 34 to the financial statements.

27. DEPRECIATION AND AMORTISATION EXPENSES

	Group	
	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Depreciation of property, plant and equipment	6,917	4,061
Depreciation of investment properties	65	49
Amortisation of intangible assets	191	67
	7,173	4,177

28. OPERATING LEASE EXPENSES

	Group	
	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Rental of equipment, vessel and vehicles	1,343	720
Rental of hostel, kitchens and warehouse	1,505	592
Rental of offices	873	810
Rental of outlets		
– minimum lease payments	3,452	2,939
– contingent rent	154	164
	7,327	5,225

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

29. FINANCE COSTS

	Group	
	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Interest expenses		
– term loans	1,093	302
– finance leases	97	17
– amortisation of discount on provision	16	19
– amortisation of discount on other receivables	23	24
– bank overdraft	32	–
– revolving loans	156	90
– trust receipts	194	–
	1,611	452

30. 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	
	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Other expenses		
Audit fees paid/payable to auditors of the Company	199	118
Non-audit fees paid/payable to auditors of the Company	43	64
Bad third parties trade receivables written off	30	1
Credit card charges	583	413
Fair value loss on derivative financial instruments	82	–
Impairment loss on available-for-sale financial asset	270	–
Impairment loss on property, plant and equipment	271	–
Insurance	623	367
Laundry and dish washing expenses	83	100
Loss on disposal of investment property	25	–
Low value assets items expensed	599	316
Printing and stationery expenses	258	300
Professional and legal fees	1,179	707
Plant and equipment written off	146	71
Repairs and maintenance	1,264	520
Software and programming expenses	400	274
Telephone and internet charges	395	321
Upkeep of motor vehicles	816	677

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

31. INCOME TAX EXPENSE

	Group	
	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Current income tax		
– current financial year/period	1,478	1,278
– over–provision in prior financial years	(492)	(53)
– withholding tax expense	3	4
	989	1,229
Deferred income tax		
– current financial year/period	(2)	106
– under–provision in prior financial years	–	92
	(2)	198
Total income tax expense recognised in profit or loss	987	1,427

Reconciliation of effective income tax rate

	Group	
	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Profit before income tax	5,216	8,829
Income tax calculated at Singapore's statutory income tax rate of 17% (2015: 17%)	887	1,501
Expenses not deductible for income tax purposes	656	343
Income not subject to income tax	(858)	(147)
Income tax exemption	(261)	(99)
Enhance tax deduction and tax rebate	(318)	(441)
Over-provision of income tax in prior financial years	(492)	(53)
Under-provision of deferred income tax in prior financial years	–	92
Deferred tax assets not recognised	1,172	174
Withholding tax expense	3	4
Others	198	53
	987	1,427

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For the financial year ended 31 March 2016

31. INCOME TAX EXPENSE (Continued)

Unrecognised deferred tax assets

	Group	
	2016	2015
	$'000	$'000
Balance at beginning of financial year/period	188	14
Amount not recognised during the financial year/period	1,172	174
Balance at end of financial year/period	1,360	188

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

	Group	
	Year ended 31 March 2016	Period from 1 February 2014 to 31 March 2015
	$'000	$'000
Unutilised tax losses	940	128
Unabsorbed capital allowances	286	169
Accelerated tax depreciation	124	(117)
Accrued unutilised leave	3	8
Others	7	–
	1,360	188

As at 31 March 2016, the Group has unutilised tax losses of approximately $5,529,000 (2015: $752,000) and unabsorbed capital allowances of approximately $1,682,000 (2015: $992,000) 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 $1,226,000 (2015: $297,000) as at 31 March 2016 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 2.23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

32. EARNINGS PER SHARE

The calculation for earnings per share is based on:

	Group	
	Year ended 31 March 2016	Period from 1 February 2014 to 31 March 2015
Profit attributable to owners of the parent ($'000)	6,062	7,402
Weighted average/Actual number of ordinary shares in issue during the financial year/period applicable to basic earnings per share	145,170,084	144,000,000
Basic and diluted earnings per share (in cents)	4.18	5.14

The basic earnings per share is computed by dividing the profit attributable to owners of the parent in each financial year/period by the weighted average/actual number of ordinary shares in issue during the respective financial year/period.

The diluted 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.

33. DIVIDENDS

	Group	
	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
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
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
A final tax exempt dividend of $0.0105 per share on 145,000,000 ordinary shares in respect of financial period from 1 February 2014 to 31 March 2015	1,523	–
	1,523	3,686

The Board of Directors proposed that a final tax-exempt dividend of $0.0100 per ordinary share amounting to approximately $1,459,000 be paid in respect of current financial year ended 31 March 2016. 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 year ended 31 March 2016

34. SIGNIFICANT RELATED PARTY TRANSACTIONS

A related party is defined as follows:

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

(i) Has control or joint control over the Group and the Company;

(ii) Has significant influence over the Group and the Company; or

(iii) Is a member of the key management personnel of the Group and the Company or of a parent of the Group.

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

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

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

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

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 year/period:

	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Group		
With related parties*		
Sales to	–	(9)
Expenses made on behalf of	–	(1)
Loan from	1,500	–
Loan interest to	23	–
Provision of IT services by	101	129
Purchases of IT equipment from	152	133
Rental income received from	(18)	(21)
Operating lease expenses paid to	340	378
Utilities income received from	(6)	(7)

* Related parties refer to entities in which the directors of the Company have beneficial interests

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

34. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Group		
With directors of the Company		
Sales to	(16)	(11)
Loan from	800	288
Operating lease expenses paid to	307	380
Company		
With subsidiaries		
Dividend income from	(4,000)	(5,100)
Expenses made on behalf of	(465)	(449)
Loan from	15,980	1,900
Loan interest to	(322)	–
Loan to	(4,211)	–
Loan interest from	63	–
Management fee income from	(1,987)	(2,296)

As the Group employs foreign workers in Singapore, a security bond of $5,000 (2015: $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 $660,000 (2015: $475,000) as at 31 March 2016. As at 31 March 2016, 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 year/period was as follows:

	Group	
	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Directors of the Company		
– short-term benefits	1,442	1,690
– post-employment benefits	60	62
– directors' fee	210	196
Directors of subsidiaries		
– short-term benefits	669	78
– post-employment benefits	60	11
Other key management personnel		
– short-term benefits	760	799
– post-employment benefits	69	71
	3,270	2,907

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For the financial year ended 31 March 2016

35. 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 (2015: 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	
	2016 $'000	2015 $'000
Not later than one financial year	636	106
Later than one financial year but not later than five financial years	589	6
	1,225	112

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 (2015: 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	
	2016 $'000	2015 $'000
Not later than one financial year	4,802	3,246
Later than one financial year but not later than five financial years	3,533	3,035
	8,335	6,281

36. CAPITAL COMMITMENTS

As at 31 March 2016, the Group has capital commitments on the construction-in-progress for the renovation and improvements to leasehold properties amounting to approximately $755,000 (2015: $73,500).

37. 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 six (2015: four) reportable operating segments as follows:

(a) Food catering business

(b) Food retail business

(c) Food and catering supplies business

(d) Food manufacturing

(e) Food trading

(f) 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.

Food manufacturing segment manufactures, distributes and retails surimi-based seafood products and the "DoDo" brand of fishballs.

Food trading segment imports, exports and wholesale fruits and vegetables to a wide customer base.

Other businesses segment involved 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 inventories, receivables, prepayment, cash and cash equivalents, property, plant and equipment, investment properties, intangible assets and available-for-sale financial asset. Segment liabilities comprise operating liabilities and exclude tax liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

37. SEGMENT INFORMATION (Continued)

	Food catering business $'000	Food retail business $'000	Food and catering supplies business $'000	Food manufacturing $'000	Food trading $'000	Other businesses $'000	Unallocated $'000	Elimination $'000	Total $'000
Group									
2016									
Revenue									
External revenue	62,595	17,486	343	36,932	7,108	954	–	–	125,418
Inter–segment revenue	132	–	37,481	339	389	682	–	(39,023)	–
	62,727	17,486	37,824	37,271	7,497	1,636	–	(39,023)	125,418
Results									
Segment results	11,526	(348)	1,466	(1,495)	1,175	(151)	2,393	(3,993)	10,573
Interest income	436	–	185	–	34	–	64	(712)	7
Interest expense	(755)	(23)	(318)	(686)	(135)	(54)	(345)	705	(1,611)
Depreciation of property, plant and equipment	(3,436)	(975)	(412)	(1,651)	(294)	(142)	(7)	–	(6,917)
Depreciation of investment properties	–	–	–	–	–	–	(65)	–	(65)
Amortisation of intangible assets	(119)	(7)	(14)	(39)	–	(6)	(6)	–	(191)
Plant and equipment written off	(71)	(2)	(1)	(72)	–	–	–	–	(146)
Gain on disposal of property, plant and equipment	9	–	–	43	–	(5)	–	–	47
Gain on disposal of assets held for sale	–	–	–	–	–	–	672	–	672

37. SEGMENT INFORMATION (Continued)

	Food catering business $'000	Food retail business $'000	Food and catering supplies business $'000	Food manufacturing $'000	Food trading $'000	Other businesses $'000	Unallocated $'000	Elimination $'000	Total $'000
Group									
2016									
Results (Continued)									
Gain from bargain purchase on acquisition of subsidiaries (Note 11)	–	–	–	–	3,453	–	–	–	3,453
Loss on disposal of investment property	–	–	–	–	–	–	(25)	–	(25)
Other non-cash expenses:									
– Inventories written down	–	–	(9)	–	–	(1)	–	–	(10)
– Bad third parties trade receivables written off	(4)	(1)	–	(25)	–	–	–	–	(30)
– Impairment loss on available-for-sale financial asset	–	–	–	–	–	–	(270)	–	(270)
– Impairment loss on property, plant and equipment	–	–	–	(271)	–	–	–	–	(271)
Profit/(Loss) before income tax	7,586	(1,356)	897	(4,196)	4,233	(359)	2,411	(4,000)	5,216
Income tax expense									(987)
Profit for the financial year									4,229

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

37. SEGMENT INFORMATION (Continued)

	Food catering business $'000	Food retail business $'000	Food and catering supplies business $'000	Food manufacturing $'000	Food trading $'000	Other businesses $'000	Unallocated $'000	Elimination $'000	Total $'000
Group									
2016									
Capital expenditure									
Property, plant and equipment	4,418	787	97	3,762	74	1,250	8	–	10,396
Intangible assets	21	2	7	–	–	7	4	–	41
Assets and liabilities									
Assets	63,575	1,487	21,850	53,145	21,992	1,964	11,638	(47,032)	128,619
Liabilities	40,436	2,797	18,710	38,910	11,813	1,696	19,486	(47,684)	86,164
Less:									
– Current income tax payable									1,520
– Deferred tax liabilities									4,678
									92,362

37. SEGMENT INFORMATION (Continued)

	Food catering business $'000	Food retail business $'000	Food and catering supplies business $'000	Other businesses $'000	Unallocated $'000	Elimination $'000	Total $'000
Group							
2015							
Revenue							
External revenue	57,330	19,167	427	478	–	–	77,402
Inter-segment revenue	1	–	17,695	102	–	(17,798)	–
	57,331	19,167	18,122	580	–	(17,798)	77,402
Results							
Segment results	13,254	748	1,022	(382)	4,047	(5,619)	13,070
Interest income	9	–	–	–	4	–	13
Interest expense	(347)	(22)	(36)	(24)	(23)	–	(452)
Depreciation of property, plant and equipment	(2,766)	(906)	(376)	(10)	(3)	–	(4,061)
Depreciation of investment properties	–	–	–	–	(49)	–	(49)
Amortisation of intangible assets	(46)	(4)	(11)	(3)	(3)	–	(67)
Plant and equipment written off	(42)	(5)	(24)	–	–	–	(71)
Gain on disposal of property, plant and equipment	–	–	–	–	455	–	455
Other non-cash expenses:							
– Inventories written down	–	–	–	(8)	–	–	(8)
– Bad third parties trade receivables written off	(1)	–	–	–	–	–	(1)
Profit/(Loss) before income tax	10,061	(189)	575	(427)	4,428	(5,619)	8,829
Income tax expense							(1,427)
Profit for the financial period							7,402
Capital expenditure							
Property, plant and equipment	9,318	2,144	1,408	154	13	–	13,037
Intangible assets	97	21	39	11	17	–	185
Assets and liabilities							
Assets	49,116	4,597	8,149	1,016	15,748	(24,178)	54,448
Liabilities	29,739	4,548	5,889	576	5,003	(17,294)	28,461
Less:							
– Current income tax payable							1,402
– Deferred tax liabilities							407
							30,270

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

37. 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.

	Singapore $'000	Others $'000	Total $'000
Group			
2016			
Total revenue from external customers	116,840	8,578	125,418
Non-current assets	86,602	1,677	88,279
2015			
Total revenue from external customers	77,381	21	77,402
Non-current assets	37,440	–	37,440

Major customer

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 10% or more of the Group's total revenue for each of the reporting period.

38. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

38.1 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.

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 2016, the Company has significant credit exposure arising from the non-trade amounts due from subsidiaries amounting to approximately $8,472,000 (2015: $3,882,000).

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 banks with high credit-ratings assigned by international credit rating agencies.

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	
	2016 $'000	2015 $'000
Past due for 1 to 30 days	6,738	728
Past due for 31 to 60 days	1,560	248
Past due for 61 to 90 days	401	57
Past due for more than 90 days	1,834	66

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

38.2 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.

38.3 Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to bank borrowings as shown in Note 20 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 decrease or increase by:

	Group	
	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Bank borrowings	309	101

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

38.4 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 12 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% (2015: 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	
	Year ended 31 March 2016 $'000	Period from 1 February 2014 to 31 March 2015 $'000
Available-for-sale financial asset	126	134

38.5 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.

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For the financial year ended 31 March 2016

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

38.5 Liquidity risk (Continued)

Contractual maturity analysis

	Within one financial year $'000	After one financial year but within five financial years $'000	After five financial years $'000	Total $'000
Group				
2016				
Financial liabilities				
Trade and other payables	18,294	–	–	18,294
Bank borrowings	32,065	19,165	21,157	72,387
Finance lease payables	2,118	2,707	–	4,825
Total undiscounted financial liabilities	52,477	21,872	21,157	95,506
2015				
Financial liabilities				
Trade and other payables	5,913	–	–	5,913
Bank borrowings	5,578	8,438	11,261	25,277
Finance lease payables	594	374	–	968
Total undiscounted financial liabilities	12,085	8,812	11,261	32,158
Company				
2016				
Financial liabilities				
Trade and other payables	5,711	15,876	–	21,587
Total undiscounted financial liabilities	5,711	15,876	–	21,587
Financial corporate guarantee	76,280	–	–	76,280
2015				
Financial liabilities				
Trade and other payables	4,119	–	–	4,119
Total undiscounted financial liabilities	4,119	–	–	4,119
Financial corporate guarantee	18,009	–	–	18,009

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. The financial guarantees have not been recognised in the financial statements of the Group as the Directors do not consider it probable that a claim will be made against the Group under the guarantees.

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 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

38.5 Liquidity risk (Continued)

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 March 2015.

38.6 Capital management policies and objectives

As at 31 March 2016 and 31 March 2015, the Group is subject to financial covenant in respect of most of the bank borrowings as disclosed in Note 20 to the financial statements. The Group has complied with these externally imposed capital requirements, except as disclosed in Note 20 to the financial statements.

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

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Bank borrowings	61,878	20,218	–	–
Finance lease payables	4,506	920	–	–
Less: Cash and cash equivalents	(12,176)	(7,600)	(378)	(678)
Net debt	54,208	13,538	(378)	(678)
Total equity	30,597	24,178	11,647	9,723
Gearing ratio	177.2%	56.0%	n.m.	n.m.

n.m. The gearing ratio is not disclosed as it is not meaningful because the cash and cash equivalents are higher than bank borrowings and finance lease payables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

38.7 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).

Fair values 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 20 and 21 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 values 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 12 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 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2016				
Available-for-sale financial asset	630	–	–	630
Derivative financial instruments	–	(82)	–	–
2015				
Available-for-sale financial asset	671	–	–	671

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

38.8 Categories of financial instruments

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

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial assets				
Loans and receivables	28,243	13,081	9,009	6,504
Available-for-sale financial asset	630	670	630	670
	28,873	13,751	9,639	7,174
Financial liabilities				
Other financial liabilities, at amortised cost	84,678	27,051	19,459	4,119
Fair value through profit or loss	82	–	–	–
	84,760	27,051	19,459	4,119

39. COMPARATIVE FIGURES

The consolidated financial statements for the current financial year cover a 12-month period from 1 April 2015 to 31 March 2016 while the comparative figures cover a 14-month period from 1 February 2014 to 31 March 2015.

40. EVENTS AFTER THE REPORTING PERIOD

Proposed acquisitions for U Market Place Enterprise Pte. Ltd. and Joo Chiat Kim Choo Pte. Ltd.

On 13 June 2016, the Company entered into a legally binding term sheet with the owners of U-Market Place Enterprise Pte. Ltd. ("**U-Market**") and Joo Chiat Kim Choo Pte. Ltd. ("**JCKC**") to acquire 55% of the entire issued and paid-up share of both U-Market and JCKC ("**Proposed Acquisitions**") for a purchase consideration of $1,925,000.

U-Market is involved in manufacturing of rice dumplings and sales of BBQ products and various meat-related items through six outlets operating in Singapore and JCKC is currently an investment holding company. The acquisitions represent a strategic advancement of the Group's business into the upstream of the supply chain and provides a vertical integration process that will complement and support the Group's existing catering and manufacturing businesses and operations.

As at the date of these financial statements, the Company is in the midst of finalising the due diligence of the Proposed Acquisitions. Accordingly, no disclosure on the effect of the Proposed Acquisitions 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.

Acquisition of leasehold property

On 30 June 2016, a subsidiary, Thong Siek Food Industry Pte. Ltd., entered into a Sale and Purchase Agreement with a third party to purchase a commercial property located at 22 Senoko Way for a purchase consideration of $15,000,000.

Increase of share capital in wholly-owned subsidiaries of the Company

Subsequent to financial year, the issued and paid-up capital of I DO Flowers & Gifts Pte. Ltd. ("**I Do**") and Niwa Sushi Pte. Ltd. ("**Niwa**") were increased by additional allotment of 330,000 and 2,000,000 ordinary shares respectively, for an aggregate consideration of $2,330,000, which was satisfied in full by capitalisation of the intercompany balances owing by I Do and Niwa to the Company.

STATISTICS OF SHAREHOLDINGS

As at 17 June 2016

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest		
Substantial Shareholders	Number of Shares	%	Number of Shares	%	Total %
Neo Kah Kiat	101,116,550	69.30	8,064,000	5.53	74.83[1]
Liew Oi Peng	8,064,000	5.53	101,116,550	69.30	74.83

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 also deemed to be interested in the shares held by his spouse, Ms Liew Oi Peng, and vice versa.

SHAREHOLDING HELD IN PUBLIC HANDS

Approximately 16.54% of the shareholding of the Company is held in the hands of the public as at 17 June 2016 and Rule 723 of the Catalist Rule is complied with.

STATISTICS OF SHAREHOLDINGS

As at 17 June 2016

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	122	21.00	110,300	0.07
1,001 – 10,000	270	46.47	1,541,600	1.06
10,001 – 1,000,000	180	30.98	15,916,692	10.91
1,000,001 AND ABOVE	9	1.55	128,338,508	87.96
Total	**581**	**100.00**	**145,907,100**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Neo Kah Kiat	101,116,550	69.30
2	Liew Oi Peng	8,064,000	5.53
3	Lee Kwang Boon (Li Guangwen)	5,200,000	3.56
4	Sirius Venture Capital Pte. Ltd.	4,320,000	2.96
5	Poon Wai	2,850,000	1.95
6	CIMB Securities (Singapore) Pte. Ltd.	2,030,000	1.39
7	Maybank Kim Eng Securities Pte. Ltd.	2,020,000	1.38
8	Liew Choh Khing	1,691,558	1.16
9	Chin Chee Hwa	1,046,400	0.72
10	Bank Of Singapore Nominees Pte. Ltd.	1,000,000	0.69
11	Khoo Hang Choong	1,000,000	0.69
12	Lim Boon Chay	1,000,000	0.69
13	Teo Hwee Ai (Zhang Hui'ai)	935,000	0.64
14	Teo Kian Lam	907,100	0.62
15	Dbs Nominees (Private) Limited	622,500	0.43
16	Tan Kok Ching	500,000	0.34
17	Choo Kwe Yen	414,000	0.28
18	United Overseas Bank Nominees (Private) Limited	406,600	0.28
19	Loh Tai Min	389,000	0.27
20	Cheong Zhen Wen (Zhang Zhenwen)	368,000	0.25
	TOTAL	**135,880,708**	**93.13**

NOTICE OF FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the Fourth Annual General Meeting of the Company will be held at The Business Lounge @ Level 2, 1 Enterprise Road, Singapore 629813 on Thursday, 28 July 2016 at 11.30 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2016 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To declare a tax exempt (one-tier) final dividend of S$0.01 per ordinary share in respect of the financial year ended 31 March 2016. **(Resolution 2)**

3. To approve the proposed Directors' fees of S$210,000 for the financial year ended 31 March 2016. (2015:S$195,832) **(Resolution 3)**

4. To re-elect the following Directors of the Company who retired by rotation in accordance with Article 98 of the Company's Constitution and who being eligible, offer themselves for re-election:

   (a) Mr Neo Kah Kiat *[See Explanatory Note (a)]* **(Resolution 4)**

   (b) Mr Lee Kwang Boon *[See Explanatory Note (b)]* **(Resolution 5)**

   (c) Mr Wong Hin Sun, Eugene *[See Explanatory Note (c)]* **(Resolution 6)**

5. To re-appoint Messrs BDO LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as 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);

   (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 of 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 Constitution 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, whicheveris earlier."

[See Explanatory Note (d)] **(Resolution 8)**

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 (e)] **(Resolution 9)**

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 (f)] **(Resolution 10)**

10. **PROPOSED ADOPTION OF SHARE PURCHASE MANDATE**

THAT:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50, the authority conferred on the Directors of the Company to exercise all the powers of the Company to purchase or otherwise acquire issued Ordinary Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the SGX-ST; and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**"),

NOTICE OF FOURTH ANNUAL GENERAL MEETING

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; or

(ii) the date on which the purchases or acquisitions of the Shares pursuant to Share Purchase Mandate are carried out to the full extent mandated.

(c) in this Resolution:

"**Maximum Limit**" means that number of issued Ordinary Shares representing 5% of the total number of the issued Ordinary Shares as at the date of the passing of this Resolution (excluding any Ordinary Shares which are held as treasury shares as at that date);

"**Maximum Price**", in relation to an Ordinary Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed: -

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(ii) in the case of an Off-Market Purchase, 105% of Average Closing Price or Highest Last Dealt Price (as defined hereinafter), pursuant to an equal access scheme;

"**Average Closing Price**" means the average of the closing market prices of a Share for the five consecutive Market Days on which the Shares are transacted on the SGX-ST immediately preceding the date of Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the Listing Rules for any corporate action which occurs after the relevant five Market Days;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase.

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

(d) the Directors of the Company be and are hereby authorised to deal with the Shares purchased by the Company pursuant to the Share Purchase Mandate in any manner as they think fit, which is allowed under the Companies Act, Chapter 50; and

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution. *[See Explanatory Note (g)]* **(Resolution 11)**

By Order of the Board

Pan Mi Keay
Company Secretary

11 July 2016
Singapore

NOTICE OF FOURTH ANNUAL GENERAL MEETING

Explanatory Notes:

(a) Key information on Mr Neo Kah Kiat, who is seeking re-election as a Director of the Company, is found on page 10 of the Annual Report. Details of the share interests of Mr Neo Kah Kiat in the Company can be found on pages 59 and 136 of the Annual Report. Mr Neo Kah Kiat is the Executive Chairman and Chief Executive Officer and spouse of Ms Liew Oi Peng, who is also the Executive Director of the Company.

(b) Key information on Mr Lee Kwang Boon, who is seeking re-election as a Director of the Company, is found on page 11 of the Annual Report. Details of the share interests of Mr Lee Kwang Boon in the Company can be found on pages 59 and 136 of the Annual Report. Mr Lee Kwang Boon is the Executive Director and brother in law of Ms Liew Oi Peng, who is also the Executive Director of the Company and spouse of Mr Neo Kah Kiat.

(c) Key information on Mr Wong Hin Sun, Eugene, who is seeking re-election as a Director of the Company, is found on pages 5 to 6 of the Annual Report. Mr Wong Hin Sun, Eugene will remain as the Non-Executive Non-Independent Director and Member of the Board Committees of Audit and Risk, Remuneration and Nominating upon re-election as a Director of the Company. Details of the share interests of Mr Wong Hin Sun, Eugene in the Company can be found on pages 59 and 136 of the Annual Report. There are no relationships (including immediate family relationships) between Mr Wong Hin Sun, Eugene and the other Directors, or the Company, or its 10% shareholders.

(d) The proposed ordinary resolution 8, 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.

(e) The proposed ordinary resolution 9, 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.

(f) The proposed ordinary resolution 10, 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.

(g) The proposed ordinary resolution 11, if passed, will empower the Directors of the Company from the date of the above meeting until the date of the next Annual General Meeting to purchase or acquire up to 5% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution. Details of the proposed Share Purchase Mandate are set out in the Addendum to this Annual Report.

NOTICE OF FOURTH ANNUAL GENERAL MEETING

Notes:

(1) A shareholder of the Company entitled to attend and vote at the Annual General Meeting of the Company may appoint not more than two proxies to attend and vote in his/her stead. A shareholder of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a shareholder of the Company.

(2) Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member.

(3) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at 1 Enterprise Road, Singapore 629813 not later than 48 hours before the time appointed for the holding of the Annual General Meeting.

(4) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

(5) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

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.

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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 shares in the capital of Neo Group Limited, this Annual Report 2016 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 failing him/her, (delete where appropriate)

Name	NRIC/Passport No.	Proportion of Shareholding(s)	
		No. of Shares	%
Address			

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Fourth Annual General Meeting ("**AGM**") of the Company to be held at The Business Lounge @ Level 2, 1 Enterprise Road, Singapore 629813 on Thursday, 28 July 2016 at 11.30 a.m. and at any adjournment thereof.

☐ Please tick here if more than two proxies will be appointed (Please refer to note 3). This is only applicable for intermediaries such as banks and capital markets services license holders which provide custodial services.

All resolutions put to the vote at the AGM shall be decided by way of poll.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the Notice of AGM. In the absence of specific directions, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the Meeting.)

Resolution No.	Ordinary Resolutions	For	Against
1.	Adoption of Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2016 together with the Independent Auditor's Report thereon.		
2.	Declaration of final one tier tax-exempt dividend of 1 Singapore cent per ordinary share for the financial year ended 31 March 2016.		
3.	Approval for payment of proposed Directors' fees of S$210,000 for the financial year ended 31 March 2016.		
4.	Re-election of Mr Neo Kah Kiat as Director.		
5.	Re-election of Mr Lee Kwang Boon as Director.		
6.	Re-election of Mr Wong Hin Sun, Eugene as Director.		
7.	Re-appointment of Messrs BDO LLP as Auditors.		
8.	Authority to allot and issue shares.		
9.	Authority to issue shares under the Neo Group Employee Share Option Scheme.		
10.	Authority to allot and issue shares under the Neo Group Performance Share Plan.		
11.	Approval for the proposed adoption of Share Purchase Mandate.		

Dated this ____________ day of ____________ 2016

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

Affix
Postage
Stamp
Here

The Company Secretary
NEO GROUP LIMITED
1 Enterprise Road
Singapore 629813

1st fold here

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 131 of the Companies Act, Cap. 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members of the Company, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
2. A shareholder entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
3. Intermediaries such as banks and capital markets services license holders which provide custodial services and are shareholders of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the shareholder. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
4. The instrument appointing a proxy or proxies, duly executed, 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 AGM.
5. Where a shareholder appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy and, if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid. 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.
8. A corporation which is a shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap. 50.
9. The submission of an instrument or form appointing a proxy by a shareholder does not preclude him from attending and voting in person at the AGM if he so wishes.
10. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

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 Fourth Annual General Meeting dated 11 July 2016.

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