NEO Group Limited

Annual Report 2013

WE'RE NUMBER

NE

AWARDS AND ACCOLADES

2013

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

Promising SME 500 2013

2012

Singapore Prestige Brand Award
(Overall Winner, SPBA-Established Brands)

Singapore Prestige Brand Award
(Most Popular Established Brand)

Singapore Prestige Brand Award
(Established Brands)

Entrepreneur of The Year Award
EYA 2012 Top Entrepreneurs

Entrepreneur of The Year Award
EYA for Enterprise 2012

HACCP Certificate
Food Safety Management System

2011

Excellent Service Award 2011

Singapore SME 1000 Company 2011

2011 Successful Entrepreneur
(Platinum Category)

Singapore Prestige Brand Award
(Most Popular Established Brand)

Singapore Prestige Brand Award
(Established Brands)

SME1 Asia Awards
Distinguished Award 2011 (Top 5)

2010

Spirit of Enterprise Award Honours

We Are Number ONE!

We are clearly a hot favourite among Singapore consumers, as our flagship catering brand, "Neo Garden Catering", was ranked as the **NUMBER ONE** events caterer in Singapore by Euromonitor[1].

On 11 July 2012, Neo Group crossed another momentous corporate milestone when we successfully listed on the Catalist Board of the Singapore Exchange Securities Trading Limited. Thanks to your support, our Initial Public Offering was approximately 15.0 times subscribed.

We are pleased to present to you our FIRST annual report as a newly listed company. We look forward to your continued support as we further strengthen Neo Group's position as the caterer of choice in Singapore.

Neo Group is the **NUMBER ONE** events caterer in Singapore[1]

[1] Ranked by Euromonitor International Limited in 2012

CORPORATE PROFILE

Backed by a track record of more than 20 years, home-grown Neo Group Limited ("Neo Group" or together with its subsidiaries, the "Group") (梁苑集团有限公司) is a leading food catering group with some of the most recognised brand names in Singapore.

Under its Food Catering Business, the Group supplies a comprehensive range of quality food and buffets to diverse clientele through its "Neo Garden Catering", "Orange Clove Catering" and "Deli Hub Catering" brands. In 2012, the Group was ranked as the number one events caterer in Singapore with a 9.0% share of the S$306.6 million events catering market.[1]

Under its Food Retail Business, the Group operates a successful chain of 18 "umisushi" food retail outlets as at 31 January 2013, offering Japanese convenience foods as well as delivery services. Targeting students, working adults and young families, its outlets are located island-wide in accessible locations mainly near MRT stations and in shopping malls.

To support these operations, the Group has central kitchens with an aggregate built-in floor area of over 25,000 square feet in four locations in the eastern and western parts of Singapore and a fleet of 124 delivery vehicles as at 31 January 2013.

The Group also has a complementary Food and Catering Supplies Business, which sources certain food ingredients and catering supplies directly from manufacturers and/or distributors, ensuring a timely supply of quality products to its Food Catering and Food Retail businesses. It also supplies food ingredients and Japanese food products to third parties.

1 Based on a report entitled "Events Catering Services Singapore" dated April 2012 prepared by Euromonitor International Limited. "Events catering" means food catering services provided for social or corporate events only.

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SATISFYING CRAVING...
FOR EXCELLENCE

INDULGING SENSES...
WITH OUR CUISINE

DELIGHTING TASTEBUDS...
WITH ADDED VALUE

Satisfying craving... for EXCELLENCE


NEO GROUP

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present Neo Group Limited's annual report for the financial year ended 31 January 2013 ("FY2013"). This is our very first annual report to our shareholders since our successful listing on the Catalist Board of the Singapore Exchange Securities Trading Limited on 11 July 2012.

Our initial public offering ("IPO") of 22 million New Shares at S$0.30 each, was approximately 15.0 times subscribed, attesting to the warm reception we garnered from the Singapore investment community. We are extremely grateful for the response and would like to thank all of you for choosing to invest in Neo Group's growth.

FINANCIAL PERFORMANCE

Neo Group ended FY2013 with an 8.7% increase in revenue to S$41.70 million, thanks to a robust performance from our Food Retail Business. The Group reported a net profit of S$3.02 million in FY2013 compared to S$5.38 million a year ago. This was mainly due to a one-time IPO expense of S$0.90 million, a rise in compliance expenses, as well as seasonality factors in our Food Catering Business as FY2013 did not include the full Lunar New Year peak as compared to FY2012 which enjoyed sales from two Lunar New Year peaks.

For our Food Catering Business, our three catering brands served 2.13 million guests in FY2013, up from 1.92 million in FY2012. We not only reinforced "Neo Garden Catering" as the caterer of choice among households, but also increased our market share in the corporate and government sectors. In FY2013, corporate sales accounted for 43.7% of our total catering business revenue, compared to 34.8% a year ago.

On the Food Retail front, our "umisushi" brand successfully turned around from a loss of S$450,000 last year to a profit of S$200,000 this year. We actively promoted our delivery services and saw an increased demand for home deliveries, attesting to the popularity of our "umisushi" brand and its growing acceptance among consumers who value convenience food that is fresh. We also saw higher customer traffic at most of our 18 "umisushi" retail outlets spread across Singapore, as at 31 January 2013.

Overall, the Group continued to maintain a strong balance sheet with a healthy cash flow.

DIVIDENDS

With this set of results, our Board is pleased to propose a final dividend of 1.01 Singapore cents per share, which together with the interim dividend of 0.49 Singapore cents paid out on 12 October 2012, brings the total payout for FY2013 to 1.50 Singapore cents per share. I am happy to report that this reflects a dividend payout ratio of 71.5% for FY2013, which is higher than the proposed 60.0% payout ratio we announced during our IPO.

BUSINESS STRATEGIES

While we are proud of what Neo Group accomplished in FY2013, we are also looking with optimism and excitement toward our future where, we believe, many growth opportunities await us.

Amongst others, our growth strategies include strengthening our existing brands and developing new concepts and businesses as well as exploring opportunities to grow overseas via strategic joint ventures and franchising. We also plan to consolidate our business operations and grow our production capacity to meet growing demand for our food services and products.

In addition to our upcoming facility at 30B Quality Road, the Group is also in the process of acquiring five units of properties at Enterprise Road, which is adjacent to our existing headquarters cum kitchens at 6A Wan Lee Road, for approximately S$12.0 million. Upon completion of the acquisition, we expect the properties to become our corporate headquarters and intend to consolidate most of our central kitchens, offices, warehouses, logistics and other F&B operations in the same premises. We believe the proximity of these properties will facilitate our transition logistics.

With our strong business model and proven profitability track record, I believe we are well-positioned to tap on opportunities in the expanding food catering market.

ACKNOWLEDGEMENTS

Our first annual report is a tribute to our managers and staff who have worked hard to build the strong foundation on which Neo Group stands. We would like to thank our Sponsor, CIMB Bank Berhad, Singapore Branch and our Underwriter and Placement Agent, CIMB Securities (Singapore) Pte. Ltd. for guiding us through the rigorous listing process, and to the various professional parties in the IPO team.

I would also like to thank my fellow Directors on the Board for their strong support and invaluable advice as we forge ahead to our next phase of growth.

We bid a warm welcome to our shareholders and investors and look forward to your continued confidence and trust as we execute our growth strategy for Neo Group. We believe that there are investors out there who are looking for a small company with strong potential for growth, with stable earnings and a proven track record. I assure you that we will continue to focus our efforts to deliver more value to all of our shareholders, and we look forward to meeting you at our upcoming Annual General Meeting.

Yours sincerely

NEO KAH KIAT
Founder, Chairman and CEO

an interview with the CHAIRMAN

Mr Neo Kah Kiat
Founder, Chairman and CEO

IN FY2013, WE CATERED FOR A RECORD NUMBER OF 2.13 MILLION GUESTS, WHILE OUR FOOD RETAIL BUSINESS TURNED PROFITABLE. WE ARE RETURNING MORE THAN 70% OF OUR NET PROFIT TO SHAREHOLDERS. OUR BELIEF IN QUALITY HAS PAID OFF. WE ARE THE NUMBER ONE EVENTS CATERER IN SINGAPORE AND WE ARE CONFIDENT THAT WE WILL REMAIN NUMBER ONE.

GETTING TO NUMBER ONE AND STAYING THERE

THIS IS NEO GROUP'S FIRST YEAR AS A LISTED COMPANY. HOW DO YOU THINK YOU FARED?

We did well in our first year as a listed company. We are proud to achieve a healthy profit before tax of S$3.53 million and a strong cash flow to support a dividend payout ratio of 71.5% – up from 60.0% stated during our IPO.

Our Food Catering Business served 2.13 million guests in FY2013, compared to 1.92 million in FY2012. On the Food Retail Business front, our "umisushi" brand also turned profitable.

We are clearly the number one events caterer in Singapore as ranked by Euromonitor[1] and reflected in the multiple awards we received in 2012, including three Singapore Prestige Brands Awards. In February this year, we also made our way into the Singapore Book of Records with the "Highest Number of Events Catered by a Company in One Day" and "Largest Events Caterer" awards.

SPEAKING OF SINGAPORE BOOK OF RECORDS, YOU ACHIEVED 1,005 CATERING ORDERS IN A DAY IN 2013 — THE HIGHEST RECORD IN SINGAPORE'S HISTORY! TELL US MORE.

I like to think we are Singapore's "Buffet King"! Our "Neo Garden Catering" brand successfully catered for 1,005 orders on the first day of Lunar New Year 2013. We beat our own record of 818 orders in the same period last year.

CAN YOU SHARE WITH US THE INGREDIENTS OF YOUR SUCCESS?

Our success is a concoction of many secret ingredients, which is... our secret. Neo Group's winning formula is a unique combination of innovation, skill, experience and passion, which cannot be easily replicated by others.

What I can share with you is Neo Group's strong and cohesive corporate culture that we have built up over time. The diligence, team spirit and "can-do" attitude of our staff is instrumental in our success. Which other company sings a company song and recites a safety pledge everyday? I always tell our staff that they have to enjoy coming to work; I want our staff to enjoy working with us.

1 Based on a report entitled "Events Catering Services Singapore" dated April 2012 prepared by Euromonitor International Limited. "Events catering" means food catering services provided for social or corporate events only.

CHAIRMAN'S STATEMENT

SURELY YOU CAN TELL US MORE – ARE THERE ANY OPEN SECRETS?
If you have ordered buffets from us, I am sure you will order from us again.

Why? In these 20 years, we have been consistently delivering quality food at reasonable prices and in a timely manner. We also have three catering brands, which capture different market segments and offer something for everyone, for any occasion.

I firmly believe in quality. We have put in place unique practices such as a "one chef, one dish" policy, preparing food one hour before delivery to ensure the food is fresh and warm, as well as weekly meetings on product and menu development. And no, we do not use recycled cooking oil! We only use premium-grade vegetable oil.

I HAVE INDEED ORDERED BUFFETS FROM NEO GROUP BEFORE AND WAS IMPRESSED TO RECEIVE AN SMS TO CONFIRM MY ORDER AND EVEN PROVIDE THE CONTACT DETAILS OF THE DELIVERY DRIVER. YOU MUST HAVE A GOOD SYSTEM IN PLACE.
I am a strong proponent of technology. We invest strategically in technology to boost our productivity and service quality.

Our customised IT system integrates our production and operation processes, allowing us to process multiple orders. Thanks to our proprietary system, we are probably the only caterer in Singapore who can take on last-minute orders and cater for up to 500 persons within three hours.

WHAT IS ONE THING THAT YOUR BUSINESS CANNOT DO WITHOUT?
Our people. Without our team of experienced and loyal staff, Neo Group will not be where we are today. We have employees who have stayed with us since we started more than 20 years ago. To our employees, I would like to say a big THANK YOU!

BESIDES YOUR FOOD CATERING BUSINESS, YOU ALSO HAVE A FOOD RETAIL BUSINESS. WHY DON'T YOU JUST FOCUS ON FOOD CATERING?
We adopt an integrated approach in our business and our Food Retail Business is designed to complement our Food Catering Business by supplying our buffets with fresh sushi and sashimi.

At the same time, we see an increasing demand for food-on-the-go that is fresh, tasty and healthy. Our "umisushi" outlets are located conveniently at MRT stations and shopping malls throughout Singapore. Our delivery service is also gaining popularity. We believe we can scale up our "umisushi" network to 30 outlets by 2016.

CATERING – A GROWING 'SUNRISE' INDUSTRY

WHAT IS YOUR OUTLOOK ON THE CATERING INDUSTRY? WILL IT CONTINUE TO GROW?
Yes, definitely. Catering is a 'sunrise' industry which is set to grow.

According to Euromonitor, the market size of the events catering industry was S$306.6 million in 2011 and they have forecast the industry to grow at a compounded annual growth rate of 12.9% from 2012 to 2014.

WITHOUT OUR TEAM OF EXPERIENCED AND LOYAL STAFF, NEO GROUP WILL NOT BE WHERE WE ARE TODAY. ... TO OUR EMPLOYEES, I WOULD LIKE TO SAY A BIG THANK YOU!

With Singapore's growing and increasingly affluent population, coupled with the rising number of local and international businesses, we expect the demand for catering services to grow in tandem. Customers today demand quality and convenience, and are willing to pay for it.

THERE ARE MANY CATERERS IN SINGAPORE, VYING FOR A SLICE OF THE PIE. HOW DO YOU PLAN TO FEND OFF YOUR COMPETITORS?
I am not overly concerned about competition because we want to be 1,000 steps ahead of them.

Not many are aware that it is not an easy feat for small catering firms to scale up. In fact, we expect the fragmented catering industry to eventually undergo consolidation, which will present Neo Group with more M&A opportunities.

WHAT IS YOUR MARKET SHARE IN THE CATERING INDUSTRY?

Neo Group has a 9% share of the events catering market[1].

Based on Euromonitor's estimates, social catering took up one-third of the market with corporate catering accounting for the rest. We believe Neo Group commands about 20% market share in the social catering segment and about 8% of the corporate catering segment.

As the business grows, we will enjoy economies of scale and improved profitability. We are always seeking ways to improve our operational efficiencies, control costs, reduce wastage and automate where possible.

WELL-POSITIONED FOR SUSTAINABLE GROWTH

WHAT LIES AHEAD FOR NEO GROUP?

I am confident that Neo Group will continue to grow and deliver sustainable results for the long-term benefit of our shareholders. We have in place clear growth strategies.

Firstly, we intend to consolidate our business operations and double our

Let me give you five solid reasons why people should invest in Neo Group:

- Catering is a sunrise industry and we see a huge room for growth.
- We have a proven profitability track record and strong business model.
- We intend to distribute dividends of not less than 60% of our net profits for the next two years.
- We have a dynamic, experienced and committed management team who can take the Group to the next level of growth.
- We will continue to strengthen our product and menu development capabilities, as well as leverage technology to enhance productivity and excel further.

WITH OUR STRONG BUSINESS MODEL AND PROVEN PROFITABILITY TRACK RECORD, WE ARE WELL-POSITIONED TO TAP ON OPPORTUNITIES IN THE EXPANDING FOOD CATERING MARKET.

This clearly shows the immense growth potential for both segments.

Neo Group is in the right place, at the right time. We are in the business of convenience food; providing quality meals for all occasions and budgets, in the convenience of your home or office. With our strong business model and proven profitability track record, we are well-positioned to tap on opportunities in the expanding food catering market.

WITH RISING OPERATING COSTS, HOW DOES NEO GROUP STAY COMPETITIVE?

We adopt an integrated approach in our business and enjoy a competitive supply chain structure.

Our Food and Catering Supplies Business sources food products, ingredients and consumables directly from manufacturers and distributors. This helps us obtain better pricing through bulk purchases and ensure the timely supply of quality food and ingredients to our Food Catering and Food Retail Businesses. Our central kitchens also have an efficient production system with fully or semi-automated production processes.

production capacity to serve about 30,000 guests a day. We are currently in the final stages of planning for our upcoming facility at 30B Quality Road, which is spread across a land area of 122,150 sq ft.

Secondly, we are working on expanding our Food Catering Business, in particular our corporate catering segment which provides more regular sales compared to social catering which is more seasonal.

Thirdly, we will further develop our Food Retail Business in Singapore by increasing the number of "umisushi" outlets to 30 by 2016.

Fourthly, we plan to strengthen our existing brands and develop new concepts and businesses, such as entering into catering contracts, venue operations/catering and institutional catering.

Lastly, we will explore opportunities to grow overseas via strategic joint ventures and franchising.

IS NEO GROUP A GOOD STOCK TO BUY?

Of course! We have an attractive dividend yield and we are focused on growing the company.

If I, as the largest shareholder of the company, am confident of the business, you should be too, and buy our shares now!

ON A PERSONAL NOTE, WHAT KEEPS YOU GOING EVERY DAY?

Two words — beyond passion. I am very passionate about catering and love what I do. I believe in dreaming big and taking action. I want to change the image of the catering industry and bring it to a higher level of recognition, so that people will understand and appreciate what we do. Last but not least, giving to charity keeps me going and this is something that I ensure all our staff do too. I believe it is important to give back to society, which is why I encourage our employees to contribute any amount to charity every month.

IN CLOSING, WHAT ARE YOU THANKFUL FOR?

We are very thankful for the support of our dedicated staff and the goodwill we have garnered from our loyal customers, business partners and shareholders. Such support spurs us on to remain true to our innovative and pioneering spirit, and to raise the bar on the quality of our food and services.

BOARD OF DIRECTORS

NEO KAH KIAT
FOUNDER,
CHAIRMAN AND CEO

LEE KWANG BOON
EXECUTIVE DIRECTOR
(BUSINESS DEVELOPMENT)

LIEW OI PENG
EXECUTIVE DIRECTOR

LIEW CHOH KHING
EXECUTIVE DIRECTOR
(FOOD RETAIL)

WONG HIN SUN, EUGENE
NON-EXECUTIVE DIRECTOR

NG HOW HWAN, KEVIN
INDEPENDENT DIRECTOR

YEO GUAT KWANG
INDEPENDENT DIRECTOR

TAN LYE HUAT
LEAD INDEPENDENT DIRECTOR

BOARD OF DIRECTORS

NEO KAH KIAT

FOUNDER, CHAIRMAN AND CEO

Mr Neo Kah Kiat was appointed to the Board on 22 March 2012. Mr Neo is an industry veteran with over two decades of leadership experience in catering and food & beverage ("F&B") management. Having led the Group to become the largest catering provider and the number one events caterer in Singapore, Mr Neo continues to helm and steer the Group's strategic directions and expansion plans.

In 1992, Mr Neo founded Neo Garden Restaurant to offer restaurant-quality buffet catering and home delivery meals. He successfully rebranded it to an award-winning flagship brand, "Neo Garden Catering", creating a household name for the past 21 years. With his foresight and keen business acumen, he started Deli Hub Catering in 2004 to provide mass market halal-certified catering. Seeing the rising demand for higher-end catering services for corporate and community functions, he established another halal-certified catering brand, "Orange Clove Catering", in 2008. To complement its catering businesses, Niwa Sushi was established in 2007 under Mr Neo's leadership and was rebranded to "umisushi" in 2010. He has been an executive director of each of these subsidiaries since their respective incorporation.

A strong advocate of philanthropy, Mr Neo donates generously to charity and is currently serving as a patron at Jurong Spring Community Club. He is also the First Vice-President for the Association of Catering Professionals Singapore ("ACAPS").

Mr Neo won the Entrepreneur of The Year Awards ("EYA") in 2012 (EYA 2012 Top Entrepreneurs and EYA for Enterprise 2012), and clinched the Successful Entrepreneur Award (Platinum Category) in 2011 and Spirit of Enterprise Award in 2010.

LIEW OI PENG

EXECUTIVE DIRECTOR

Appointed to the Board on 22 March 2012, Ms Liew Oi Peng assists the Founder, Chairman and CEO in steering the growth of the Group while overseeing its general management and day-to-day operations.

Ms Liew joined Neo Garden Catering (then known as Neo Garden Restaurant) in 1994 and has amassed 19 years of experience in the catering industry. In her previous capacity as the General Manager, Ms Liew oversaw the business administration and management of human resources function of the three catering brands — "Neo Garden Catering", "Orange Clove Catering" and "Deli Hub Catering" — successfully growing its team from around 10 employees to the current staff strength of more than 300 today. Ms Liew started her career as an administrative officer from 1992 to 1993, after graduating from the Institute of Technical Education with a certificate in office skills in 1992.

An active supporter of corporate social responsibility, Ms Liew spearheaded a charity initiative, "Seeds", within the Group to pool together employee donations every month to support the needy and less fortunate.

LEE KWANG BOON

EXECUTIVE DIRECTOR (BUSINESS DEVELOPMENT)

Appointed to the Board on 1 May 2012, Mr Lee Kwang Boon is responsible for growing the Food Catering Business, managing the mergers and acquisitions activities, and overseeing the marketing and brand development of our Group. Mr Lee joined Neo Garden Catering (then known as Neo Garden Restaurant) in 2007 as its sales and marketing director.

Backed by a decade of experience in the F&B and catering industry, Mr Lee plays a pivotal role in the branding success of Neo Garden Catering. He successfully raised the profile of "Neo Garden Catering" as the number one events caterer in Singapore as verified by AC Nielsen research in 2010 and 2011, and by Euromonitor International Limited in 2012, as well as making it into the Singapore Book of Records in 2013. His current responsibilities also include the development and improvement of Orange Clove Catering's services and market penetration to augment the Group's position as the largest events caterer in Singapore.

Prior to joining the Group, Mr Lee owned and operated a food outlet from 2003 to 2007. From 2001 to 2002, Mr Lee was a sales executive with Daikin Air-conditioning (Singapore) Pte Ltd. He started his career as a police officer with the Singapore Police Force from 1995 to 2001, after graduating from Ngee Ann Polytechnic with a Diploma in Mechanical Engineering in 1995.

An avid grassroots leader, Mr Lee devotes his time to community involvement particularly with the Jurong Spring Community Club Management Committee and currently serves as a member in ACAPS.

LIEW CHOH KHING

EXECUTIVE DIRECTOR (FOOD RETAIL)

Appointed to the Board on 1 May 2012, Mr Liew Choh Khing oversees the business and sales development strategies of our Food Retail Business and is instrumental in the development and expansion of our Food Retail Business.

Mr Liew opened the first Niwa Sushi food retail outlet in 2007, which was subsequently rebranded to "umisushi" in 2010. Under his leadership, the number of "umisushi" retail outlets has grown into a chain of 18 outlets islandwide, as at 31 January 2013. He joined our Group in 2004 as an executive director of Deli Hub Catering and was subsequently appointed the executive director of our Food Retail Business, H-Cube and Niwa Sushi, upon their respective incorporation.

From 1996 to 2000, Mr Liew worked as a sales engineer for several private companies. Since 1997, Mr Liew has been a financial planning consultant for Tokio Marine Life Insurance (S) Ltd. From 2000 to 2004, Mr Liew worked concurrently as a property agent and a financial planning consultant.

Mr Liew graduated from The Open University with a Bachelor of Science in 2005. He also graduated with a Diploma in Marketing and Sales Management from the Singapore Productivity and Standards Board in 1998 and a Diploma in Manufacturing Engineering from Singapore Polytechnic in 1994.

WONG HIN SUN, EUGENE

NON-EXECUTIVE DIRECTOR

Mr Wong Hin Sun, Eugene was appointed as Non-Executive Director of our Group on 11 June 2012. He founded Sirius Venture Capital Pte Ltd, a venture capital investment company, in September 2002. He is currently the managing director of Sirius Venture and its group of companies.

He currently serves as a non-executive director of Ajisen (China) Holdings Limited, a company listed on the Hong Kong Stock Exchange; a non-executive director of Japan Foods Holding Ltd and Jason Marine Group Limited; and an independent director of TMC Education Corporation Limited, which are listed on the Catalist Board of the SGX-ST. He also serves on the board of Agri-Food & Veterinary Authority of Singapore ("AVA") and International Enterprise Singapore ("IE Singapore"), and is the chairman of Crimsonlogic Pte Ltd, a subsidiary of 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 Master of 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 is a member of the Institute of Directors in Singapore and the United Kingdom.

TAN LYE HUAT

LEAD INDEPENDENT DIRECTOR

Mr Tan Lye Huat was appointed as the Lead Independent Director of our Group on 11 June 2012. Mr Tan is the Founder and Non-Executive Chairman of HIM Governance Private Limited. Besides senior professional and management experience, Mr Tan sits on the boards of other Singapore-listed companies, namely, SP Corporation Limited, Japan Foods Holding Ltd, Dynamic Colours Limited and Nera Telecommunications Ltd., as well as not-for-profit organisations. He was also a director of Kian Ho Bearings Limited, Yaan Security Technology Limited and Agis Pte Ltd.

Mr Tan is a Chartered Director of the Institute of Directors ("IoD, UK"), and a member of the Australian Institute of Company Directors ("AICD"). Mr Tan is presently a Fellow of the Association of Chartered Certified Accountants ("FCCA") and a member of the Institute of Certified Accountants of Singapore ("ICPAS").

YEO GUAT KWANG

INDEPENDENT DIRECTOR

Mr Yeo Guat Kwang was appointed as an Independent Director of our Group on 11 June 2012. He has been a member of parliament since January 1997. He is currently the director of the National Trades Union Congress.

Mr Yeo also currently serves as a member of the board of directors of Koyo International Limited, SIIC Environment Holdings Ltd and AVA. He is also the adviser to the Restaurant Association of Singapore and several business associations.

Mr Yeo graduated with a Bachelor of Arts and Social Sciences (Second Upper Honours) from the National University of Singapore ("NUS") in 1986, and a Postgraduate-Diploma in Education from the Institute of Education in 1987. He obtained a Masters in Public Administration and Management from NUS Business School and LKY School of Public Policy in 2013.

NG HOW HWAN, KEVIN

INDEPENDENT DIRECTOR

Mr Ng How Hwan, Kevin was appointed as an Independent Director of our Group on 11 June 2012. He has been with Asia Pacific Breweries Limited ("APB") for the last 20 years in senior commercial positions throughout the Asia Pacific region, the last position being the general manager of Hainan Asia Pacific Breweries. He is currently a general manager of APB and is responsible for developing strategies for brands under APB.

He graduated with a Bachelor of Business (Business Administration) (Distinction) from the Royal Melbourne Institute of Technology in 1992 and completed the Heineken International Management Development Course in 1996, the Marketing of Consumer Goods in Asia Course from INSEAD (Singapore) in 2000 and the Heineken International Manager's Course from INSEAD (France) in 2005.

He holds an Executive Certificate in Directorship from the Singapore Management University and is a member of the Singapore Institute of Directors since January 2012.

KEY EXECUTIVES

LIM LI LING
GROUP FINANCIAL CONTROLLER

Ms Lim joined the Group in March 2012 and is responsible for overseeing all accounting, financial and corporate secretarial matters of the Group.

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 with Banquet Holdings Pte Ltd from 2009 to 2011. From 2008 to 2009, Ms Lim was a finance manager with Sinomem Technology, an integrated water solution provider formerly listed on the Mainboard of the SGX-ST.

From 2005 to 2007, Ms Lim was an accounting and administrative manager with Hitachi International Treasury Ltd. Prior to this role, she was an assistant finance manager with Firium Solutions (Asia Pacific) Pte. Ltd. from 2004 to 2005. She was the accounts manager with Hitachi Home Electronics Asia (S) Pte. Ltd. from 1998 to 2004. Ms Lim started her career as a semi senior with Barbinder & Co, a unit of Coopers & Lybrand, from 1987 to 1992.

She obtained a Bachelor of Business (Accountancy) degree from the Royal Melbourne Institute of Technology University in 2001 and a Diploma in Business Studies from Ngee Ann Polytechnic in 1987. She is a Certified Public Accountant (CPA Singapore) as well as a Certified Practising Accountant (CPA Australia).

TEO HWEE AI
DEPUTY DIRECTOR (OPERATIONS)

Ms Teo is responsible for the success of our food catering operations, particularly in Orange Clove Catering central kitchen where she ensures that the culinary team adheres to the highest standards and expectations of food quality, freshness and presentation. She joined the Group as kitchen manager in 2008 where she successfully instituted the western food department and set up a well-integrated kitchen system. She also assists in logistics operations and contributed significantly to the Group's efficient buffet deliveries of up to 800 buffet orders in a day.

Having amassed 19 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 cooks and directs them on accurate food preparation methods.

Ms Teo began her career in the F&B industry in 1994 soon after she graduated from Jurong Institute. Prior to joining the Group, she worked in Tango Restaurant and Wine Bar from 1996 to 1998. From 1999 to 2006, she was a partner and manager of Liquids Café, where she was responsible for the general management and day to day operations of the café.

LIEW OI YEN
DIRECTOR (OPERATIONS)

Ms Liew is responsible for the operations of our food catering production in our Orange Clove Catering central kitchen. She joined the Group in May 2008 as a branch director of Orange Clove Catering.

Prior to joining our Group, she was the manager of Best Catering, a partnership involved in the manufacture of cooked food preparations and proprietors of food establishments and catering, from 2001 to 2008. She started her career as an interior designer with Amblin Design Pte Ltd from 1994 to 1997, Eu Wei Design and Construction from 1997 to 2000, and King Hall Builders & Design Pte Ltd in 2000.

She obtained an Industrial Technician Certificate (Electronics Engineering) from the Singapore Technical Institute in 1990.

SEAH BOON CHOON
DEPUTY DIRECTOR (OPERATIONS)

Mr Seah is responsible for the operations of our food catering production in our Deli Hub Catering central kitchen. He joined the Group in 2008 as Operations Manager where he was involved in the setting up of our central kitchen operations.

Prior to joining the Group, he was the operations manager of Best Catering from 2000 to 2008.

CORPORATE STRUCTURE

NEO GROUP LIMITED
No. 1 Events Caterer in Singapore

NEO GROUP 梁苑集团

100%
Neo Garden Catering Pte. Ltd.

100%
Orange Clove Catering Pte. Ltd.

100%
Deli Hub Catering Pte. Ltd.

100%
Niwa Sushi Pte. Ltd.

100%
H-Cube F&B Pte. Ltd.

100%
NKK Import & Export Trading Pte. Ltd.

Indulging senses...
with our CUISINE

6 KEY HIGHLIGHTS
ABOUT OUR FOOD CATERING

1) ONE CHEF, ONE DISH —
FOR CONSISTENTLY GOOD FOOD THAT ALL WILL RELISH

2) ONE HOUR FROM PREPARATION TO DELIVERY —
OUR WARM DISHES WILL MAKE YOUR GUESTS HAPPY

3) ENSURING OUR FOOD TASTES AND LOOKS GOOD —
TO MEET STRINGENT STANDARDS THE BEST WE CAN

4) EVERY NEW DISH, MULTIPLE R&D —
WE INTRODUCE NOTHING BUT OUR FINEST RECIPES

5) LAST-MINUTE ORDERS —
WE CATER UP TO 500 PERSONS WITHIN 3 HOURS

6) QUALITY VERSUS QUANTITY —
WE DO NOT COMPROMISE OUR QUALITY FOR QUANTITY

NEO GARDEN CATERING

WE DELIVER THE RESTAURANT TO YOU

SINCE 1992, NEO GARDEN CATERING HAS DEVOTED ITSELF TIRELESSLY TO SERVING QUALITY BUFFETS TO HOUSEHOLDS AND CORPORATIONS ACROSS SINGAPORE. FOUNDED ON A STRONG CONVICTION THAT CATERERS ARE JUST AS GOOD, IF NOT BETTER, THAN RESTAURANTS, OUR PHILOSOPHY OF "DELIVERING THE RESTAURANT TO YOU" FORMS THE CORNERSTONE OF OUR NEO GARDEN CATERING BRAND. WE BELIEVE IN SERVING EXCELLENT RESTAURANT-QUALITY FOOD, WITH IMPECCABLE BUFFET SET-UP, AT THE CONVENIENCE OF OUR CUSTOMERS' HOMES AND OFFICES.

OUR BRANDS

MENUS FOR ALL OCCASIONS

Over the years, Neo Garden Catering has become *the* caterer to go to for all kinds of celebrations, be it a full-month baby shower or 21st birthday party, as well as during festive periods such as Lunar New Year, Lunar Seventh Month and Christmas.

Our customers, who range from middle-class households to SMEs and MNCs, are spoilt for choice with our wide array of menu selections suited for every occasion. Whether it is for a small group of 10 family members and friends, or for as many as 500 corporate guests, we have over 20 buffet menu options offering comforting local delights such as our signature curry chicken and Nonya Laksa to satisfy any palate. From as little as S$9.99[1], one can enjoy a tantalizing 8-course buffet!

In addition, we offer "healthier choice" menus containing less fat, salt and sugar, and with more vegetables and fruits. Daily meal delivery or "tingkat" services are also available for those who like the convenience of home-cooked meals delivered to their doorsteps on weekdays.

GOING THE EXTRA MILE

One of Neo Garden Catering's unique offerings is our Buffet Express service. We are proud to be one of the first caterers who have the capability to provide last-minute buffet orders for up to 500 people, in just three hours from order confirmation.

Going beyond buffets, our customers can also opt for value-added services such as our "Mobile Karaoke Home Package" for singing enthusiasts or our yacht chartering services for a unique sail-and-dine experience.

25,000 LOYAL CUSTOMERS AND COUNTING...

Since our inception, we have built a strong and loyal customer base of 25,000 members, which continues to grow daily. We believe we enjoy a good reputation amongst our clientele, and are constantly seeking ways to forge better relationships with them.

To reward our returning customers, we introduced the Neo Privilege Card which entitles cardholders to discounts and privileges at our brands and with some of our marketing partners. Upon signing up, customers receive a welcome gift in the form of vouchers which may be used at any of our brands. Special events for our members such as buffet sampling, workshops and movie nights are also organised from time to time. The Neo Privilege Card has a referral scheme where cardholders who recommend their friends to become members are rewarded with incentives.

To reach out to the corporate sector, we also have a Neo Corporate Card. Membership is offered to corporations with a minimum spending of S$1,000 per annum at any of our catering brands, without a membership fee. Corporate cardholders enjoy a 10% discount across all our brands.

CATERING TO EVER-CHANGING TASTES

To meet our customers' evolving needs and tastes, we constantly refresh our menus and develop new concepts and value-added services. In FY2013, some of our enhancements included:

- Launch of Mini Party Sets, with a choice of five menu items for eight to 10 persons, served in convenient take-away containers.
- Launch of Neo's Elite menu targeted at more affluent customers, offering a choice of up to 18 courses including "live" cooking stations by chefs and thematic set-ups for a luxurious experience.
- Launch of LunchBox menu, ranging from simple one-dish packet meals to premium six-dish bento sets, for corporations who require catering for seminars and events.

1 Excluding GST and transport fee; for a minimum of 10 persons.

NEO GARDEN CATERING SERVED 1,005 ORDERS ON THE FIRST DAY OF LUNAR NEW YEAR IN 2013 – THE HIGHEST RECORD IN SINGAPORE'S HISTORY.

"Although this is the first time that I am ordering from you for my son's birthday celebration, I had in fact tried your catering on more than one occasion – all at my immediate family members' events. The reason why we had ordered from you is that your food is really tasty and I have full confidence that my guests will like it. I am right, because so far I have not heard any unfavourable comments from my guests. But most importantly, you have a mini buffet that can cater to smaller groups, which is excellent for small families and companies. If I had known your company earlier, I would have engaged you for my son's full month celebration in 2004 and his first year birthday celebration in 2005. The first time that I had tasted your food was in 2006, during my niece's full month celebration!"

MADELENE TAN

"We have ordered from Neo Garden for our wedding tea ceremony, gatherings, confinement, as well as our daughter's and son's full month celebrations. Neo Garden has never failed us in our orders. The food was excellent and fresh. Our guests loved the food especially your curry chicken and Bo Bo Cha Cha. The sales personnel were friendly and did their best to meet our requirements. We will definitely choose Neo Garden over the others for every of our events."

CHARMAINE KONG

"Terence is very attentive and excellent with his food recommendation. I'm impressed to receive a SMS for my order confirmation and also the contact details of the person who will be delivering my buffet. Very thoughtful and keep it up. Driver Tang is very responsible and delivered our buffet on time. Good job!"

DAPHNE PHAN

To order Neo Garden Catering's down-to-earth comfort food, please call 6896 7757 or visit us at www.neogarden.com.sg.

ORANGE CLOVE CATERING

DELIVERING A WORLD OF GOOD TASTE

ESTABLISHED IN 2008, ORANGE CLOVE CATERING PRIDES ITSELF AS A LEADING CATERER THAT SERVES RESTAURANT-QUALITY INTERNATIONAL CUISINE, WITH A FOCUS ON ASIAN DISHES.

Transcending national boundaries and cultures, our brand philosophy is all about delivering a world of good taste to our customers. We strive to delight our customers with our cross-cultural style of cuisine fusing Asian and international dishes.

As a Halal-certified caterer targeting the discerning middle to upper class market and multi-national corporations, we put careful thought into the selection and combination of dishes for our menus to ensure that every set of choice is a crowd pleaser. Our menus range from nine to 18 courses, and some of our customers' all-time favourites include Wasabi Prawns, Pineapple Rice and Orange Clove Braised Chicken Pau.

At Orange Clove Catering, we go beyond more than just serving quality food. Our creative and logistics team will work their magic through the provision of chefs for on-site cooking, elaborate décor for buffet lines and customised theme parties. Whether you are merrymaking over Halloween and Christmas, organising a "Pirates" and "Safari" themed birthday celebration for the young and young-at-heart, or looking for a unique experience out at sea, we aim to add a special touch to your buffet experience.

We understand that as hosts, our customers want the best food, service and experience for their guests. Which is why we ensure even our customers' last minute events are catered for within three hours upon confirmation of the order.

ALWAYS INNOVATING, ALWAYS CREATING

Well-loved by our customers for our western cuisines, we were quick to identify the opportunity in the market for fine Indian cuisine and launched new Indian menus in FY2013. Prepared by a five-star culinary chef with years of experience, customers can whet their appetite for Indian cuisines with eight new menus, including full-fledged Indian-themed buffets like the Signature Indian Buffet and Favourite Indian Buffet.

To reach out to the growing wedding events segment, Orange Clove Catering also introduced "OC Weddings" where we create gorgeous dream weddings with creative interpretation and exquisite floral décor. In FY2013, we launched new wedding themes such as Sparkles of Love, Fruits of Love and Doves of Love.

With Orange Clove Catering becoming a popular choice for wedding and cocktail receptions, we saw an increasing need to supply a wide variety of cakes and pastries ranging from birthday and wedding cakes to Christmas log cakes. Hence, in FY2013, we developed a new brand "Teapot" which offers customised hand-crafted cakes and an extensive range of pastries and desserts. Customers can place orders online for customised cakes, baby full-month packages and hi-tea take-away dessert platters.

DIVERSE AND GROWING CLIENTELE

We are pleased to see our customers' affirmation of our excellent service through a year-on-year increase in our annual orders from 537 orders in 2008 to 12,650 orders in 2012. Our clientele cuts across diverse sectors ranging from public sector government ministries and statutory boards to private companies in various industries.

TESTIMONIALS OF OUR LOYAL CUSTOMERS FROM VARIOUS INDUSTRIES

"ASME's event, "The Entrepreneurs' Digest Post Budget 2013 Convention" was a great success. ASME would like to thank the staff who worked well under pressure to prepare and set up the lunch buffet lines for almost 500 participants and the management team that supervised the entire process like clockwork. The entire team handled themselves with the highest level of professionalism. The settings were beautifully decorated and functionally arranged for ease of access for such a large crowd. The food presented for the buffet lunch outdid everyone's expectations. Hot dishes were kept warm right to the end of lunch but yet fresh. In reality, the lunch matched the quality and standards of some hotel buffet spreads. Many participants enjoyed the lunch all the way from appetizers to the mains and were still hanging around for the desserts. Once again, thank you and your entire team for a job well done!"

CHAN CHONG BENG,
PRESIDENT,
ASSOCIATION OF SMALL & MEDIUM ENTERPRISES

"My colleagues and I really enjoyed this catering and were full of praises from the food quality to the whole set-up. This is by far the best catering I had. I could feel the effort that your chefs had put in. Not only did they make the food look good, they ensured that the food quality was great as well. Your two delivery staff were really courteous and quick in both the set-up and clear up. The decoration was impressive as well. Everything went well. I'll definitely look for Orange Clove for future events!"

ONG WEI TECK,
A GOVERNMENT MINISTRY

"Thank you for coordinating the buffet for StarHub. The food was very good, decorations all nicely done up and the services rendered by the caterers were impressive! They did a great job! We hope to work with you again in future."

LYNNETTE TAN,
A TELECOMMUNICATIONS PROVIDER

Order from us today! For the latest promotions and more information to personalise your catering needs, please call 6515 0991 or visit us at www.orangeclove.com.sg. We are a Halal-certified caterer.

DELI HUB CATERING

WE BRING SMILES TO YOUR OCCASION

DELI HUB CATERING DELIGHTED MORE THAN 660,000 GUESTS IN FY2013.

Established in November 2004, Deli Hub Catering specialises in providing Halal Asian buffets, high-tea and barbeque feasts at affordable prices. As a value-for-money caterer, we target the mass market consumer segment, including corporations and public sector institutions such as community centres and schools.

Catering for any occasion with our wide variety of local cuisine spread, Deli Hub Catering is an increasingly popular choice for corporate functions, wedding receptions and other large-scale events. Our ever-popular dishes include Mutton Rendang, Cereal Fish and Honey Chicken.

IRRESISTIBLE MENUS

Corporations who require Halal buffets, hi-tea and bento sets can select from our extensive range of menus, seminar packages and newly-launched MakanBox options. Customers who wish to organise fuss-free barbeque feasts, be it for a small family gathering or a large corporate event, will be delighted with our BBQ packages.

Mini Buffets are also available for those who wish to cater for cosy gatherings with as few as 10 people. On top of this, our Buffet Express service catering for last-minute orders, has become a well-known trademark of Deli Hub Catering.

To publicise our offerings and services, we launched trial packages in FY2013 for first-time customers who will enjoy a special one-time discount off selected menus.

"Thank you for the prompt attention and professionalism extended to me from the day we enquired about catering on 13 August 2012 for delivery on 26 August 2012. Sylvia and Michael displayed care and pride in what they do. Their friendly disposition makes my job enjoyable. Good customer service is hard to come by. I am glad to have experienced it."

SUSAN LEE,
A RESEARCH COMPANY

"We are very satisfied with the service, punctuality and food quality. We would like to thank the salesperson, who attended to our orders, for her prompt and courteous service, and also the buffet captain for his efficient, organised and courteous service. Keep up your good service and quality of food!"

MS. TANG,
AN EDUCATIONAL INSTITUTION

"The food was great. The service was very professional. We have always had a good experience with Deli Hub and your delivery guys are always prompt and obliging."

MARGARET,
A GOVERNMENT MINISTRY

To find out more about Deli Hub Catering's value-for-money menus, please call 6515 0020 or visit us at www.delihub.com.sg.

SPECIALLY FOR OUR SHAREHOLDERS

$68 Catering Voucher

TERMS & CONDITIONS:

Voucher is applicable for Neo Garden Catering, Orange Clove Catering and Deli Hub Catering with a spending of $300 and above. • Valid for event dates till 30 November 2013. • Voucher is not applicable for orders on eve of public holidays and public holidays. Please enquire with our catering team for the range of menus available during the promotion period. • Not valid with promotions, discounts or members' privileges. • Voucher is valid only for buffet orders made 72 hours in advance (subject to availability). • Kindly declare usage of voucher before ordering and quote "**AR 2013**". • Limited to 1 voucher redemption per order and strictly no extension of voucher. • Voucher may be amended or withdrawn with prior notice at the sole discretion of the company. • In case of dispute, Neo Group Limited holds the final decision.

OUR BRANDS

umisushi

SERVED FRESH FROM THE OCEAN

Started in 2007, the idea of "umisushi" was borne over a meal of sushi amongst a group of friends and relatives. Today, we are delighted to prepare and serve some of the freshest sushi in town at affordable prices. Besides sushi, we offer sashimi, bentos, udons and Japanese salads, enjoyed by customers of all ages and walks of life.

Conceived as a quick dining and takeaway outlet with our brand concept of "Quick Service Food", we aim to provide our customers with traditional quality Japanese food at affordable prices in a cheerful and casual atmosphere. Delivery of "umisushi" is also available for those wish to dine in the comfort of their homes.

In 2007, we established our first food retail outlet at the Eunos MRT station to capitalise on the high human traffic, catering to customers working and living in the vicinity. Encouraged by its success, we opened our second food retail outlet at Tiong Bahru Plaza in 2008.

Since 2008, we continued our expansion of food retail outlets. As at 31 January 2013, we had 18 "umisushi" outlets sited at easily accessible locations including MRT stations and shopping malls with high human traffic. Our aim is to increase the number of "umisushi" food retail outlets in Singapore to 30 by 2016.

To support our food retail operations, we have two central kitchens at Shimei East Kitchen and Jalan Tepong to process the food ingredients used by all our food retail outlets. The central kitchens ensure consistent food quality is served to our customers at all 18 outlets.

THE "umisushi" EXPERIENCE

To complete the entire "umisushi" experience, customers can dip into our specially concocted "umisushi" soy sauce. Our customers can also learn to make Japanese sushi and unique bentos from our experienced "umisushi" chefs. During our regular sushi-making workshops, we share basic Japanese cooking techniques and special recipes that participants can easily replicate for their parties and gatherings. The workshops are suitable for corporate team bonding activities too.

In addition, the "umisushi" experience can be extended to the buffets supplied by Neo Group's Food Catering Business. Our "umisushi" chefs can prepare sashimi and sushi 'live' on site, as part of the buffet. We can even organise sushi-making birthday parties for children!

SATISFY THAT CRAVING.

Quality sushi takeaway. Anytime, anywhere.
Now available at any of our outlets:

OUTLETS (AS OF 30 APRIL 2013)

EAST
Changi City Point #B1-K4/K5
Eunos MRT #01-12
Kallang MRT #01-03
Blk 67 Kallang Bahru #01-451
Pasir Ris MRT #01-17
Paya Lebar MRT #01-10
Tampines MRT #01-04

WEST
Boon Lay MRT #01-14
Bukit Gombak MRT #01-02
Holland Village MRT #B1-10
Jurong East MRT #01-02
Ngee Ann Polytechnic,
Blk 51 Level 2
Pioneer MRT #02-06

CENTRAL
Alexandra Retail Centre #01-22
313@Somerset #B3-41
Tiong Bahru Plaza #B1-26

NORTH
Ang Mo Kio Hub #B2-11

Our outlets are supported by two central kitchens at Shimei East Kitchen and Jalan Tepong.

For details on our outlets or to place an order, please visit www.umisushi.com.sg or call our delivery hotline at 62655545.

Delighting TASTEBUDS...
with added value

BUSINESS HIGHLIGHTS

RECORD NUMBER OF GUESTS SERVED

The Group's three catering brands, "Neo Garden Catering", "Orange Clove Catering" and "Deli Hub Catering", served 2.13 million guests for the financial year ended 31 January 2013 ("FY2013"), up from 1.92 million in the same period last year ("FY2012").

STRENGTHENED BRAND AWARENESS

As part of its efforts to promote its brands and services and to build customer loyalty, the Group extended the distribution of advertising brochures and direct mailers to include more private landed housing estates, compared to largely HDB heartlands previously. It also ramped up its advertisements in print and broadcast media to strengthen visibility. Marketing activities such as members' movie nights, the distribution of corporate gifts and participation in wedding roadshows and food festivals were organised to raise greater awareness. These advertising and marketing activities have delivered positive results for the Group in FY2013.

CREATED NEW MENUS AND CONCEPTS

The Group continued to innovate and develop new menus and concepts in FY2013, including a "Neo's Elite" package offering thematic buffets and 'live' stations for higher-end consumers, as well as "LunchBox" and "MakanBox" value meals for companies catering quick lunches for their staff.

BOOSTED DELIVERY CAPABILITIES

The Group boosted its delivery capabilities by increasing its fleet of vehicles in FY2013 to 124 as at 31 January 2013 from 107 in the same period last year. This was a move taken by the Group to enhance its catering delivery service as well as meet the increased demand for home deliveries for its "umisushi" retail brand.

IMPROVED OPERATIONAL EFFICIENCIES THROUGH TECHNOLOGY

In FY2013, the Group implemented an improved driving planning system which boosted the efficiency and utilisation of its full-time drivers and reduced the Group's reliance on part-time and sub-contracted drivers. In addition to the operational benefits, this system has also helped the Group control its distribution costs during the year. The Group also started a pilot study on GPS tracking on Android tablets to ensure the timely delivery of its food and service quality.

INCREASED NUMBER OF "umisushi" FOOD RETAIL OUTLETS

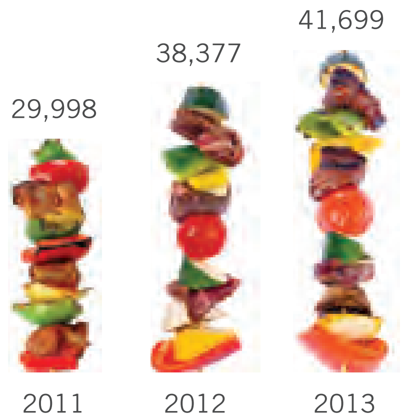
The Group launched three new "umisushi" outlets in FY2013 and returned two outlets upon lease expiry, raising the total number of "umisushi" outlets it operated to 18 as at 31 January 2013 compared to 17 outlets a year ago.

FINANCIAL HIGHLIGHTS

REVENUE (S$'000)

FY2013

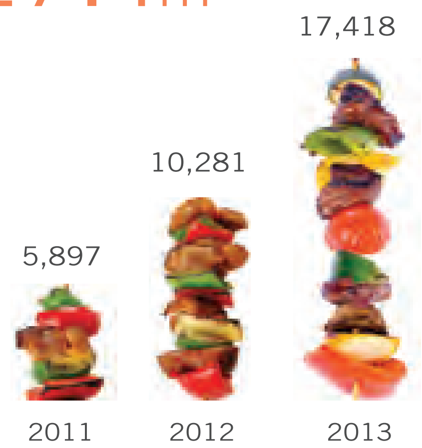
41.7m



TOTAL SHAREHOLDERS' EQUITY (S$'000)

FY2013

17.4m



FINANCIAL HIGHLIGHTS (Financial Year Ended 31 January)

	FY2013	FY2012	FY2011
Income Statement (S$'000)			
Revenue	41,699	38,376	29,998
Profit before tax	3,531	6,482	3,303
Net profit	3,020	5,384	2,787
Net profit margin (%)	7.2	14.0	9.3
Balance Sheet (S$'000)			
Total assets	30,752	26,593	12,898
Total liabilities	13,334	16,312	7,001
Total shareholders' equity	17,418	10,281	5,897
Cash and cash equivalents	11,733	3,478	900
Cashflow (S$'000)			
Operating cashflow	4,617	8,023	2,715
Capital expenditure	(1,871)	(10,995)	(3,450)
Key Ratios			
Revenue growth (%)	8.7	27.9	32.4
Net profit growth (%)	(43.9)	93.3	26.2
Net profit margin growth (% point change)	(6.8)	4.7	(0.4)
Net Gearing ratio[1] (%)	1.1	53.7	49.7
Return on shareholders' equity (%)	17.3	52.4	47.3
Return on total assets (%)	9.8	20.2	21.6
Per Share Information (cents)			
Earnings per share[2]	2.87	NA	NA
Net asset value per share	12.1	NA	NA
Dividend per share	1.5	NA	NA
Market Capitalisation (S$'000)			
Market capitalisation[3]	44,640	NA	NA

NA: Denoted "Not applicable" as the Company was only incorporated on March 2012 and listed on the SGX Catalist on 11 July 2012.

1 *Net Gearing ratio calculation: Net debt divided by total equity plus net debt.*

2 *Based on weighted average number of ordinary shares of 105,079,114 as at 31 January 2013.*

3 *Closing price as at end of financial year.*

OPERATING AND FINANCIAL REVIEW

For the financial year ended 31 January 2013 ("FY2013"), the Group reported a net profit attributable to equity holders of S$3.02 million on the back of a 8.7% increase in revenue to S$41.70 million. The Food Catering Business accounted for 73.6% of the Group's FY2013 revenue, while Food Retail and Food and Catering Supplies Businesses contributed 26.3% and 0.1% respectively.

INCOME STATEMENT

Revenue: Increased mainly due to the growth of the Food Retail Business by $2.61 million or 31.3%. As at 31 January 2013, the Group operated 18 outlets compared to 17 outlets a year ago. Revenue from the Food Catering Business also increased from a growth in the Group's market share for the corporate and government sectors.

Purchases and consumables used: Increased mainly due to higher food prices and consumables expenses.

Delivery expenses: Decreased mainly due to an improved driver planning system

Employee benefits expense: Increased due to an increase in the headcount, especially in the Sales, Logistics and Operations functions.

Rental expenses: Increased mainly due to the land rent paid for 30B Quality Road and the increase in the number of food retail outlets.

Other expenses: Increased mainly due to the one-time IPO expenses of $0.90 million, cash donation made to Food Connect @ South West, upkeep of motor vehicles, professional and legal fees, and small assets purchased.

Profit before income tax: Decreased mainly due to the one-time IPO expenses of $0.90 million, increase in compliance expenses and seasonality factors as FY2013 did not include the full Lunar New Year peak as compared to FY2012.

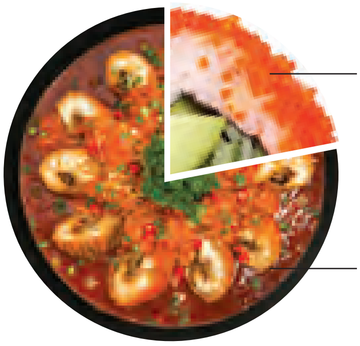
(S$'000)	FY2013	FY2012	Change (%)
Revenue	**41,699**	**38,376**	**8.7**
Other items of income	**1,354**	**293**	**NM**
Items of expense			
- Purchases and consumables used	(14,089)	(12,080)	16.6
- Changes in inventories	121	65	86.2
- Delivery expenses	(1,506)	(1,972)	(23.6)
- Employee benefits expense	(12,370)	(9,325)	32.6
- Depreciation expenses	(1,731)	(1,340)	29.2
- Advertising expenses	(1,687)	(1,344)	25.5
- Rental expenses	(2,713)	(2,066)	31.3
- Utilities	(1,286)	(1,163)	10.6
- Other expenses	(4,050)	(2,837)	42.8
- Finance costs	(211)	(125)	68.8
Profit before income tax	**3,531**	**6,482**	**(45.5)**
Income tax expense	(511)	(1,098)	(53.5)
Profit attributable to owners	**3,020**	**5,384**	**(43.9)**

ANALYSIS OF REVENUE BY BUSINESS SEGMENTS

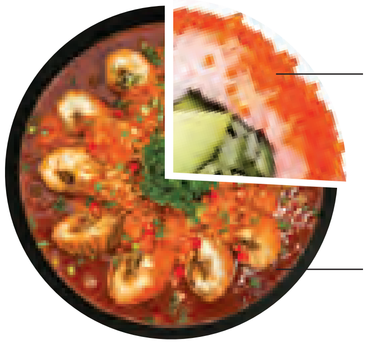
(S$'000)	FY2013	FY2012	Change (S$'000)	Change (%)
Food Catering Business	30,705	29,961	744	2.5
Food Retail Business	10,961	8,340	2,621	31.4
Food and Catering Supplies Business	33	75	(42)	(56.0)
Total Revenue	**41,699**	**38,376**	**3,323**	**8.7**

REVENUE BY BUSINESS SEGMENTS (%)

FY2012



FY2013



Note: Percentage revenue contribution by the Food and Catering Supplies Business in FY2012 and FY2013 was not meaningful

FOOD CATERING BUSINESS

The Group's Food Catering Business contributed S$30.71 million in revenue in FY2013, a year-on-year growth of 2.5% compared to FY2012. The revenue growth in FY2013 was largely underpinned by the improved market share enjoyed by the Group for the corporate and government sectors.

Notably, the Group achieved higher sales for this business segment even though FY2013 did not include the full Lunar New Year peak, as compared to FY2012 which enjoyed sales from two Lunar New Year peaks.

Overall in FY2013, the Group, through its three catering brands, served 2.13 million guests, up from 1.92 million in FY2012.

In addition, the Group created new menus and concepts during the year to excite its existing customers and attract new ones. These innovative ideas included:

- **"Neo Garden Catering"**
  - Neo's Elite – higher-end buffet packages with options for thematic set-ups and 'live' stations
  - LunchBox – value sets for companies looking to cater quick and tasty meals for their staff
- **"Orange Clove Catering"**
  - New Western and Indian menus – specialised menus to target new consumer segments
  - New creative department – to develop customised themes and creative ideas for discerning customers
  - New "Teapot" brand – offering customised cakes and desserts as a value-added service for the buffets as well as to cater to the rising demand for hand-crafted pastries and sweets
- **"Deli Hub Catering"**
  - MakanBox – value-for-money lunch sets for the mass market segment
  - Trial packages for first-time customers – to encourage new customers to sample the buffets at an attractive price

OPERATING AND FINANCIAL REVIEW

FOOD RETAIL BUSINESS

Revenue from the Group's Food Retail Business grew 31.4% year-on-year to S$10.96 million in FY2013, attesting to the popularity of the "umisushi" brand and its growing acceptance among consumers. This revenue growth in FY2013 was backed by improved delivery and outlets' sales. During the year, the Group actively promoted its "umisushi" delivery services which resulted in an increased demand for home deliveries. It also experienced higher customer traffic at most of its "umisushi" retail outlets.

The Group launched three new "umisushi" outlets located at Ngee Ann Polytechnic, Kallang Bahru and Alexandra Retail Centre over the course of FY2013. At the same time, the rental contract for the outlet at Tiong Bahru Plaza #B1-24 was fulfilled and consolidated with its other unit at #B1-26, and it decided not to renew the lease of its CityLink Mall when it expired.

Taking these developments into account, the Group operated a total of 18 "umisushi" outlets across Singapore as at 31 January 2013, compared to 17 outlets a year ago.

As a result of the above factors, the Group's "umisushi" brand turned profitable, swinging from a loss of S$450,000 in FY2012 to a profit of S$200,000 in FY2013.

FOOD AND CATERING SUPPLIES BUSINESS

The Food and Catering Supplies Business accounted for S$33,000 of the Group's FY2013 revenue, representing less than one percent of its total revenue. This segment largely plays a supporting role to the Group's core Food Catering and Food Retail Businesses as it helps the Group obtain better pricing through bulk purchases. It also helps ensure the supply of quality food and ingredients to the Group's Food Catering and Food Retail Businesses in a timely manner.

FINANCIAL POSITION

Non-current Assets: Decreased by S$0.97 million to S$16.12 million as at 31 January 2013. Property, plant and equipment decreased mainly due to the disposal of a yacht and a leasehold property. This was partially offset by the acquisition of new assets during the current financial year. Asset held for sale was disposed. Investment properties decreased due to depreciation provided for the properties.

Current Assets: Increased by S$5.13 million to S$14.63 million as at 31 January 2013. Decrease in trade and other receivables mainly due to the repayment of the amount due from Directors during the Restructuring Exercise which occurred on 11 June 2012. Cash and cash equivalents increased due to the receipt of IPO proceeds and proceeds from sales of leasehold properties.

Current liabilities: Decreased by S$2.22 million to S$6.56 million as at 31 January 2013. This was mainly attributable to decreases in trade and other payables, and current bank borrowings from the repayment of existing bank loan and the full settlement of the term loan for the leasehold properties that were sold.

Non-current liabilities: Decreased by S$0.76 million to S$6.77 million as at 31 January 2013 due to the settlement of non-current bank borrowings for the leasehold properties that were sold.

(S$'000)	FY2013	FY2012	Change ($)
Total Assets	**30,752**	**26,593**	**4,161**
- Property, plant and equipment	14,575	15,501	(926)
- Investment properties	1,543	1,584	(41)
- Inventories	703	801	(98)
- Asset held for sale	–	818	(818)
- Trade and other receivables	1,881	4,116	(2,235)
- Prepayments	317	295	22
- Cash and cash equivalents	11,733	3,478	8,255
Total Liabilities	**13,334**	**16,312**	**(2,978)**
- Trade and other payables	4,295	6,146	(1,851)
- Provisions	150	56	94
- Bank borrowings	784	1,620	(835)
- Finance lease payables	175	155	20
- Current income tax payable	1,157	804	353
- Bank borrowings (Non-current)	6,667	7,459	(791)
- Deferred tax liabilities	106	72	34
Total shareholders' equity	**17,418**	**10,281**	**7,137**

CASH AND CASH EQUIVALENTS

The Group's operations continued to generate strong cashflow of S$4.62 million, while proceeds from the sale of property, plant and equipment, and assets held for sale raised cash from investing activities to a positive S$0.56 million. With financing activities generating net cash of S$3.07 million, the Group's cash position for the year increased by S$8.24 million to S$11.68 million as at the end of FY2013.

Net cash flows generated from operating activities of S$4.62 million mainly resulted from operating cash flows before movements in working capital of S$4.93 million, an increase in net working capital of S$0.18 million, and income taxes paid of S$0.12 million.

Net cash flows generated from investing activities of S$0.56 million mainly arose from S$2.43 million proceeds received from sale of assets held for sale and property, plant and equipment. This was partially offset by purchase of property, plant and equipment of S$1.48 million and acquisition of subsidiaries* of S$0.39 million.

Net cash flows generated from financing activities of S$3.07 million mainly due to the net receipt of proceeds from issuance of shares of S$6.40 million and partially offset by repayment of bank borrowings and finance lease of approximately S$1.63 million and S$0.28 million respectively, dividend payment of S$1.21 million and finance costs of S$0.20 million.

(S$'000)	FY2013	FY2012
Net cash from operating activities	4,617	8,023
Net cash (used in) / from investing activities	555	(10,694)
Net cash from financing activities	3,073	5,249
Net change in cash and cash equivalents	8,245	2,578
Cash and cash equivalents at end of financial year	**11,682**	**3,437**

** Pursuant to a sales and purchase agreement as part of the Restructuring Exercise which occurred on 11 June 2012.*

BORROWINGS

As at 31 January 2013, the Group's borrowings comprising bank borrowings and finance lease payables were fully secured.

Bank borrowings are secured against leasehold properties at 8A Admiralty Street #06-01 and #06-02 with the carrying amount of S$1.14 million, 10E Enterprise Road with the carrying amount of S$0.87 million, and the Group's land held for development at 30B Quality Road with the carrying amount of S$8.86 million.

Obligations under finance lease are secured by the lessor's charge over the leased assets, which have a carrying amount of S$0.54 million.

(S$'000)	FY2013	FY2012
Current liabilities		
- Bank borrowings (secured)	784	1,620
- Finance lease payables (secured)	175	155
Non-current liabilities		
- Bank borrowings (secured)	6,667	7,459
Total borrowings	**7,626**	**9,234**

OPERATING AND FINANCIAL REVIEW

SHAREHOLDERS' RETURNS

Although the Group does not have a formal dividend policy, it intends to recommend and distribute dividends of not less than 60% of its net profits attributable to shareholders in each of FY2013, FY2014 and FY2015.

For FY2013, the Group declared a total dividend of 1.50 Singapore cents per share, which represented a payout ratio of 71.5%.

UPDATE ON USE OF IPO PROCEEDS

The Company received total proceeds of S$6.60 million from its listing and as at 30 April 2013, the IPO proceeds have been utilised as follows:

Intended usage	Allocation (S$'000)	Amount Utilised (S$'000)	Amount Unutilised (S$'000)
Expand and develop the Food Catering Business and Food Retail Business (which may include acquisitions, joint ventures and/ or strategic alliances)	5,000	–	5,000
IPO expenses	1,600	(1,598)	2
Total	**6,600**	**(1,598)**	**5,002**

THE NEO GROUP CULTURE

CORPORATE CULTURE

At Neo Group, we place great emphasis on building and sustaining a strong corporate culture, which we believe is essential to the success of the Group. By aligning our employees' mindset and attitudes with the Group's vision to be the number one in the industry, mission and core values, our employees are driven to do their best for the company and themselves.

We strive to develop a workplace where our employees feel happy and empowered, and enjoy coming to work each day. Besides developing a culture of trust among staff, we also encourage staff to take responsibility for their work. We believe by holding employees and management staff accountable for their performance, it creates greater confidence and spurs them to achieve our shared goals.

As the Group's business grows in breadth and depth, we will continue to strengthen our corporate culture to one that focuses and emphasises on customers, employees, shareholders and the community.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility runs deep within Neo Group and it is our Group's belief that profitability should not be the sole focus of an organisation. We are committed to conducting our business in a way that best serves the interests of our stakeholders, including the community, the environment, our employees and our shareholders.

TO BE NO. 1, WE NEED TO PUT OTHERS F1RST

COMMITMENT TO THE COMMUNITY

At Neo Group, we believe that we are an integral part of the society and we give back to society on a sustained and regular basis in various ways. These include monetary donations, providing freshly cooked and delicious meals to the needy, and volunteering time and resources to support charitable initiatives.

Mr Neo Kah Kiat, the Group's Founder, Chairman and CEO, is a staunch advocate of giving back to the community and inculcates the same philosophy among employees in the company. To this end, Neo Group employees are encouraged to donate a portion of their salaries, be it 10 cents, S$1 or S$100, to charity every month. All the contributions are collected on a monthly basis and donated to charitable organisations identified by the Group.

ADOPTED CHARITIES IN 2012/2013: FOOD CONNECT AND ADOPT-A-RENTAL-BLOCK @ SOUTH WEST

We are involved in "Food Connect @ South West" organised by the Singapore Food Manufacturers' Association and South-West Community Development Council ("South-West CDC"). The Group has pledged S$120,000, over two years, for the purchase of food rations for the beneficiaries.

Neo Group is also an active participant in the South-West CDC "Adopt-A-Rental Block @ South West" scheme. Under this programme, we deliver about 200 bento lunches as well as food rations on a monthly basis to needy families and vulnerable elderly citizens residing at three blocks of rental flats in Taman Jurong. We also organise buffets for their quarterly events.

THE NEO GROUP CULTURE

Going a step further, we also proactively distribute donation forms during festive seasons that invite customers of the Group to join us in uplifting the lives of over 1,000 needy families and elderly in the South-West district through donations.

DONATE-A-BUFFET-TO-CHARITY

As part of our CSR initiatives, we have also launched a "Donate-A-Buffet-To-Charity" drive to encourage our customers to give back to the community. Our objective is to provide the less privileged with a chance to enjoy restaurant-quality meals. Customers who sponsor a buffet to a charity of their choice will enjoy a 30% discount from the Group's three catering brands. We have also extended this discount to charitable organisations that wish to cater a buffet for their beneficiaries.

COMMITMENT TO THE ENVIRONMENT

Neo Group is also committed to conserving the environment and where possible, we conduct our business in a manner that reduces our carbon footprint and contributes to a sustainable environment. For instance, we use eco-friendly and bio-degradable wares and cutlery made from organic substances, which are capable of decomposing naturally. No harmful components were used to produce these eco-friendly items, thereby reducing greenhouse gas emissions and minimising the impact on global warming.

As part of our environmental conservation initiatives, we also observe a "No Lift Day" and "No Air-Conditioning Hours" monthly.

COMMITMENT TO EMPLOYEES

Backed by a strong corporate culture, we believe our people are the most important assets of Neo Group, and we promise our employees an enjoyable and rewarding career with us. We continuously strive to be an "employer of choice" by providing a balanced work environment that seeks to enhance our staff's physical wellness and mental well-being.

OCCUPATIONAL SAFETY AND HEALTH

One of the top priorities for us is occupational safety and our employees' health. We have a "Zero Accidents" policy at the workplace and have introduced several initiatives to achieve this goal. This includes the formulation and introduction of a Work Safety Pledge, which is recited daily by all kitchen operations employees as a constant reminder of the importance of occupational safety and health.

The Group also organises a monthly Sports Day to promote the physical wellness of our employees. The event is helmed by Mr Neo, who leads all the employees on a run around the residential precinct in Jurong West. The Sports Day also includes workout activities such as mass exercises and sports games at Jurong Spring Community Centre.

PEOPLE DEVELOPMENT

Besides ensuring a safe working environment and a high standard of staff welfare, we also place a strong and continual emphasis on staff training and skills upgrading.

Our training programmes can be classified into the following four main categories:

(a) Orientation training
All new employees are required to undergo orientation programmes conducted by our human resource department (for office staff) or operational manager (for operational staff) to familiarise themselves with our Group's corporate identity, policies and standard operation practices.

(b) Technical training
Technical training is aimed at providing our employees with the necessary skills and knowledge for their respective job functions to ensure that their performance attains our desired standards. Moreover, all our food retail outlets' staff are required to undergo training in food handling procedures.

We also provide regular training sessions for our staff to keep them abreast with the latest trends, menu and product knowledge and new technologies in our industry.

(c) On-the-job training
On-the-job training reinforces the technical training our staff undergo. Immediate supervisors will closely monitor individual staff and impart practical skills and working knowledge. Such on-the-job training for our staff includes product knowledge, equipment operation and quality assurance.

(d) Continuing education
To stay competitive at all times and to ensure that our employees keep abreast of the latest developments in our industry, we send selected employees to participate in seminars, conferences and training courses from time to time, such as those relating to customer service and communication skills, food hygiene standards, design and decoration courses and leadership courses.

COMMITMENT TO SHAREHOLDERS

As a listed company, the Group is committed to providing the investment community with transparent, timely and accurate information. Our aim is to keep our existing and potential investors updated on the Group's performance and strategic initiatives, in order to help them evaluate the Group and make informed investment decisions.

All our corporate announcements, press releases and presentation slides are released on the Singapore Exchange's SGXNET and on Neo Group's website simultaneously. We maintain a dedicated investor relations section within our corporate website, where investors can easily access up-to-date information relating to the Group. Investors can also sign up for an e-mail alert service which informs them whenever an announcement is posted on the website.

We endeavour to engage in two-way communication with the investment community via face-to-face briefings, phone calls or emails. We conduct regular results briefings with analysts and media (jointly), as well as organise tours of our facilities periodically.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Neo Kah Kiat
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

Yeo Guat Kwang
Independent Director

Ng How Hwan, Kevin
Independent Director

AUDIT COMMITTEE

Tan Lye Huat (Chairman)
Wong Hin Sun, Eugene
Ng How Hwan, Kevin

REMUNERATION COMMITTEE

Ng How Hwan, Kevin (Chairman)
Wong Hin Sun, Eugene
Tan Lye Huat

NOMINATING COMMITTEE

Yeo Guat Kwang (Chairman)
Wong Hin Sun, Eugene
Tan Lye Huat

COMPANY SECRETARIES

Pan Mi Keay (ACIS)
Lee Wei Hsiung (ACIS)

REGISTERED OFFICE

6A Wan Lee Road
Singapore 627938
Tel: (65) 6593 9913
Fax: (65) 6515 1235
Email: ir@neogroup.com.sg

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

INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS

BDO LLP
Public Accountants and Certified Public Accountants
21 Merchant Road #05-01
Royal Merukh S.E.A. Building
Singapore 058267

Partner-in-charge: **Leong Hon Mun Peter**
(a member of the Institute of Certified Public Accountants of Singapore)
(Appointed since the financial year ended 31 January 2011)

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

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

CORPORATE GOVERNANCE

The Board of Directors of Neo Group Limited (the "Company") is committed to observing and maintaining high standards of corporate conduct in conformity with the spirit of the Code of Corporate Governance 2005 (the "Code") to protect the interest of the shareholders and to promote the investors' confidence as well as support. Our Directors will also use best efforts to implement the good practices recommended in the Code of Corporate Governance of 2 May 2012 as announced by the Singapore Exchange Securities Trading Limited ("SGX-ST"). This report describes the Company's corporate governance practices with specific references to the Code pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalist (the "Catalist Rules") of the SGX-ST.

To discharge its governance function, the Board of Directors and its Committees have established policies and rules to govern their activities. The Board and its Committees are guided by their respective Terms of References which would be reviewed as and when is needed. During the financial year, the Terms of Reference of the Nominating Committee, Remuneration Committee and Audit Committee have been reviewed upon listing on the Catalist of the SGX-ST to enhance their practical applications.

The Board is pleased to report that for the financial year ended 31 January 2013, the Company is adhered to the principles and guidelines of the Code as set out below.

I. BOARD MATTERS

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

Principle 1: Effective Board to Lead and Control the Company

Guideline 1.1
Roles of Board

The Board recognises that its principal functions include, inter alia, providing entrepreneurial leadership, setting strategic aims, reviewing management's performance, establishing a framework of prudent and effective controls which enables risk to be assessed and managed as well as setting corporate values and standards for the Group to ensure that the obligations to shareholders and others are met.

Guideline 1.2
Objective Decision Making

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

Guideline 1.3
Delegation of Authority to Board Committees

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

Guideline 1.4
Meetings of Board and Board Committees

For the financial year ended 31 January 2013 ("FY2013"), the Board has met on a quarterly basis as warranted by particular circumstances. Ad hoc meetings are also convened to discuss and deliberate on urgent substantive matters or issues. The Company's Articles of Association provide for the Board to convene meetings via telephone conferencing and electronic means in the event when Directors were unable to attend meetings in person. To enable members of the Board and its Board Committees to prepare for the meetings, agendas were circulated at least seven (7) days in advance and most materials dispatched one (1) week before the meetings.

The details of the number of meetings held for the Board and Board Committees during FY2013 and the attendance of each Director at those meetings are disclosed below:

	Board of Directors		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meeting		No. of meeting		No. of meeting		No. of meeting	
Name of Directors	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Neo Kah Kiat	5	5	–	–	–	–	–	–
Liew Oi Peng	5	5	–	–	–	–	–	–
Liew Choh Khing	5	4	–	–	–	–	–	–
Lee Kwang Boon	5	5	–	–	–	–	–	–
Tan Lye Huat	5	5	3	3	2	2	2	2
Ng How Hwan Kevin	5	5	3	3	–	–	2	2
Yeo Guat Kwang	5	3	–	–	2	2	–	–
Wong Hin Sun Eugene	5	4	3	3	2	2	2	2

Guideline 1.5
Internal Guidelines on Matters Requiring Board Approval

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

During FY2013, the Board reviewed and approved the Group's annual budget and business plans; and on a quarterly basis monitors the financial performance of the Group. The Board also deliberated on other key business activities and material transactions that exceeded the limits of authority delegated to the Management or Board Committees. As specified under the Delegation of Authority matrix mentioned earlier, significant matters which require the Board's specific approval include:

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

Guideline 1.6
Continuous Training & Development of Directors

Currently, the Company does not have a formal training programme for new directors. However, to assist the Directors in discharging their duties, where necessary, the Directors will be updated of any new legislations, rules and/or regulations relevant to the Group. The Management keeps the Directors up-to-date on pertinent developments in the business including corporate laws and governance as well as regulatory changes such as financial reporting standards and industry-related matters. Such periodic updates are provided to Directors to facilitate the discharge of their duties.

Guidelines 1.7 & 1.8
Appointment and Training for First-time Directors

Newly-appointed Directors will be given a formal letter of appointment setting out the duties and obligations of directors. 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. Familiarisation visits would be organised, if required, to facilitate a better understanding of the Group's business operations.

As the Company was incorporated on 22 March 2012, the following Directors appointed on board subsequent to the incorporation were considered as new Directors appointed during the year under review:

Liew Choh Khing
Lee Kwang Boon
Tan Lye Huat
Ng How Hwan Kevin
Yeo Guat Kwang
Wong Hin Sun Eugene

Principle 2: Strong and Independent Element on the Board

Guideline 2.1
Composition and Independent Element of the Board

The Board of Directors comprises eight Directors, four of whom are Non-Executive Directors with three of them independent. The Directors of the Company as at the date of this report are:

Mr Neo Kah Kiat (Executive Chairman and Chief Executive Officer)
Ms Liew Oi Peng (Executive Director)
Mr Liew Choh Khing (Executive Director)
Mr Lee Kwang Boon (Executive Director)
Mr Tan Lye Huat (Lead Independent and Non-Executive Director)
Mr Ng How Hwan Kevin (Independent and Non-Executive Director)
Mr Yeo Guat Kwang (Independent and Non-Executive Director)
Mr Wong Hin Sun Eugene (Non-Independent and Non-Executive Director)

During FY2013, the NC conducted its annual review of the Directors' independence and was satisfied that the Company has complied with the guidelines of the Code, including the guideline that at least one-third of the Board is made up of Independent Directors.

Guideline 2.2
Independence of Directors

The NC, in its assessment on 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 Guat Kwang 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 2.3
Composition and Size of the Board

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

Guideline 2.4
Competency of the Board

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

Guidelines 2.5 & 2.6
Non-Executive Directors

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

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

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

Guidelines 3.1, 3.2 & 3.3
Chairman and CEO

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

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

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

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

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

Guideline 4.1
NC Membership

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

Mr Yeo Guat Kwang, Chairman	(Independent and Non-Executive)
Mr Tan Lye Huat	(Independent and Non-Executive)
Mr Wong Hin Sun Eugene	(Non-Independent and Non-Executive)

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

- reviewing and recommending to the Board on all Board appointments, including the nomination or re-nomination of the Directors having regard to the Directors' contribution and performance;
- developing a process for selection, appointment and re-appointment of Directors 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 FY2013, the NC held two scheduled meetings with full attendance.

Guidelines 4.2 & 4.3
Roles and Responsibilities of NC

The NC reviewed the independence of the Directors as mentioned under Guideline 2.2. It also considered the requirements of the Company's Articles of Association which provides that at each annual general meeting ("AGM"), one-third of the Board is required to retire and provided always that every director shall retire from office at least once every 3 years. In addition, the Directors, by the recommendation of NC, shall 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 first AGM:

Pursuant to Article 98 of the Articles of Association of the Company
(i) Mr Neo Kah Kiat

Pursuant to Article 102 of the Articles of Association of the Company
(ii) Mr Liew Choh Khing
(iii) Mr Lee Kwang Boon
(iv) Mr Tan Lye Huat
(v) Mr Ng How Hwan Kevin
(vi) Mr Yeo Guat Kwang
(vii) Mr Wong Hin Sun Eugene

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.

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
Process for the Selection and Appointment of New Directors

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 4.6
Information on Directors

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

Principle 5: Assessment of the Effectiveness of the Board

Guideline 5.1
Board Performance

The Company is formulating a formal annual process to assess the Board's effectiveness as a whole and its ability to discharge its responsibilities in providing stewardship, corporate governance and oversight of Management's performance. To ensure confidentiality of the assessments, the Company Secretary assisted in collating and analysing the returns for the year.

Guideline 5.2
Board Evaluation

The NC makes recommendation to the Board that, the evaluation of the Board be carried out on an annual basis. Each Director assesses the Board's performance as a whole by updating their respective feedback in their completed Board Assessment Checklist, a prescribed form established for this purpose.

Guideline 5.3
Evaluation of Individual Director

The NC reviewed the individual Director's self assessment, takes note of the skill and knowledge in consideration of the board composition, takes note of every individual director's attendance at meetings of the Board and its 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.

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.

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 FY2013, 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. There was no such requirement during the year under review.

II. 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 Directors, all of whom are Non-Executive and the majority, including the Chairman, being independent:

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

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

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

During FY2013, the RC held two meetings attended by all the members.

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 executives. All aspects of remuneration frameworks, including but not limited to directors' fees, salaries, allowances, bonuses, the awards to be granted under the performance share plan, the options to be issued under the employee share option scheme as well as other benefits-in-kind are reviewed by the RC. The recommendations of the RC are submitted for endorsement by the Board. Such frameworks are reviewed periodically to ensure that they remain competitive and relevant.

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

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

Guideline 7.3
RC Access to Advice on Remuneration Matters

The RC has access to the advice of external experts in the field of executive compensation, where required.

Principle 8: Level and Mix of Remuneration

Guidelines 8.1 & 8.5
Remuneration of Executive Directors

The Company's remuneration package for its Executive Directors comprises both fixed and variable components. The variable component is performance related and is linked to the Company's performance as well as the Executive Director's performance. This is designed to align Director's interests with those of shareholders' and link rewards to corporate and individual performance.

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

Guideline 8.2
Remuneration of Non-Executive Directors

The Board concurred with the RC's proposal for Independent Directors' and Non-Executive Director's fees for the financial period ended 31 January 2013. The RC and the Board are of the view that the remuneration of the Directors is appropriate and not excessive, taking into account factors such as effort and time spent, and the increasingly onerous responsibilities of the Directors.

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

Guidelines 8.3 & 8.6
Service Contract

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

Guideline 8.4
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") in conjunction with the listing of the Company on the Catalist of SGX-ST, which were approved by its shareholders at an Extraordinary General Meeting held on 11 June 2012. Both the PSP and 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. 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.

Principle 9: Disclosure on Remuneration

Guidelines 9.1 & 9.2
Remuneration of Directors & Top 4 Key Executives

Remuneration of Directors of the Company is disclosed in bands of $250,000. A summary of each Non-Executive Directors' and Executive Directors' remuneration paid or payable by the Company for FY2013 is set out below:

Name of Directors	Breakdown of Remuneration in Percentage (%)					Total Remuneration in Compensation Bands of $250,000
	Fees[1] (%)	Salary[2] (%)	Benefits (%)	Variable Bonus (%)	Total (%)	
Neo Kah Kiat	–	100	–	–	100	$250,001 - $500,000
Liew Oi Peng	–	100	–	–	100	$250,001 - $500,000
Lee Kwang Boon	–	100	–	–	100	< $250,000
Liew Choh Khing	–	100	–	–	100	< $250,000
Tan Lye Huat	100	–	–	–	100	< $250,000
Wong Hin Sun Eugene	100	–	–	–	100	< $250,000
Ng How Hwan Kevin	100	–	–	–	100	< $250,000
Yeo Guat Kwang	100	–	–	–	100	< $250,000

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.

Remuneration of Top 4 Key Executives (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 four executives in the Company and its subsidiaries, are presented as follows:

Name of Top 4 Key Executives	Breakdown of Remuneration in Percentage (%)				Total Remuneration in Compensation Bands of $250,000
	Salary[1] and Bonus (%)	Benefits (%)	Variable Bonus (%)	Total (%)	
Lim Li Ling, Lynn	100	–	–	100	< $250,000
Liew Oi Yen	100	–	–	100	< $250,000
Seah Boon Choon	100	–	–	100	< $250,000
Teo Hwee Ai, Rachel	100	–	–	100	< $250,000

Notes:
1.The salary and bonus amount shown is inclusive of allowances and CPF.

Guideline 9.3
Employee Related to Directors/CEO

Save as disclosed above, there were no employees of the Group who are immediate family members of a Director or the CEO or a substantial shareholder of the Company, and whose remuneration exceeded $150,000 during the financial year ended 31 January 2013.

Guideline 9.4
Employee Share Scheme

The Company have adopted a share option scheme known as the "Neo Group Employee Share Option Scheme" ("ESOS") in conjunction with the listing on Catalist of SGX-ST, which was approved by its shareholders at an Extraordinary General Meeting held on 11 June 2012. 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.

III. ACCOUNTABILITY AND AUDIT

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

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

Guideline 10.1
Accountability for Accurate Information

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

On a quarterly basis, the Management issues a representation letter to the AC confirming that the financial processes and controls are in place, highlighting material financial risks and impacts and providing updates on status of significant financial issues of the Group.

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

Guideline 10.2
Management Accounts

The Management updates the Board regularly on the Group's business activities and financial performance by providing verbally update on any business, operations and financial related matters on a quarterly basis. They also highlight key business indicators and major issues that are relevant to the Group's performance for the Board to review and discuss.

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

Prior to the release of half yearly and full year results to the public, the Management will present the Group's financial performance together with notes explaining in details of the operations and trends to the AC, which will review and recommend the same to the Board for approval and adopt for the release of the results.

Principle 11: Establishment of Audit Committee with Written Terms of Reference

Guidelines 11.1 & 11.8
AC Membership

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

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

During the year, the AC held three scheduled meetings, which all members attended.

Guideline 11.2
Expertise of AC Members

The Board has ensured that all the AC members, having the necessary accounting and/or related financial management expertise, are appropriately qualified to discharge their responsibilities.

Guidelines 11.3 and 11.4
Roles and Responsibilities of AC

The AC meets on a quarterly basis during the year. The AC carries out its duties in accordance with a set of terms of reference which includes, mainly, the following:

- reviewing with the external auditors, the audit plan and their evaluation of the system of internal accounting controls and monitor Management's response and actions to correct noted deficiencies;
- reviewing with the internal auditors of the Company, the scope and results of the internal audit and monitor Management's response to their findings to ensure that appropriate follow-up measures are taken;
- reviewing the co-operation given by the Management to the external auditors and internal auditors, where applicable;
- reviewing the internal control and procedures and ensure coordination between the external auditors and Management;
- reviewing the effectiveness and adequacy of the Company's administrative, operating internal accounting and financial control procedures;
- evaluating the effectiveness of both the internal and external audit efforts through regular meetings;
- determining that no unwarranted management restrictions are being placed upon to either the internal or external auditors;
- reviewing the half-year and full year financial statements before submission to the Board particularly in relation to changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards, compliance with the SGX-ST and statutory/regulatory requirements;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- reviewing the interested person transactions;
- evaluating the independence of the external auditors annually and nominate them for re-appointment; and
- reviewing the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors.

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

Guidelines 11.5 and 11.6
External & Internal Auditors

In addition, the AC reviewed the non-audit services provided by the External Auditors as part of the AC's assessment of the External Auditors' independence. The AC is satisfied with the independence and objectivity of the External Auditors and recommends to the Board of Directors the nomination of the External Auditors for re-appointment.

The Company's Internal and External Auditors were invited to make presentations to the AC during the year. They will also meet separately with the AC without the presence of Management. The AC has reviewed and is satisfied with the level of cooperation rendered by the Management to the External Auditors, the adequacy of the scope and quality of their audits after having regard to the adequacy of the resources and experience of the auditors as well as the independence and objectivity of the external auditors.

Both AC and the Board have reviewed the appointment of auditors for its subsidiaries. They are satisfied that it would not compromise the standard and effectiveness of the audit of the Company since BDO LLP is the auditors for all its subsidiaries. Accordingly, the Company has complied with Rules 712 and 715 of the Catalist Rules of SGX-ST.

Guideline 11.7
Whistle Blowing Policy

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

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

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

Whistle Blowing Committee

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

The WBC is empowered to:

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

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

Principle 12: Sound System of Internal Controls

Guideline 12.1
Internal Control Systems

The Board recognises the importance of maintaining a sound system of internal controls to safeguard the shareholders' investments and the Group's assets. The AC oversees and ensures that such system has been appropriately implemented and monitored.

During the year, the AC reviewed reports submitted by the External and Internal Auditors relating to the effectiveness of the Group's internal controls, including the adequacy and effectiveness of the Group's internal control systems including financial, operational and compliance controls.

The AC has also reviewed the Company's risk management framework based on the Enterprise Risk Management ("ERM") reports from Nexia TS Public Accounting Corporation ("Nexia TS"). According to Nexia TS, Management has established an ERM framework addressing the financial, operational and compliance risks. Management is currently and will continue to monitor, manage and address the material financial, operational and compliance risks identified.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing the financial, operational and compliance risks are adequate.

Risk Management

The Group is in the midst of finalizing, with the assistance of an outside consultant, a risk management policy consisting of a framework of formal, systematic and comprehensive guidelines and rules to identify and manage significant risks that might affect the Group's achievement of its business objectives.

This Risk Management Framework, when fully in place, will assist the Board, the Management and staff in identifying, reviewing and monitoring potential risks. Comprehensive guidelines and rules will be set to identify and manage significant risks that may affect the Group's achievement of its business objectives, outputs, projects or operating processes.

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. A self-assessment process, to be conducted regularly by Management, will be introduced to ensure that the Group's risk management controls are satisfactory.

The process will identify relevant potential risks across the Group's operations with the aim to bring them to within acceptable cost and tolerance parameters.

We expect the Risk Management Framework to be in place before the end of FY2014.

Guideline 12.2
Adequacy of Internal Controls

The internal controls in place maintained by the Company's Management throughout the year and up to the date of this report, provides reasonable, but not absolute, assurance against material financial misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board notes that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities. The effectiveness of the internal control system and procedures will be monitored by the AC annually.

Principle 13: Independent Internal Audit Function

Guideline 13.1
Internal Auditors

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

An internal audit function that is independent of the activities it audits has been established and the IA's primary line of reporting is to the Chairman of the AC.

Guidelines 13.2 & 13.3
Internal Audit Function

The Company outsourced its internal audit function to Nexia TS is an independent member firm of Nexia International and is associated with Smith & Williamson of the United Kingdom which is a corporate member of the Institute of Internal Auditors Singapore and guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) set by the Institute of Internal Auditors.

The internal audit team performs risk assessment and conducts the review of the effectiveness of the Group's internal controls, including financial, operational and compliance controls and risk management systems.

The internal auditors have unrestricted access to the AC on internal audit matters. The AC reviews and endorses the internal audit plan and internal audit reports of the Group. Any material non-compliance or failures in the internal audit function and recommendations for improvements are reported to the AC.

An annual audit plan which entails the review of the effectiveness of the Company's material internal controls has been developed. The AC is satisfied that the Company's internal audit function is adequately resourced to perform the job for the Group.

Guideline 13.4
Adequacy of Internal Audit Function

The AC annually reviews the adequacy of the internal audit function to ensure that the internal audits are performed effectively. The AC reviews and approves the annual internal audit plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that Management provides the necessary co-operation to enable the IA to perform its function.

IV. COMMUNICATION WITH SHAREHOLDERS

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: Regular, Effective and Fair Communication with Shareholders

Guideline 14.1
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, Cap. 50, the Board has established a policy to inform shareholders promptly of all major developments that may have material impact on the Group.

Guideline 14.2
Information to Shareholders

The Company communicates with shareholders and the investing community through the timely release of announcements to the SGX-ST via SGXNET. Financial results of the Company and the Group were released within 45 days from the half year ended and 60 days from the full year financial year ended during the year. In addition, the Annual Report 2013 is distributed to shareholders at least fourteen (14) days before the AGM to be held on 30 May 2013.

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.

Principle 15: Shareholders' Participation at General Meetings

Guideline 15.1
Shareholders Participation

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 15.2
Proceedings of General Meetings

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

Guideline 15.3
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 15.4
Proxies

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 15.5
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.

V. 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.

CORPORATE GOVERNANCE

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 of SGX-ST. During FY2013, the Company issues half-yearly circulars to its Directors, officers and employees prohibiting dealing in its shares during the one month before the announcement of the Company's half-year and full-year financial results till the day of such announcements. Directors and employees are also advised against dealing in the Company's securities when they are in possession of any unpublished material price-sensitive information of the Group at all times. In addition, the Company discourages the Directors and employees from dealing in the Company's securities on short-term considerations. The Group confirmed that it adhered to its internal securities code of compliance for FY2013.

INTERESTED PERSON TRANSACTIONS

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

Details of the interested person transactions for FY2013 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)	Consultancy service written back	2	Nil
(ii)	Office premise lease expense	84	Nil
(iii)	GUI Solutions Pte Ltd		
	– Cost of goods and services purchased	183	Nil
	– Rental and utilities income	23	Nil
(iv)	Perdure Technology Pte Ltd		
	– Cost of goods and services purchased	63	Nil
	– Rental and utilities income	27	Nil
Neo Kah Kiat and Liew Oi Peng			
(i)	Office premise lease expense	234	Nil
(ii)	Twinkle Investment Pte Ltd		
	– Sale of yacht[1]	141	Nil
	– Sale of property[2]	1,100	Nil
	– Rental income	42	Nil
	– Services purchased	4	Nil

Note:

1. The sale of yacht to Twinkle Investment for a sale consideration of $150,962 included GST of $9,876.02 as disclosed in the section "Interested Person Transactions" of the Company's offer Document dated 2 July 2012.
2. The sale of property to Twinkle Investment for a sale consideration of $1.10 million has not been completed as disclosed in the section "Interested Person Transactions" of the Company's offer Document dated 2 July 2012. The sale was completed on 20 July 2012.

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the Audit Committee 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 service agreements between the Company and the Executive Directors and disclosures above in the "Interested Person Transactions" as well as except as disclosed in the Directors' Report and the Financial Statements, there were no other material contracts of the Company and its subsidiaries involving the interests of the CEO or any Director or controlling shareholder, either subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

NON-SPONSOR FEES

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

In compliance with Rule 1204(21) of the Catalist Rules of SGX-ST, there were no non-sponsor fees paid to the Company's Sponsor, CIMB Bank Berhad, Singapore Branch, subsequent to the Company's listing on the Catalist of the SGX-ST to the date of printing of this annual report.

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

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

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

Intended Usage in accordance with the Offer Document	Allocation ($'000)	Amount utilised ($'000)	Amount unutilised ($'000)
Expand and develop our Food Catering Business and Food Retail Business (which may include acquisitions, joint ventures and / or strategic alliances)	5,000	–	5,000
IPO expenses	1,600	(1,598)	2
Total	**6,600**	**(1,598)**	**5,002**

CODE OF CONDUCT & 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.

FINANCIAL CONTENTS

REPORT OF THE DIRECTORS

The Directors of the Company present their report to the members together with the audited financial statements of the Group for the financial year ended 31 January 2013 and the statement of financial position of the Company as at 31 January 2013.

1. DIRECTORS

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

Neo Kah Kiat	(Appointed on 22 March 2012)
Liew Oi Peng	(Appointed on 22 March 2012)
Lee Kwang Boon	(Appointed on 1 May 2012)
Liew Choh Khing	(Appointed on 1 May 2012)
Wong Hin Sun Eugene	(Appointed on 11 June 2012)
Tan Lye Huat	(Appointed on 11 June 2012)
Yeo Guat Kwang	(Appointed on 11 June 2012)
Ng How Hwan Kevin	(Appointed on 11 June 2012)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The Directors of the Company holding office at the end of the financial period had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance at 22 March 2012 (date of incorporation) or later date of appointment	Balance at 31 January 2013	Balance at 22 March 2012 (date of incorporation) or later date of appointment	Balance at 31 January 2013
	Number of ordinary shares			
Company				
Neo Kah Kiat	1	102,333,992	–	11,520,000
Liew Oi Peng	–	11,520,000	1	102,333,992
Lee Kwang Boon	–	1,691,558	–	–
Liew Choh Khing	–	1,691,558	–	–
Wong Hin Sun Eugene	–	–	–	4,320,000
Ng How Hwan Kevin	–	175,000	–	–

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

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 February 2013 in the shares of the Company have not changed from those disclosed as at 31 January 2013.

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the date of incorporation, no Director of the Company has received or become entitled to receive a benefit which is disclosed under Section 201(8) of the Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain Directors received remuneration from related corporations in their capacity as directors and/or executives of those corporations as disclosed in Note 29 of the accompanying financial statements.

5. SHARE OPTIONS

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

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

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

Neo Group Employee Share Option Scheme ("ESOS") and Performance Share Plan ("PSP")

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

6. AUDIT COMMITTEE

The Audit 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 Committee during the financial period and at the date of this report are:

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

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

(i) reviewing the audit plans and results of the external audits;

(ii) reviewing the audit plans and results of the internal auditors' examination and evaluation of the Group's system of internal accounting controls;

(iii) reviewing the Group's financial and operating results and accounting policies;

(iv) reviewing the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before their submission to the Directors of the Company and the external auditors' report on those financial statements;

(v) reviewing the half yearly and annual announcements on the results of the Company and the Group;

(vi) ensuring the co-operation and assistance given by the management to the Group's internal and external auditors;

(vii) making recommendation to the Board on the re-appointment of Group's internal and external auditors; and

(viii) reviewing the Interested Person Transactions as required and defined in Chapter 9 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited (SGX-ST) and ensuring that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company.

6. AUDIT COMMITTEE (CONTINUED)

The Audit 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 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 Committee.

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

7. AUDITORS

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

On behalf of the Board of Directors

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

Singapore
30 April 2013

STATEMENT BY DIRECTORS

In the opinion of the Board of Directors,

(a) the accompanying financial statements comprising the statements of financial position of the Group and of the Company as at 31 January 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 January 2013 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

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

On behalf of the Board of Directors

Neo Kah Kiat
Director

Liew Oi Peng
Director

Singapore
30 April 2013

INDEPENDENT AUDITORS' 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 65 to 121, which comprise the statements of financial position of the Group and of the Company as at 31 January 2013, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 January 2013 and of the results, 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 subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

BDO LLP
Public Accountants and
Certified Public Accountants

Singapore
30 April 2013

STATEMENTS OF FINANCIAL POSITION

As at 31 January 2013

	Note	Group 2013 $	Group 2012 $	Company 2013 $
Non-current assets				
Property, plant and equipment	4	14,574,809	15,501,126	6,271
Investment properties	5	1,542,782	1,584,276	–
Investments in subsidiaries	6	–	–	1,375,905
		16,117,591	17,085,402	1,382,176
Current assets				
Inventories	7	702,831	800,511	–
Asset held for sale	8	–	817,623	–
Trade and other receivables	9	1,881,616	4,116,186	2,607,151
Prepayments		317,343	295,132	28,857
Cash and cash equivalents	10	11,732,745	3,477,984	6,005,716
		14,634,535	9,507,436	8,641,724
Less:				
Current liabilities				
Trade and other payables	11	4,294,453	6,146,151	2,000,824
Provisions	12	150,040	56,030	–
Bank borrowings	13	784,344	1,619,811	–
Finance lease payables	14	174,992	155,591	–
Current income tax payable		1,157,056	803,785	22,617
		6,560,885	8,781,368	2,023,441
Net current assets		8,073,650	726,068	6,618,283
Less:				
Non-current liabilities				
Bank borrowings	13	6,666,675	7,458,514	–
Deferred tax liabilities	15	106,000	72,000	–
		6,772,675	7,530,514	–
Net assets		17,418,566	10,280,956	8,000,459
Capital and reserves				
Share capital	16	6,399,133	650,002	6,399,133
Merger reserves	17	(325,903)	100,000	–
Retained earnings	18	11,345,336	9,530,954	1,601,326
Total equity attributable to owners of the parent		17,418,566	10,280,956	8,000,459

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 January 2013

	Note	2013 $	2012 $
Revenue	19	41,699,411	38,376,464
Other items of income			
Interest income		617	173
Other income	20	1,353,880	292,394
Items of expense			
Purchases and consumables used		(14,089,593)	(12,079,654)
Changes in inventories		120,775	65,440
Delivery expenses		(1,506,050)	(1,972,376)
Employee benefits expense	21	(12,370,289)	(9,325,616)
Depreciation expenses	22	(1,730,705)	(1,339,642)
Advertising expenses		(1,686,995)	(1,343,727)
Rental expenses	23	(2,712,753)	(2,066,568)
Utilities		(1,285,942)	(1,162,635)
Other expenses		(4,050,116)	(2,837,232)
Finance costs	24	(210,910)	(125,058)
Profit before income tax	25	3,531,330	6,481,963
Income tax expense	26	(511,348)	(1,098,000)
Profit for the financial year, representing total comprehensive income for the financial year		3,019,982	5,383,963
Profit and total comprehensive income attributable to owners of the parent		3,019,982	5,383,963
Earnings per share			
– Basic and diluted (in cents)	27	2.87	828.30

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 January 2013

	Note	Share capital $	Merger reserves $	Retained earnings $	Total equity attributable to owners $
Balance at 1 February 2012		650,002	100,000	9,530,954	10,280,956
Profit for the financial year		–	–	3,019,982	3,019,982
Total comprehensive income for the financial year		–	–	3,019,982	3,019,982
Contribution by and distribution to owners:					
Issuance of subscriber share at incorporation of the Company	16	1	–	–	1
Issuance of ordinary shares pursuant to the restructuring exercise	16	499,999	–	–	499,999
Deemed distribution to owners pursuant to the restructuring exercise		(650,002)	(425,903)	–	(1,075,905)
Issuance of ordinary shares pursuant to the initial public offering	16	6,600,000	–	–	6,600,000
Share issue expenses	16	(700,867)	–	–	(700,867)
Dividends	28	–	–	(1,205,600)	(1,205,600)
Total transactions with owners		5,749,131	(425,903)	(1,205,600)	4,117,628
Balance at 31 January 2013		6,399,133	(325,903)	11,345,336	17,418,566
Balance at 1 February 2011		650,002	100,000	5,146,991	5,896,993
Profit for the financial year		–	–	5,383,963	5,383,963
Total comprehensive income for the financial year		–	–	5,383,963	5,383,963
Distribution to owners:					
Dividends	28	–	–	(1,000,000)	(1,000,000)
Total transactions with owners		–	–	(1,000,000)	(1,000,000)
Balance at 31 January 2012		650,002	100,000	9,530,954	10,280,956

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 January 2013

	2013 $	2012 $
Operating activities		
Profit before income tax	3,531,330	6,481,963
Adjustments for:		
Allowance for impairment loss on third parties trade receivables	–	18,004
Allowance for impairment loss on third parties trade receivables written-back	(50,383)	–
Depreciation expenses	1,730,705	1,339,642
Bad third parties trade receivables written-off	6,186	–
Gain on disposal of asset held for sale	(369,838)	–
Gains on disposal of property, plant and equipment	(188,011)	(14,383)
Interest income	(617)	(173)
Interest expense	210,910	125,058
Plant and equipment written-off	58,052	17,363
Operating cash flows before working capital changes	4,928,334	7,967,474
Working capital changes:		
Inventories	97,680	(433,735)
Trade and other receivables	608,422	(1,070,471)
Prepayments	(22,211)	(138,776)
Trade and other payables	(865,766)	2,090,943
Provision	(4,900)	–
Cash generated from operations	4,741,559	8,415,435
Income tax paid	(124,077)	(392,797)
Net cash from operating activities	4,617,482	8,022,638
Investing activities		
Acquisition of subsidiaries pursuant to the restructuring exercise	(391,492)	–
Purchase of property, plant and equipment	(1,479,574)	(10,742,653)
Purchase of investment properties	–	(37,614)
Proceeds from disposals of property, plant and equipment	1,238,085	86,613
Proceeds from disposal of asset held for sale	1,187,461	–
Interest received	565	–
Net cash from/(used in) investing activities	555,045	(10,693,654)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 January 2013

	Note	2013 $	2012 $
Financing activities			
Fixed deposit pledged with bank		(10,052)	(173)
Proceeds from issuance of shares		7,100,000	–
Share issue expenses		(700,867)	–
Drawdown of bank borrowings		–	7,040,000
Repayment of bank borrowings		(1,627,306)	(546,540)
Repayment of finance lease payables		(280,599)	(119,522)
Dividends paid		(1,205,600)	(1,000,000)
Interest received		52	173
Interest paid		(203,446)	(125,058)
Net cash from financing activities		3,072,182	5,248,880
Net change in cash and cash equivalents		8,244,709	2,577,864
Cash and cash equivalents at beginning of financial year		3,437,301	859,437
Cash and cash equivalents at end of financial year	10	11,682,010	3,437,301

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

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

1. CORPORATE INFORMATION

1.1 Domicile and activities

Neo Group Limited (the "Company") was incorporated in the Republic of Singapore on 22 March 2012 under the Singapore Companies Act, Chapter 50 (the "Act") as a private limited company under the name of Neo Group Pte. Ltd. On 13 June 2012, the Company was converted to a public limited company and changed its name to Neo Group Limited. The Company was listed on the Catalist board of the Singapore Exchange Securities Trading Limited on 11 July 2012.

The Company's registered office address and principal place of business is at 6A Wan Lee Road, Singapore 627938. The Company's registration number is 201207080G.

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 6 to the financial statements.

The statement of financial position of Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 January 2013 were authorised for issue in accordance with a Directors' resolution dated 30 April 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The restructuring exercise involved companies which are under common control. The consolidated financial statements of the Group have been prepared in a manner similar to the "pooling-of-interest" method. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiary relationship was not established until after 11 June 2012.

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

The preparation of financial statements in conformity with FRS requires the management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting periods, and the reported amounts of revenue and expenses throughout the financial years. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

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

During the financial year, the Group adopted the new or revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. The adoption of the new or revised FRS and INT FRS did not result in any substantial changes to the Group's accounting policies and has no material effect on the amounts reported for the current and prior financial years.

FRS and INT FRS issued but not yet effective

As at the date of the authorisation of these financial statements, the Group and the Company have not adopted the following FRS and INT FRS that have been issued but not yet effective:

		Effective date (Annual periods beginning on or after)
FRS 1	: Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 19	: Employee Benefits (Revised)	1 January 2013
FRS 27	: Separate Financial Statements	1 January 2014
	: Amendments to FRS 27 – Investment Entities	1 January 2014
FRS 28	: Investments in Associates and Joint Ventures	1 January 2014
FRS 32	: Amendments to FRS 32 – Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 101	: Amendments to FRS 101 – Government Loans	1 January 2013
FRS 107	: Amendment to FRS 107 – Offsetting Financial Assets and Financial Liabilities	1 January 2013
FRS 110	: Consolidated Financial Statements	1 January 2014
	: Amendments to FRS 110 – Investment Entities	1 January 2014
FRS 111	: Joint Arrangements	1 January 2014
FRS 112	: Disclosure of Interests in Other Entities	1 January 2014
	: Amendments to FRS 112 – Investment Entities	1 January 2014
FRS 113	: Fair Value Measurement	1 January 2013
INT FRS 120	: Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Improvements to FRSs 2012		1 January 2013

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 and INT FRS, if applicable, will have no material impact on the financial statements in the period of initial application except as discussed below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income

The amendments to FRS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the amendments only affect the presentation of items that are already recognised in other comprehensive income, there will be no impact on the Group's financial position or performance on initial adoption of this standard in the financial year beginning on 1 February 2013.

FRS 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 Consolidation – Special Purpose Entities. FRS 110 defines the principle of control and establishes control as the basis of determining which entities are consolidated in the consolidated financial statements. FRS 27 remains as a standard applicable only to separate financial statements. On adoption of FRS 110 management will be required to exercise more judgement than under the current requirements of FRS 27 in order to determine which entities are controlled by the Group. These changes will take effect in the financial year beginning on 1 February 2014 with full retrospective application.

The Group is currently evaluating the effect and anticipates that no material impact to the financial position and financial performance of the Group on initial adoption of the standard in the financial year beginning on 1 February 2014.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interest in other entities. It requires an entity to provide more extensive disclosures regarding the nature of any risks associated with its interests in subsidiaries, associates, joint arrangements and unconsolidated structure entities. As this is a disclosure standard, there will be no impact on the financial position or financial performance of the Group on initial adoption of the standard in the financial year beginning on 1 February 2014.

FRS 113 Fair Value Measurement

FRS 113 is a new standard that applies to both financial and non-financial items providing guidance on how to measure fair value in situations where fair value measurement is required by other FRSs. It provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, as well as disclosure requirements. FRS 113 will be effective prospectively in the financial year beginning on 1 February 2013.

The Group does not expect that the adoption of FRS 113 will have any impact on the financial position or financial performance of the Group, however there may be changes to disclosure in the financial statements.

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 financial reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. 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. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

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, 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 jointly controlled entity.

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 in the Group's controlling shareholder's financial statements. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the cash paid for the acquisition and share capital of acquiree is recognised directly to equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Property, plant and equipment

Property, plant and equipment are initially recorded 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 expenditure that is directly attributable to the acquisition of the items. 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 relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group, and the cost can be reliably measured. 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.

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

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

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Investment properties

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

Investment properties are 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.

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

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 deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment as set out in Note 2.3, up to the date of change in use.

Investment properties are derecognised when either it has been disposed of or when the investment property is 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 27 to 50 years.

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

2.5 Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Asset held for sale

Asset is classified as held for sale if the 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.

Asset classified as held for sale is measured at the lower of carrying amounts and fair values less costs to sell.

Asset once classified as held for sale are not depreciated.

2.7 Impairment of non-financial assets

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

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

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

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, 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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Inventories

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

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

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

2.9 Financial assets

The Group and the Company classify their financial assets as loans and receivables. 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.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

Initial and subsequent measurement (Continued)

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 through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Impairment

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

(i) Loans and receivables

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

2.10 Cash and cash equivalents

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

2.11 Financial liabilities

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial liabilities (Continued)

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.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(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 taken to profit or loss over the period of the bank borrowings using the effective interest method.

Bank borrowings which are due to be settled within 12 months after the end of the reporting period are presented as current 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 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.

2.12 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Provisions

Provisions are recognised when the Group has a present 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 reporting period, and are discounted to present value where the effect is material.

2.14 Revenue recognition

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

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

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

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

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

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

2.15 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.

2.16 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Leases

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 lessee) is recognised in profit or loss on a straight-line basis over the lease term.

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.

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.

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.

2.18 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

Current income tax expense is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous financial years.

Deferred tax is provided, using the 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 at 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Foreign currencies

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

The consolidated financial statements 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 financial statements.

In preparing the financial statements, transactions in a currency other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing on 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.

2.21 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.

2.22 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 assess its performance.

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 or financial assets

The Group and the Company follow the guidance of FRS 36 and FRS 39 on determining when an investment or a financial asset is impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair value of an investment or a financial asset is less than its cost and the financial health of the near-term business outlook for an investment or a financial asset, 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) Depreciation of property, plant and equipment and investment properties

The property, plant and equipment and investment properties are depreciated on a straight-line method over their estimated useful lives. The management estimates the useful lives of these assets to be within 3 to 45 years and 27 to 50 years respectively. The carrying amounts of property, plant and equipment of the Group and the Company as at 31 January 2013 were $14,574,809 (2012: $15,501,126) and $6,271 respectively. The carrying amount of investment properties of the Group as at 31 January 2013 was $1,542,782 (2012: $1,584,276). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation could be revised.

(ii) Allowance for inventory obsolescence

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using the weighted average basis for food catering and food retail businesses, and first-in, first-out basis for food catering supplies business. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provide 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 January 2013 was $702,831 (2012: $800,511).

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

3.2 Key sources of estimation uncertainty (Continued)

(iii) Allowance for doubtful receivables

The management establishes allowance for doubtful 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 January 2013 were $1,881,616 (2012: $4,116,186) and $2,607,151 respectively.

(iv) Income taxes

The Group and the Company recognise expected liabilities for income tax based on estimation of the likely tax payable, which requires significant judgement as to the ultimate tax determination of certain items. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions, in the financial year in which such determination is made. The carrying amounts of current income tax payable of the Group and the Company as at 31 January 2013 were $1,157,056 (2012: $803,785) and $22,617 respectively. The carrying amount of deferred tax liabilities of the Group as at 31 January 2013 was $106,000 (2012: $72,000).

4. PROPERTY, PLANT AND EQUIPMENT

	Land held for development $	Leasehold properties $	Furniture and fittings $	Computers $	Kitchen and office equipment $	Motor vehicles $	Renovation $	Construction-in-progress $	Total $
Group									
Cost									
Balance at 1 February 2012	8,856,100	3,347,459	422,551	258,785	2,264,721	1,582,541	1,335,857	85,000	18,153,014
Additions	–	84,000	69,721	65,429	485,223	686,683	479,964	–	1,871,020
Disposals	–	(943,126)	–	–	–	(182,293)	–	–	(1,125,419)
Written-off	–	–	(31,123)	–	(2,020)	–	(91,821)	–	(124,964)
Reclassification	–	85,000	(24,505)	–	13,000	–	11,505	(85,000)	–
Balance at 31 January 2013	8,856,100	2,573,333	436,644	324,214	2,760,924	2,086,931	1,735,505	–	18,773,651
Accumulated depreciation									
Balance at 1 February 2012	–	388,950	142,908	148,902	951,113	556,496	463,519	–	2,651,888
Depreciation for the financial year	–	252,168	104,203	73,479	633,300	280,782	345,279	–	1,689,211
Disposals	–	(44,013)	–	–	–	(31,332)	–	–	(75,345)
Written-off	–	–	(12,909)	–	(1,141)	–	(52,862)	–	(66,912)
Reclassification	–	–	(8,483)	–	8,483	–	–	–	–
Balance at 31 January 2013	–	597,105	225,719	222,381	1,591,755	805,946	755,936	–	4,198,842
Carrying amount									
Balance at 31 January 2013	8,856,100	1,976,228	210,925	101,833	1,169,169	1,280,985	979,569	–	14,574,809

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land held for development $	Leasehold properties $	Furniture and fittings $	Computers $	Kitchen and office equipment $	Motor vehicles $	Renovation $	Construction-in-progress $	Total $
Group									
Cost									
Balance at 1 February 2011	–	2,666,422	263,025	171,787	1,634,766	1,244,625	946,216	393,707	7,320,548
Additions	8,856,100	202,500	174,226	86,998	637,555	379,961	449,763	169,830	10,956,933
Disposals	–	–	(9,570)	–	(7,600)	(42,045)	(41,050)	–	(100,265)
Written-off	–	–	(5,130)	–	–	–	(19,072)	–	(24,202)
Reclassification	–	478,537	–	–	–	–	–	(478,537)	–
Balance at 31 January 2012	8,856,100	3,347,459	422,551	258,785	2,264,721	1,582,541	1,335,857	85,000	18,153,014
Accumulated depreciation									
Balance at 1 February 2011	–	264,700	57,252	79,163	442,017	322,427	239,218	–	1,404,777
Depreciation for the financial year	–	124,250	88,653	69,739	510,110	248,084	241,149	–	1,281,985
Disposals	–	–	(2,388)	–	(1,014)	(14,015)	(10,618)	–	(28,035)
Written-off	–	–	(609)	–	–	–	(6,230)	–	(6,839)
Balance at 31 January 2012	–	388,950	142,908	148,902	951,113	556,496	463,519	–	2,651,888
Carrying amount									
Balance at 31 January 2012	8,856,100	2,958,509	279,643	109,883	1,313,608	1,026,045	872,338	85,000	15,501,126

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Renovation $
Company	
Cost	
Balance at date of incorporation	–
Additions	6,640
Balance at 31 January 2013	6,640
Accumulated depreciation	
Balance at date of incorporation	–
Depreciation for the financial period	369
Balance at 31 January 2013	369
Carrying amount	
Balance at 31 January 2013	6,271

As at 31 January 2013, the carrying amount of motor vehicles of the Group which were acquired under finance lease agreements were $542,053 (2012: $328,982). Finance lease assets are pledged as securities for the related finance lease payables as disclosed in Note 14 to the financial statements.

The land held for development and leasehold properties of the Group with aggregate carrying amounts of $9,295,971 (2012: $11,304,693) as at 31 January 2013 were mortgaged as security for the banking facilities as set out in Note 13 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 comprised:

	Group 2013 $	Group 2012 $
Additions of property, plant and equipment	1,871,020	10,956,933
Provision for dismantlement, removal or restoration	(91,446)	(24,280)
Acquired under finance lease arrangements	(300,000)	(190,000)
Cash payments to acquire property, plant and equipment	1,479,574	10,742,653

As at 31 January 2013, 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

5. INVESTMENT PROPERTIES

	Group 2013 $	Group 2012 $
Cost		
Balance at beginning of financial year	1,680,656	2,488,956
Additions	–	37,614
Transferred to asset held for sale	–	(845,914)
Balance at end of financial year	1,680,656	1,680,656
Accumulated depreciation		
Balance at beginning of financial year	96,380	67,014
Depreciation for the financial year	41,494	57,657
Transferred to asset held for sale	–	(28,291)
Balance at end of financial year	137,874	96,380
Carrying amount		
Balance at end of financial year	1,542,782	1,584,276

In the previous financial year, the Group reclassified an investment property with carrying amount of $817,623 to asset held for sale as the Group entered into options to sell the property to a third party, such property was disposed during the financial year as disclosed in Note 8 to the financial statements.

The fair value of investment properties of the Group as at 31 January 2013 amounted to approximately $2,758,000 (2012: $2,436,000). The fair values of the investment properties as at 31 January 2013 and 2012 had been determined based on the management's estimation by reference to the recent market evidences of transaction prices for similar properties.

The Group's investment properties are held under leasehold interest.

The following amounts are recognised in profit or loss:

	Group 2013 $	Group 2012 $
Rental income	148,028	–
Property taxes and other direct operating expenses arising from investment property		
– rental income-generating	31,502	–
– non-rental income-generating	50,929	105,827

The carrying amount of investment properties of the Group was $1,542,782 (2012: $1,584,276) as at 31 January 2013 are mortgaged as security for the banking facilities as set out in Note 13 to the financial statements.

5. INVESTMENT PROPERTIES (CONTINUED)

As at 31 January 2013, the Group's investment properties are as follows:

Location	Description	Tenure	Approximate site area (sq m)
8A Admiralty Street #06-01, Singapore 757437	General office	60 years leasehold from 9 October 2000	345
8A Admiralty Street #06-02, Singapore 757437	General office	60 years leasehold from 9 October 2000	345
10E Enterprise Road, Singapore 629831	General office (2nd storey and 3rd storey)	30 years leasehold from 12 June 2007	322

6. INVESTMENTS IN SUBSIDIARIES

	Company 2013 $
Unquoted equity shares, at cost	1,375,905

The details of the subsidiaries are as follows:

Name of company (Country of incorporation)	Effective equity interest 2013 %	Principal activities
Held by the Company		
Deli Hub Catering Pte. Ltd. (1) (Singapore)	100	Investment holding and provision of food catering services
H-Cube F&B Pte. Ltd. (1) (Singapore)	100	Processing and supply of Japanese food product.
Neo Garden Catering Pte. Ltd. (1) (Singapore)	100	Provision of food catering services
Niwa Sushi Pte. Ltd. (1) (Singapore)	100	Food retail outlets
NKK Import & Export Trading Pte. Ltd. (1) (Singapore)	100	General trading
Orange Clove Catering Pte. Ltd. (1) (Singapore)	100	Provision of food catering services

(1) Audited by BDO LLP, Singapore

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Prior to the listing of the Company, a restructuring exercise (the "Restructuring Exercise") was carried out which resulted in the Company becoming the holding company of the Group. The following steps were taken in the Restructuring Exercise:

(i) *Novation and assignment of indebtedness*

Pursuant to a deed of novation dated 31 January 2012 entered into between Neo Kah Kiat, Neo Garden Catering Pte. Ltd. ("Neo Garden Catering"), Perdure Technology Pte. Ltd. ("Perdure Technology"), GUI Solutions Pte. Ltd. ("GUI Solutions"), Neo @ 406 Restaurant Pte. Ltd. ("Neo @ 406 Restaurant", formerly known as Neo Garden Restaurant Pte. Ltd.) and Poh Wee Leong ("Poh"), each of Perdure Technology, GUI Solutions, Neo @ 406 Restaurant and Poh transferred and novated to Neo Kah Kiat the benefit and burden of the following:

(a) the indebtedness of $600,000 owed by Perdure Technology to Neo Garden Catering ("Perdure Loan");

(b) the indebtedness of $415,000 owed by GUI Solutions to Neo Garden Catering ("GUI Loan");

(c) the indebtedness of $40,000 owed by Neo @ 406 Restaurant to Neo Garden Catering ("Neo @ 406 Restaurant Loan"); and

(d) the indebtedness of $460,000 owed by Poh to Neo Garden Catering ("Poh Loan").

On 31 March 2012, the following deeds of assignment and novation were entered into:

(a) Pursuant to a deed of assignment dated 31 March 2012 entered into between the Company and Neo Garden Catering, Neo Garden Catering assigned to the Company all of Neo Garden Catering's rights, title, benefits and interests in and to the Perdure Loan, the GUI Loan, the Neo @ 406 Restaurant Loan and the Poh Loan, together with all interest (if any) due and become due under the same, and the full benefit and advantage thereof to the Company.

(b) Pursuant to a deed of assignment dated 31 March 2012 entered into between the Company and NKK Import & Export Trading Pte. Ltd. ("NKK Import & Export"), NKK Import & Export assigned to the Company all of NKK Import & Export's rights, title, benefits and interests in and to the indebtedness of $3,525 owed by Neo Kah Kiat to NKK Import & Export, together with all interest (if any) due and become due under the same, and the full benefit and advantage thereof to the Company.

(c) Pursuant to a deed of assignment and novation dated 31 March 2012 entered into between the Company, Neo Kah Kiat, H-Cube F&B Pte. Ltd. ("H-Cube") and Liew Choh Khing:

(i) Liew Choh Khing assigned to Neo Kah Kiat all of his rights, title, benefits and interests in and to the indebtedness of $306,752 owed by H-Cube to Liew Choh Khing ("H-Cube indebtedness"); and

(ii) H-Cube transferred and novated to the Company the benefit and burden of the H-Cube indebtedness.

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(i) Novation and assignment of indebtedness (Continued)

(d) Pursuant to a deed of assignment and novation dated 31 March 2012 entered into between the Company, Neo Kah Kiat, Niwa Sushi Pte. Ltd. ("Niwa Sushi") and Liew Choh Khing:

(i) Liew Choh Khing assigned to Neo Kah Kiat all of his rights, title, benefits and interests in and to the indebtedness of $125,157 owed by Niwa Sushi to Liew Choh Khing ("Niwa Sushi indebtedness"); and

(ii) Niwa Sushi transferred and novated to the Company the benefit and burden of the Niwa Sushi indebtedness.

(e) Pursuant to a deed of assignment dated 31 March 2012 entered into between the Company and Neo Garden Catering, Neo Garden Catering assigned and transferred to the Company all of Neo Garden Catering's rights, title, benefits and interests in and to the indebtedness of $151,820 owed by Neo Kah Kiat to Neo Garden Catering, together with all interest (if any) due and become due under the same, and the full benefit and advantage thereof to the Company.

(f) Pursuant to a deed of novation dated 31 March 2012 entered into between the Company, Orange Clove Catering Pte. Ltd. ("Orange Clove") and Neo Kah Kiat, Orange Clove transferred and novated to the Company the benefit and burden of the indebtedness of $113,650 owed by Orange Clove to Neo Kah Kiat.

(g) Pursuant to a deed of novation dated 31 March 2012 entered into between the Company, Deli Hub Catering Pte. Ltd. ("Deli Hub") and Neo Kah Kiat, Deli Hub transferred and novated to the Company the benefit and burden of the indebtedness of $440,372 owed by Deli Hub to Neo Kah Kiat.

Following the completion of the above deeds of assignment and novation, Neo Kah Kiat owed the Company a sum of $684,414.

(ii) Subscription of shares in the Company

On 8 June 2012, Neo Kah Kiat (Founder, Chairman and CEO) subscribed for 999,997 shares at an aggregate subscription consideration of $499,999.

(iii) Acquisition of Neo Garden Catering

Pursuant to a sale and purchase agreement dated 11 June 2012 entered into between the Company (as the purchaser) and Neo Kah Kiat and Liew Oi Peng (as the vendors), the Company acquired the entire issued and paid-up share capital of Neo Garden Catering, comprising 200,000 ordinary shares, for an aggregate cash consideration of approximately $606,254. The purchase consideration was arrived at based on a discount of approximately 89% to the audited combined group NAV of Neo Garden Catering and its subsidiaries (namely, Niwa Sushi and H-Cube) as at 31 January 2012 (after adjusting for the dividends of $500,000 declared in FY2013) of approximately $5,511,401.

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(iv) Declaration of dividend by way of distribution in specie by Neo Garden Catering of its shareholding interests in Niwa Sushi and H-Cube

Pursuant to the articles of association of Neo Garden Catering, Neo Garden Catering may from time to time declare a dividend to be paid out of its profits. Immediately prior to the distribution in specie, Neo Garden Catering held 300,000 ordinary shares in Niwa Sushi and 100,000 ordinary shares in H-Cube (the “Distributed Shares”), representing the entire issued and paid-up share capital of Niwa Sushi and H-Cube respectively.

On 11 June 2012, Neo Garden Catering declared an interim dividend in respect of FY2013 amounting to $300,000 by way of a distribution in specie. Pursuant thereto, all the Distributed Shares were distributed to the sole shareholder of Neo Garden Catering, namely Neo Group Limited on 11 June 2012. The Distributed Shares were distributed free of encumbrances, together with all rights attached thereto on and from the date on which the distribution is affected.

Following the completion of the distribution in specie, Neo Group Limited became the sole shareholder of Niwa Sushi and H-Cube.

(v) Acquisition of Orange Clove

Pursuant to a sale and purchase agreement dated 11 June 2012 entered into between the Company (as the purchaser) and Neo Kah Kiat and Liew Oi Peng (as the vendors), the Company acquired the entire issued and paid-up share capital of Orange Clove, comprising 100,000 ordinary shares, for an aggregate cash consideration of approximately $192,874. The purchase consideration was arrived at based on a discount of approximately 89% to the audited NAV of Orange Clove as at 31 January 2012 of approximately $1,753,403. On 11 June 2012, the transfer of such shares was completed.

(vi) Transfer of shares of Deli Hub

Pursuant to an agreement dated 11 June 2012 entered into between Neo Kah Kiat (as the purchaser) and Ng Kah Lye and Liew Choh Khing (as the vendors), Neo Kah Kiat acquired an aggregate of 25,000 shares representing approximately 50.0% of the issued share capital of Deli Hub for an aggregate cash consideration of $1,014,935. The purchase consideration was arrived at on a willing-seller willing-buyer basis based on the audited NAV of Deli Hub as at 31 January 2012 of approximately $2,030,682. On 11 June 2012, the transfer of such shares was completed.

(vii) Acquisition of Deli Hub

Pursuant to an agreement dated 11 June 2012 entered into between the Company (as the purchaser) and Neo Kah Kiat and Liew Oi Peng (as the vendors), the Company acquired the entire issued and paid-up share capital of Deli Hub, comprising 50,002 ordinary shares, for an aggregate cash consideration of approximately $223,375. The purchase consideration was arrived at based on a discount of approximately 89% to the audited NAV of Deli Hub as at 31 January 2012 of approximately $2,030,682. On 11 June 2012, the transfer of such shares was completed.

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(viii) Acquisition of NKK Import & Export

Pursuant to an agreement dated 11 June 2012 entered into between the Company (as the purchaser) and Neo Kah Kiat and Liew Oi Peng (as the vendors), the Company acquired the entire issued and paid-up share capital of NKK Import & Export, comprising 300,000 ordinary shares, for an aggregate cash consideration of approximately $53,402. The purchase consideration was arrived at based on a discount of approximately 89% to the audited NAV of NKK Import & Export as at 31 January 2012 of approximately $485,470. On 11 June 2012, the transfer of such shares was completed.

Following the completion of the Restructuring Exercise, Neo Kah Kiat owed the Company $82,626 and the Company owed Liew Oi Peng $474,118. On 11 June 2012, such indebtedness owing to and from the Company were fully settled.

7. INVENTORIES

	Group	
	2013	**2012**
	$	**$**
Good-in-transit	50,130	–
Raw materials	296,455	514,910
Trading goods	356,246	285,601
	702,831	800,511

The cost of inventories recognised as expense and included in "Purchases and consumables used" line item for the financial year ended 31 January 2013 amounted to $13,709,197 (2012: $11,369,270).

8. ASSET HELD FOR SALE

	Group	
	2013	**2012**
	$	**$**
Balance at beginning of financial year	817,623	–
Disposal during the financial year	(817,623)	–
Transferred from investment properties	–	817,623
Balance at end of financial year	–	817,623

During the financial year, the asset held for sale with a total carrying amount of $817,623 was disposed to a third party for a cash consideration of $1,187,461 and the Group has recognised a gain on disposal of asset held for sale amounting to $369,838.

In the previous financial year, the asset held for sale with a total carryng amount of $817,623 was mortgaged as security for the banking facility as set out in Note 13 to the financial statements.

9. TRADE AND OTHER RECEIVABLES

	Group 2013 $	Group 2012 $	Company 2013 $
Trade receivables			
– third parties	853,709	1,525,203	–
– related parties	10,700	–	–
	864,409	1,525,203	–
Less: Allowance for impairment loss on third parties trade receivables	(4,397)	(54,780)	–
	860,012	1,470,423	–
Non-trade receivables			
– third parties	99,316	112,892	18,000
– subsidiaries	–	–	2,589,151
– related parties	53,600	35,733	–
– directors of the Company	–	1,670,345	–
	152,916	1,818,970	2,607,151
Advances to suppliers	117,547	–	–
Deposits	741,465	814,498	–
Staff loan	9,676	12,295	–
	1,881,616	4,116,186	2,607,151

Trade receivables are unsecured, non-interest bearing and generally on 7 to 30 (2012: 7 to 30) days' credit terms.

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

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

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

	Group 2013 $	Group 2012 $
Balance at beginning of financial year	54,780	36,776
Allowance made during the financial year	–	18,004
Allowance for impairment loss on third parties trade receivables written-back	(50,383)	–
Balance at end of financial year	4,397	54,780

In the previous financial year, the Group's allowance for impairment loss on third parties trade receivables amounting to $18,004 was included in "other expenses" line item in profit or loss subsequent to a debt recovery assessment performed.

During the financial year, the Group carried out a review on the recoverable amount of its trade receivables. The review led to write-back of allowance no longer required of $50,383 (2012: $Nil) recognised in "other income" line item in profit or loss. The allowance for impairment loss on third parties trade receivables written-back was made when the related trade receivables were collected from the customers.

Trade and other receivables are denominated in Singapore dollar.

10. CASH AND CASH EQUIVALENTS

	Group 2013 $	Group 2012 $	Company 2013 $
Cash and bank balances	11,682,010	3,437,301	6,005,716
Fixed deposits	50,735	40,683	–
Cash and cash equivalents on statements of financial position	11,732,745	3,477,984	6,005,716
Fixed deposits pledged	(50,735)	(40,683)	
Cash and cash equivalents on consolidated statement of cash flows	11,682,010	3,437,301	

Fixed deposits are placed for a period of 12 (2012: 12) months and bear effective interest rate on the fixed deposits range from between 0.075% to 0.450% (2012: 0.350%) per annum for the financial year ended 31 January 2013.

Cash and cash equivalents are denominated in Singapore dollar.

11. TRADE AND OTHER PAYABLES

	Group 2013 $	Group 2012 $	Company 2013 $
Trade payables			
– third parties	1,882,801	2,241,855	–
– related parties	6,813	1,708	–
	1,889,614	2,243,563	–
Deferred income	372,891	158,995	–
Non-trade payables			
– third parties	358,442	291,731	71,049
– subsidiaries	–	–	1,681,901
– related parties	–	14,396	–
– directors of the Company	11,600	2,477,926	–
	370,042	2,784,053	1,752,950
Deposits received	61,130	68,110	–
Accrued operating expenses	1,482,118	820,288	247,874
Unutilised annual leave	118,658	71,142	–
	4,294,453	6,146,151	2,000,824

Trade payables are unsecured, non-interest bearing and generally on 7 to 30 (2012: 7 to 60) days' credit terms.

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

Non-trade amount due to subsidiaries, related parties and directors of the Company are unsecured, non-interest bearing and repayable on demand.

Trade and other payables are denominated in Singapore dollar.

12. PROVISIONS

	Group 2013 $	Group 2012 $
Balance at beginning of financial year	56,030	31,750
Provision made during the financial year	91,446	24,280
Utilisation during the financial year	(4,900)	–
Amortisation of discount	7,464	–
Balance at end of financial year	150,040	56,030

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.

13. BANK BORROWINGS

	Group 2013 $	Group 2012 $
Current liabilities		
Secured		
Term loan I	–	128,840
Term loan II	52,066	632,158
Term loan III	87,617	83,353
Term loan IV	–	126,400
Term loan V	644,661	649,060
	784,344	1,619,811
Non-current liabilities		
Secured		
Term loan I	–	277,983
Term loan II	531,461	–
Term loan III	549,304	633,876
Term loan IV	–	316,000
Term loan V	5,585,910	6,230,655
	6,666,675	7,458,514
Total	7,451,019	9,078,325

13. BANK BORROWINGS (CONTINUED)

Non-current bank borrowings are repayable as follows:

	Group	
	2013	2012
	$	$
In the second year	759,517	1,007,115
In the third year	791,069	1,027,066
In the fourth year	828,305	858,064
In the fifth year	867,299	801,475
After five years	3,420,485	3,764,794
	6,666,675	7,458,514

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

	Group	
	2013	2012
	%	%
Term loan I	2.22	2.20
Term loan II	4.13	5.00
Term loan III	5.00	4.72
Term loan IV	2.34	1.93
Term loan V	1.88	1.88

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 $5,287,000 (2012: $5,789,000).

Term loan I was repayable over 60 months commencing from March 2010 to February 2015. In previous financial year, term loan I was secured by the legal mortgage on leasehold property with carrying amount of $899,113 and supported by joint and several guarantees of the directors of the Company amounted to $644,000. On 30 April 2012, term loan I was fully settled upon the disposal of the leasehold property to a related party.

Term loan II is repayable over 168 months commencing from February 2009 to January 2023. As at 31 January 2013, term loan II is secured by the legal mortgage on leasehold property with carrying amount of $439,871 (2012: $458,519) and investment property with carrying amount of $427,914 (2012: $446,060) and supported by joint and several guarantees of the directors of the Company amounted to $759,132 (2012: $759,132). Subsequent to the reporting period, the joint and several guarantees of the directors of the Company were released by the bank and was replaced by corporate guarantee provided by the Company amounted to $788,000.

Term loan III is repayable over 120 months commencing from June 2009 to May 2019. As at 31 January 2013, term loan III is secured by the legal mortgage on investment property with carrying amount of $1,114,868 (2012: $1,138,216) and supported by joint and several guarantees of the directors of the Company for all amounts owing to the financial institution. Subsequent to the reporting period, the Group refinanced term loan III as disclosed in Note 34.4 to the financial statements.

Term loan IV was repayable over 60 months commencing from August 2010 to July 2015. In previous financial year, term loan IV was secured by the legal mortgage on investment property, which was reclassified as asset held for sale with carrying amount of $817,623 and supported by joint and several guarantees of the directors of the Company amounted to $632,000. On 23 February 2012, term loan IV was fully settled upon the disposal of such asset held for sale to a third party.

13. BANK BORROWINGS (CONTINUED)

Term loan V is repayable over 120 months commencing from November 2011 to October 2021. As at 31 January 2013, term loan V is secured by the legal mortgage on land held for development and leasehold properties with aggregate carrying amount of $8,856,100 (2012: $9,947,061), and supported by joint and several guarantees of the directors of the Company amounted to $9,756,000 (2012: $9,756,000). Subsequent to the reporting period, the joint and several guarantees of the directors of the Company were released by the bank and was replaced by corporate guarantee provided by the Company amounted to $6,431,000.

In previous financial year, current bank borrowings in respect of term loan II included an amount of $583,194 which was not scheduled for repayment within twelve months from the end of the financial year but was classified as current liabilities as the Group did not have the unconditional right at the end of the financial year to defer settlement for at least twelve months after the end of the financial year and the loan can be recalled by the bank lenders at any time even if there is no default. During the financial year, the bank revoke the unconditional right, as such the portions of term loan II which was not scheduled to repay within one year have been reclassified from current liabilities to non-current liabilities as at 31 January 2013.

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

	Group	
	2013 $	2012 $
Banking facilities granted	10,611,019	12,238,325
Banking facilities utilised	7,451,019	9,078,325

Bank borrowings are denominated in Singapore dollar.

14. FINANCE LEASE PAYABLES

	Minimum lease payments $	Future finance charges $	Present value of minimum lease payments $
Group			
2013			
Current liabilities			
Within one financial year	179,492	(4,500)	174,992
2012			
Current liabilities			
Within one financial year	160,181	(4,590)	155,591

14. FINANCE LEASE PAYABLES (CONTINUED)

The finance lease terms range from 1 year from the financial year ended 31 January 2013. The effective interest rates for the finance lease obligations for the financial year ended 31 January 2013 range from between 4.58 % to 5.47% (2012: 5.47% to 6.94%) per annum.

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 lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group, and supported by joint and several guarantees of the directors for all amounts owing to the financial institution.

Finance lease payables are denominated in Singapore dollar.

15. DEFERRED TAX LIABILITIES

	Group	
	2013	**2012**
	$	**$**
Balance at beginning of financial year	72,000	27,000
Charged to profit or loss	34,000	45,000
Balance at end of financial year	106,000	72,000

Deferred tax liabilities arise as a result of temporary differences of the following computed at statutory tax rate of 17% (2012: 17%):

	Group	
	2013	**2012**
	$	**$**
Accelerated tax depreciation	118,000	86,000
Accrued unutilised leave	(12,000)	(14,000)
	106,000	72,000

16. SHARE CAPITAL

	Group 2013 $	Group 2012 $	Company 2013 $
Issued and fully-paid, no par value:			
Balance at the beginning of financial year/period	650,002	650,002	–
Issuance of 1 subscriber's share at date of incorporation of the Company	1	–	1
Sub-division of 1 ordinary share into 3 ordinary shares	–	–	–
Issuance of 999,997 ordinary shares pursuant to the restructuring exercise	499,999	–	499,999
Deemed distribution to owners pursuant to the restructuring exercise	(650,002)	–	–
Share split of 1,000,000 ordinary shares into 122,000,000 ordinary shares	–	–	–
Issuance of 22,000,000 ordinary shares pursuant to initial public offer exercise	6,600,000	–	6,600,000
Less: Share issue expenses	(700,867)	–	(700,867)
144,000,000 ordinary shares at end of financial year/period	6,399,133	650,002	6,399,133

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

On 22 March 2012, the Company issued 1 subscriber share for a cash consideration of $1.50 at the date of its incorporation.

On 8 June 2012, the issued and fully paid-up capital of the Company of 1 ordinary share was sub-divided into 3 ordinary shares.

On 8 June 2012, the Company issued 999,997 ordinary shares for a consideration of $499,999 pursuant to the restructuring exercise for the acquisition of subsidiaries.

On 11 June 2012, the issued and fully paid-up capital of the Company of 1,000,000 ordinary shares were sub-divided into 122,000,000 ordinary shares.

On 10 July 2012, the Company issued 22,000,000 ordinary shares at $0.30 per share pursuant to the Company's initial public offering. The proceeds from the initial public offering will be used as working capital of the Group to expand and develop the Group's food catering business and food retail business.

Included in the share issue expenses were professional fees paid to the independent reporting auditors of the Company amounting to approximately $30,560 (2012: $Nil) in respect of the professional services rendered in connection with the Company's initial public offering.

For the Group's comparative figures for financial year ended 31 January 2012, the share capital of the Group represents the aggregated value of the issued and fully paid-up share capital of the Company's subsidiaries as the Company was only incorporated on 22 March 2012.

17. MERGER RESERVES

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

18. RETAINED EARNINGS

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

	Company 2013 $
Balance at date of incorporation	–
Profit for the financial period, representing total comprehensive income for the financial period	2,306,926
Dividends	(705,600)
Balance at 31 January 2013	1,601,326

19. REVENUE

	Group	
	2013 $	2012 $
Sales of food and beverages		
– Food catering	30,705,495	29,961,352
– Food retail	10,960,791	8,339,831
– Food and catering supplies	33,125	75,281
	41,699,411	38,376,464

20. OTHER INCOME

	Group	
	2013 $	2012 $
Advertising sponsorship income	131,000	105,140
Allowance for impairment loss on third parties trade receivables written-back	50,383	–
Gain on disposal of asset held for sale	369,838	–
Gains on disposal of property, plant and equipment	188,011	14,383
Government grants	67,054	37,556
Rental income	359,239	67,800
Miscellaneous income	85,892	62,052
Utilities income	10,694	–
Others	91,769	5,463
	1,353,880	292,394

21. EMPLOYEE BENEFITS EXPENSE

	Group 2013 $	Group 2012 $
Salaries, wages, bonuses and other staff benefits	11,614,016	8,795,292
Contributions to defined contribution plans	665,863	530,324
Directors' fees	90,410	–
	12,370,289	9,325,616

Included in the employee benefits expense were the remuneration of Directors and key management personnel of the Group as shown in Note 29 to the financial statements.

22. DEPRECIATION EXPENSES

	Group 2013 $	Group 2012 $
Depreciation of property, plant and equipment	1,689,211	1,281,985
Depreciation of investment properties	41,494	57,657
	1,730,705	1,339,642

23. RENTAL EXPENSES

	Group 2013 $	Group 2012 $
Operating leases		
– rental of equipment, vessel and vehicles	200,084	159,875
– rental of hostel, kitchens and warehouse	494,958	357,190
– rental of offices	337,191	121,255
– rental of outlets		
– minimum lease payments	1,598,595	1,370,629
– contingent rent	81,925	57,619
	2,712,753	2,066,568

24. FINANCE COSTS

	Group 2013 $	Group 2012 $
Interest expenses		
– term loan	195,530	117,667
– finance leases	7,916	7,271
– amortisation of discount on provision	7,464	–
– others	–	120
	210,910	125,058

25. 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 2013 $	Group 2012 $
Other expenses		
Audit fees paid/payable to auditors of the Company	85,000	27,000
Non-audit fees paid/payable to auditors of the Company	–	–
Allowance for impairment loss on third parties trade receivables	–	18,004
Bad third parties trade receivables written-off	6,186	–
Consultancy fees	–	250,565
Credit card charges	156,618	150,904
Initial public offering expenses*	897,263	–
Insurance	160,489	148,489
Laundry and dish washing expenses	127,332	109,380
Low value assets items expensed	119,858	–
Printing and stationery expenses	220,119	147,730
Professional and legal fees	222,244	90,249
Plant and equipment written-off	58,052	17,363
Repairs and maintenance	252,701	452,551
Software and programming expenses	160,764	123,374
Telephone and internet charges	154,668	121,033
Upkeep of motor vehicles	441,702	355,682

* Included in this expense was an amount of approximately $169,440 (2012: $Nil) paid to auditors of the Company in respect of professional services rendered as independent reporting auditors.

26. INCOME TAX EXPENSE

	Group 2013 $	Group 2012 $
Current income tax		
– current financial year	485,384	1,053,000
– over-provision in prior financial years	(8,036)	–
	477,348	1,053,000
Deferred income tax		
– current financial year	25,000	45,000
– under-provision in prior financial years	9,000	–
	34,000	45,000
Total income tax recognised in profit or loss	511,348	1,098,000

Reconciliation of effective income tax rate

	Group 2013 $	Group 2012 $
Profit before income tax	3,531,330	6,481,963
Income tax calculated at Singapore's statutory income tax rate of 17% (2012: 17%)	600,326	1,101,934
Income not subject to income tax	(106,953)	(67,333)
Income tax exemption	(118,257)	(76,788)
Deferred tax assets not recognised	–	105,449
Enhance tax deduction	(153,320)	–
Expenses not deductible for income tax purposes	428,458	29,006
Over-provision of current income tax in prior financial years	(8,036)	–
Under-provision of deferred income tax in prior financial years	9,000	–
Utilisation of previously unrecognised deferred tax assets	(64,769)	–
Others	(75,101)	5,732
	511,348	1,098,000

Unrecognised deferred tax assets

	2013 $	2012 $
Balance at beginning of financial year	177,289	71,840
Amount not recognised during the financial year	–	105,449
Utilisation of previously unrecognised deferred tax assets	(64,769)	–
Balance at end of financial year	112,520	177,289

26. INCOME TAX EXPENSE (CONTINUED)

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

	Group	
	2013	2012
	$	$
Unutilised tax losses	128,396	128,396
Unutilised productivity and innovation credit	–	20,589
Unabsorbed capital allowances	35,541	50,417
Accelerated tax depreciation	(59,063)	(28,172)
Accrued unutilised leave	7,646	6,059
	112,520	177,289

As at 31 January 2013, the Group has unutilised tax losses of approximately $755,000 (2012: $755,000) and unabsorbed capital allowances of approximately $209,000 (2012: $297,000) available for offset against future taxable profits 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 $164,000 (2012: $179,000) as at 31 January 2013 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 2.19 to the financial statements.

27. EARNINGS PER SHARE

The calculation for earnings per share is based on:

	Group	
	2013	2012
Profit attributable to owners of the parent ($)	3,019,982	5,383,963
Weighted/Actual number of ordinary shares in issue during the financial year applicable to basic earnings per share	105,079,114	650,002
– Basic and diluted earnings per share (in cents)	2.87	828.30

The calculations for basic earnings per share for the relevant periods are based on the profit attributable to owners for the financial years ended 31 January 2013 and 2012 divided by the weighted/actual number of ordinary shares in the relevant periods.

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

For comparative purposes, the earnings per share for 2012 were based on the aggregated number of shares of the Company's subsidiaries as at 31 January 2012.

28. DIVIDENDS

	Group 2013 $	Group 2012 $
Dividend paid to the owners before the restructuring exercise		
Neo Garden Catering paid the following dividends:		
(a) In respect of financial year ended 31 January 2012		
A first interim tax exempt dividend of $0.50 per share on 200,000 ordinary shares	–	100,000
A second interim tax exempt dividend of $0.50 per share on 200,000 ordinary shares	–	100,000
A third interim tax exempt dividend of $0.50 per share on 200,000 ordinary shares	–	100,000
A fourth interim tax exempt dividend of $0.50 per share on 200,000 ordinary shares	–	100,000
A fifth interim tax exempt dividend of $0.25 per share on 200,000 ordinary shares	–	50,000
A sixth interim tax exempt dividend of $0.75 per share on 200,000 ordinary shares	–	150,000
A seventh interim tax exempt dividend of $0.75 per share on 200,000 ordinary shares	–	150,000
(b) In respect of financial year ended 31 January 2013		
A first interim tax exempt dividend of $0.50 per share on 200,000 ordinary shares	100,000	–
A second interim tax exempt dividend of $1.50 per share on 200,000 ordinary shares	300,000	–
A third interim tax exempt dividend of $0.50 per share on 200,000 ordinary shares	100,000	–
Orange Clove paid the following dividends:		
(a) In respect of financial year ended 31 January 2012		
A first interim tax exempt dividend of $1.50 per share on 100,000 ordinary shares	–	150,000
Deli Hub paid the following dividends:		
(a) In respect of financial year ended 31 January 2012		
A first interim tax exempt dividend of $1.99992 per share on 50,002 ordinary shares	–	100,000
	500,000	1,000,000
Dividend paid to the owners after the restructuring exercise		
Neo Group Limited paid the following dividends:		
(a) In respect of financial year ended 31 January 2013		
A first interim tax exempt dividend of $0.0049 per share on 144,000,000 ordinary shares	705,600	–
	1,205,600	1,000,000

28. DIVIDENDS (CONTINUED)

The Board of Directors proposed that a final tax-exempt dividend of $0.0101 per ordinary share amounting to $1,454,400 be paid in respect of current financial year. 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.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

	Group		Company
	2013	2012	2013
	$	$	$
With subsidiaries			
Dividend income received from	–	–	3,400,000
Management fee charged to	–	–	732,240
Novation and assignment of indebtedness pursuant to restructuring exercise to	–	–	684,413
With related parties			
Advances made to	–	40,000	–
Expenses made on behalf of	737	14,927	–
Provision of IT services by	182,692	334,826	–
Purchases from	4,000	–	–
Purchases of IT equipment from	62,506	401,147	–
Rental income received from	38,800	–	–
Rental expenses paid to	42,474	–	–
Utilities income received from	10,694	–	–
Proceeds from disposal of property, plant and equipment	1,241,085	–	–
With directors of the Company			
Advances made from	–	1,739,088	–
Advances made to	–	57,225	–
Consultancy fees paid to	–	250,565	–
Rental expenses paid to	318,000	300,000	–

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

As the Group employs foreign workers in Singapore, a security bond of $5,000 (2012: $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 $430,000 (2012: $360,000) as at 31 January 2013. As at 31 January 2013, 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 was as follows:

	Group		Company
	2013	2012	2013
	$	$	$
Directors of the Company			
– short-term benefits	1,037,250	1,231,000	570,000
– post-employment benefits	53,160	71,683	19,200
– directors' fee	90,410	–	90,410
Directors of subsidiaries			
– short-term benefits	78,000	72,000	–
– post-employment benefits	10,560	8,863	–
Other key management personnel			
– short-term benefits	330,464	190,843	–
– post-employment benefits	41,817	29,671	–
	1,641,661	1,604,060	679,610

30. OPERATING LEASE COMMITMENTS

Group as a lessor

The Group leased out office spaces under non-cancellable operating leases. The leases are contracted for an average of 2 (2012: 1) 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	
	2013	2012
	$	$
Not later than one financial year	146,772	162,000
Later than one financial year but not later than five financial years	96,813	–
	243,585	162,000

Group as a lessee

The Group lease 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 (2012: 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	
	2013	2012
	$	$
Not later than one financial year	2,350,225	1,583,827
Later than one financial year but not later than five financial years	1,846,149	1,326,433
	4,196,374	2,910,260

31. CAPITAL COMMITMENTS

As at 31 January 2013, the Group has capital commitments on the construction-in-progress for the extension and additions to leasehold properties amounting to $Nil (2012: $84,000).

32. 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 three reportable operating segments as follows:

a) Food catering business

b) Food retail business

c) Food and catering supplies business

Food catering business segment provides events catering services under three catering brands to corporate, community or private functions. Food catering business segment also provide 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.

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

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 intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment 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 consist primarily of property, plant and equipment, investment properties, inventories, receivables and cash and cash equivalents. Segment liabilities comprise operating liabilities and exclude tax liabilities.

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

32. SEGMENT INFORMATION (CONTINUED)

	Food catering business $	Food retail business $	Food and catering supplies business $	Unallocated $	Elimination $	Total $
Group						
2013						
Revenue						
External revenue	30,705,495	10,960,791	33,125	–	–	41,699,411
Inter-segment revenue	136	77	7,927,883	–	(7,928,096)	–
	30,705,631	10,960,868	7,961,008	–	(7,928,096)	41,699,411
Results						
Segment results	5,207,957	636,203	713,415	1,968,759	(3,598,000)	4,928,334
Interest income	617	–	–	–	–	617
Interest expense	(202,842)	(7,464)	(604)	–	–	(210,910)
Depreciation of investment properties	–	–	–	(41,494)	–	(41,494)
Depreciation of property, plant and equipment	(1,121,735)	(373,992)	(193,115)	(369)	–	(1,689,211)
Plant and equipment written-off	–	(58,052)	–	–	–	(58,052)
Gain on disposal of asset held for sale	369,838	–	–	–	–	369,838
Gains on disposal of property, plant and equipment	188,011	–	–	–	–	188,011
Allowance for impairment loss on third parties trade receivables written back	50,383	–	–	–	–	50,383
Other non-cash expenses:						
– Bad third parties trade receivables written-off	(6,186)	–	–	–	–	(6,186)
Profit before income tax	4,486,043	196,695	519,696	1,926,896	(3,598,000)	3,531,330
Income tax expense						(511,348)
Profit for the financial year						3,019,982

32. SEGMENT INFORMATION (CONTINUED)

	Food catering business $	Food retail business $	Food and catering supplies business $	Unallocated $	Elimination $	Total $
Group						
2013						
Capital expenditure						
Property, plant and equipment	1,414,675	366,765	82,940	6,640	–	1,871,020
Assets and liabilities						
Assets	23,197,356	2,257,683	2,444,189	11,566,677	(8,713,779)	30,752,126
Liabilities	12,967,951	2,914,325	1,525,282	2,000,824	(7,337,878)	12,070,504
Unallocated liabilities						
– Current income tax payable						1,157,056
– Deferred tax liabilities						106,000
						13,333,560

32. SEGMENT INFORMATION (CONTINUED)

	Food catering business $	Food retail business $	Food and catering supplies business $	Unallocated $	Elimination $	Total $
Group						
2012						
Revenue						
External revenue	29,961,352	8,339,831	75,281	–	–	38,376,464
Inter-segment revenue	–	6,860	7,096,214	–	(7,103,074)	–
	29,961,352	8,346,691	7,171,495	–	(7,103,074)	38,376,464
Results						
Segment results	7,950,392	(165,697)	468,453	(69,674)	(216,000)	7,967,474
Interest income	173	–	–	–	–	173
Interest expense	(120,541)	–	(4,517)	–	–	(125,058)
Depreciation of investment properties	–	–	–	(57,657)	–	(57,657)
Depreciation of property, plant and equipment	(837,945)	(266,399)	(177,641)	–	–	(1,281,985)
Plant and equipment written-off	–	(17,363)	–	–	–	(17,363)
Gain/(Loss) on disposal of plant and equipment	16,970	–	(2,587)	–	–	14,383
Other non-cash expenses:						
– Allowance for impairment loss on third parties trade receivables	(18,004)	–	–	–	–	(18,004)
Profit before income tax	6,991,045	(449,459)	283,708	(127,331)	(216,000)	6,481,963
Income tax expense						(1,098,000)
Profit for the financial year						5,383,963

32. SEGMENT INFORMATION (CONTINUED)

	Food catering business $	Food retail business $	Food and catering supplies business $	Unallocated $	Elimination $	Total $
Group						
2012						
Capital expenditure						
Property, plant and equipment	10,349,169	526,143	81,621	–	–	10,956,933
Investment properties	–	–	–	37,614	–	37,614
	10,349,169	526,143	81,621	37,614	–	10,994,547
Assets and liabilities						
Assets	24,118,536	1,921,985	2,255,610	1,884,276	(3,587,569)	26,592,838
Liabilities	14,283,109	2,677,597	1,762,960	–	(3,287,569)	15,436,097
Unallocated liabilities						
– Current income tax payable						803,785
– Deferred tax liabilities						72,000
						16,311,882

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

Major 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 5% or more of the Group's total revenue for each of the reporting period.

33. 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 and the Company do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's 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.

33.1 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. The Company has significant credit exposure arising from the non-trade amounts due from subsidiaries amounting to $2,589,151 as at the end of the reporting period.

The carrying amounts of financial assets recorded in the financial statements grossed up for any allowance for losses, represents the Group's and the Company's maximum exposure to credit risk. The Group and the Company do not hold any collateral.

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

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

The age analysis of trade receivables that are either past due or impaired as at end of the reporting period is as follows:

	Group	
	2013 $	2012 $
Past due 0 to 1 month	132,098	372,667
Past due 1 to 2 months	34,615	108,639
Past due 2 to 3 months	22,276	27,088
Past due over 3 months	6,447	53,206
	195,436	561,600

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

33.2 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 operates mainly in Singapore.

33.3 Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to bank borrowings as shown in Note 13 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%, profit before income tax, will increase or decrease by:

	Group Profit or loss	
	2013	2012
	$	$
Bank borrowings	37,255	45,392

33.4 Liquidity risk

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting 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.

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.

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

33.4 Liquidity risk (Continued)

Contractual maturity analysis

	Within one financial year $	After one financial year but within five financial years $	After five financial years $	Total $
Group				
2013				
Financial assets				
Non-interest bearing				
– Trade and other receivables	1,881,616	–	–	1,881,616
– Cash and cash equivalents	11,682,010	–	–	11,682,010
Interest bearing				
– Cash and cash equivalents	50,787	–	–	50,787
	13,614,413	–	–	13,614,413
Financial liabilities				
Non-interest bearing				
– Trade and other payables	4,294,453	–	–	4,294,453
Interest bearing				
– Bank borrowings	976,279	3,416,794	3,731,258	8,124,331
– Finance lease payables	179,492	–	–	179,492
	5,450,224	3,416,794	3,731,258	12,598,276
2012				
Financial assets				
Non-interest bearing				
– Trade and other receivables	4,116,186	–	–	4,116,186
– Cash and cash equivalents	3,437,301	–	–	3,437,301
Interest bearing				
– Cash and cash equivalents	40,735	–	–	40,735
	7,594,222	–	–	7,594,222
Financial liabilities				
Non-interest bearing				
– Trade and other payables	6,146,151	–	–	6,146,151
Interest bearing				
– Bank borrowings	1,965,592	4,168,854	3,944,073	10,078,519
– Finance lease payables	160,181	–	–	160,181
	8,271,924	4,168,854	3,944,073	16,384,851

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

33.4 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

	Within one financial year $	After one financial year but within five financial years $	After five financial years $	Total $
Company				
2013				
Financial assets				
Non-interest bearing				
– Trade and other receivables	2,607,151	–	–	2,607,151
– Cash and cash equivalents	6,005,716	–	–	6,005,716
	8,612,867	–	–	8,612,867
Financial liabilities				
Non-interest bearing				
– Trade and other payables	2,000,824	–	–	2,000,824

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.

In the previous financial year, included in the Group's bank borrowings within 1 year were callable loans as discussed in Note 13 to the financial statements which have repayment schedule as follows:

	Within one financial year $	After one financial year but within five financial years $	After five financial years $	Total $
Group				
2012				
Bank borrowings	82,196	328,783	392,970	803,949

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

33.5 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as going concern and maintain an optimal capital structure so as to maximise shareholder's value. The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 January 2013 and 2012.

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 during the financial years ended 31 January 2013 and 2012.

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

	Group		Company
	2013	2012	2013
	$	$	$
Trade and other payables	4,294,453	6,146,151	2,000,824
Bank borrowings	7,451,019	9,078,325	–
Finance lease payables	174,992	155,591	–
Less: Cash and cash equivalents	(11,732,745)	(3,477,984)	(6,005,716)
Net debt/(cash)	187,719	11,902,083	(4,004,892)
Total equity	17,418,566	10,280,956	8,000,459
Total capital	17,606,285	22,183,039	3,995,567
Gearing ratio (%)	1.1%	53.7%	n.m.

n.m. – Not meaningful as the cash and cash equivalents are higher than total debt.

33.6 Fair values of financial assets and financial liabilities

The carrying amounts of the current financial assets and current financial liabilities 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 value of non-current financial liabilities in relation to bank borrowings is disclosed in Note 13 to the financial statements.

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

34. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 January 2013, the following events have taken place:

34.1 On 1 March 2013, Niwa Sushi Pte. Ltd. ("Niwa Sushi"), a wholly-owned subsidiary of the Company has increased its issued and paid-up share capital by way of allotment and issuance of a total of 500,000 new ordinary shares to the Company at a total consideration of $500,000.

34.2 On 1 March 2013, Niwa Sushi, a wholly-owned subsidiary of the Company, established a wholly-owned subsidiary in Singapore, namely, G&C Food Investment Pte. Ltd. ("G&C Food") with an initial issued and paid-up capital of $1. The core business of G&C Food is that of franchising and licensing activity in F&B concept. On 2 April 2013, G&C Food increased its issued and paid-up share capital by way of allotment and issuance of a total of 299,999 new ordinary shares to Niwa Sushi at a total consideration of $299,999.

34.3 On 2 April 2013, the Group entered into an option to purchase leasehold properties from a third party for total consideration of $12,000,000.

34.4 The Group refinanced term loan III which was to commence repayment from May 2013 to a new completion date of April 2017 for a term of 60 months. The joint and several guarantees of the directors of the Company were released by the bank and was replaced by corporate guarantee provided by the Company amounting to $1,140,000.

35. COMPARATIVE FIGURES

As described on Note 2.1 to the financial statements, the comparative figures of the Group for the preceding financial year have been presented under pooling-of-interest manner. The effective date of the pooling-of-interest for accounting purpose predates 1 February 2012, the beginning of the financial year for which the comparative figure are presented, as the Group have been under common control prior to 1 February 2012.

There are no comparative figures for the Company as this is a first set of audited financial statements prepared since its incorporation on 22 March 2012.

STATISTICS OF SHAREHOLDINGS

As At 24 April 2013

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest		
Substantial Shareholders	Number of Shares	%	Number of Shares	%	Total %
Neo Kah Kiat	102,333,992	71.07	11,520,000	8.00	79.07[1]
Liew Oi Peng	11,520,000	8.00	102,333,992	71.07	79.07

Note:

1. By virtue of Section 7 of the Companies Act, Cap. 50,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 vise versa.

SHAREHOLDING HELD IN PUBLIC HANDS

Approximately 14.76% of the shareholding of the Company is held in the hands of the public as at 24 April 2013 and Rule 723 of the Catalist Rule of SGX-ST is complied with.

STATISTICS OF SHAREHOLDINGS

As At 24 April 2013

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1,000 – 10,000	286	59.34	1,125,000	0.78
10,001 – 1,000,000	188	39.00	13,206,000	9.17
1,000,001 AND ABOVE	8	1.66	129,669,000	90.05
TOTAL	**482**	**100.00**	**144,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	Number of Shares	%
1	NEO KAH KIAT	102,333,992	71.07
2	LIEW OI PENG	11,520,000	8.00
3	SIRIUS VENTURE CAPITAL PTE LTD	4,320,000	3.00
4	CIMB SECURITIES (SINGAPORE) PTE LTD	4,237,000	2.94
5	POON WAI	2,850,000	1.98
6	LEE KWANG BOON	1,691,558	1.17
7	LIEW CHOH KHING	1,691,558	1.17
8	NG KAH LYE	1,024,892	0.71
9	GOH KAI KUI	850,000	0.59
10	TEO HWEE AI (ZHANG HUI'AI)	812,000	0.56
11	ONG SONG HUAT	507,000	0.35
12	CITIBANK NOMINEES SINGAPORE PTE LTD	480,000	0.33
13	TAN KOK CHING	383,000	0.27
14	CHEONG ZHEN WEN (ZHANG ZHENWEN)	368,000	0.26
15	LIM CHOON PHENG	333,000	0.23
16	MAYBANK NOMINEES (S) PTE LTD	333,000	0.23
17	NG SAY PENG (HUANG SIPING)	333,000	0.23
18	CHOO KWE YEN	280,000	0.19
19	OCBC SECURITIES PRIVATE LTD	215,000	0.15
20	CHIANG GINN LAN @ GOH GINN LAN	207,000	0.14
TOTAL		**134,770,000**	**93.57**

NOTICE OF FIRST ANNUAL GENERAL MEETING

Notice is hereby given that the First Annual General Meeting of the Company will be held at Singapore Flyer Bay View Room 1 @ Level 2, 30 Raffles Avenue, Singapore 039803 on Thursday, 30 May 2013 at 11.30 am to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 January 2013 and the Directors' Reports and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a tax exempt (one-tier) final dividend of 1.01 Singapore cents per ordinary share in respect of the financial year ended 31 January 2013. **(Resolution 2)**

3. To approve the proposed Directors' fees of S$90,400 for the financial year ended 31 January 2013. **(Resolution 3)**

4. To re-elect Mr Neo Kah Kiat, Director of the Company, retiring pursuant to Article 98 of the Company's Articles of Association. **(Resolution 4)**

5. To re-elect the following Directors retiring pursuant to Article 102 of the Company's Articles of Association:

   (a) Mr Liew Choh Khing **(Resolution 5)**

   (b) Mr Lee Kwang Boon **(Resolution 6)**

   (c) Mr Tan Lye Huat **(Resolution 7)**
   [see explanatory note a]

   (d) Mr Wong Hin Sun Eugene **(Resolution 8)**

   (e) Mr Ng How Hwan Kevin **(Resolution 9)**
   [see explanatory note b]

   (f) Mr Yeo Guat Kwang **(Resolution 10)**

6. To re-appoint Messrs BDO LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 11)**

SPECIAL BUSINESS

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

7. **AUTHORITY TO ALLOT AND ISSUE SHARES**

"That pursuant to Section 161 of the Companies Act, Chapter 50 and the Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to issue and allot new shares ("**Shares**") in the capital of the Company whether by way of rights, bonus or otherwise) and/or make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS that:

(1) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 100% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with paragraph (2) below), and provided further that where shareholders of the Company ("**Shareholders**") are not given the opportunity to participate in the same on a pro-rata basis ("**non pro-rata basis**"), then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the issued Shares of the Company (excluding treasury shares) at the time such authority was conferred, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from the exercising share options or the vesting of share awards which are outstanding or subsisting at the time such authority was conferred; and

(c) any subsequent consolidation or subdivision of the Shares;

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Rules of Catalist of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Articles of Association of the Company for the time being; and

(4) (unless revoked or varied by the Company in a general meeting) the authority so conferred shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier." **(Resolution 12)**
[see explanatory note c]

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." **(Resolution 13)**
[see explanatory note d]

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." **(Resolution 14)**
[see explanatory note e]

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

By Order of the Board

Pan Mi Keay
Company Secretary
15 May 2013
Singapore

NOTICE OF FIRST ANNUAL GENERAL MEETING

STATEMENT PURSUANT TO ARTICLE 58B(3) OF THE COMPANY'S ARTICLE OF ASSOCIATION:

The effects of the resolutions under the heading "Ordinary Business" and "Special Business" in this Notice of Annual General Meeting are:

(a) Mr Tan Lye Huat will remain as the Chairman of the Audit Committee and Member of the Remuneration Committee as well as the Nominating Committee upon re-election as a Director of the Company and will be considered independent for the purposes of Rule 704(8) of the Rules of Catalist of SGX-ST.

(b) Mr Ng How Hwan Kevin will remain as the Chairman of the Remuneration Committee and the Member of the Audit Committee upon re-election as a Director of the Company and will be considered independent for the purposes of Rule 704(8) of the Rules of Catalist of SGX-ST.

(c) The proposed ordinary resolution 12, 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.

(d) The proposed ordinary resolution 13, 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.

(e) The proposed ordinary resolution 14, if passed, will empower the Directors of the Company to allot and issue Shares in the Company collectively of up to a number not exceeding in total 15% of the total number of issued Shares (excluding treasury shares) in the share capital of the Company from time to time pursuant to the grant of share awards under the PSP.

Notes:

(1) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(2) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 6A Wan Lee Road, Singapore 627938 not less than 48 hours before the meeting.

(3) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

(4) In the case of joint shareholders, all holders must sign the form of proxy.

NEO GROUP LIMITED

Registration Number : 201207080G
(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy Neo Group Limited's shares, this Annual Report 2013 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.

PROXY FORM

I / We, ____

of ____

being a member/members of Neo Group Limited (the "Company"), hereby appoint:

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

and/or (delete where appropriate)

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

as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the AGM of the Company to be held at Singapore Flyer Bay View Room 1 @ Level 2, 30 Raffles Avenue Singapore 039803 on Thursday, 30 May 2013 at 11.30 am. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

Resolution No.	Ordinary Resolutions	For	Against
1.	Adoption of Directors' and Auditors' Reports and Audited Financial Statements of the Company for the financial year ended 31 January 2013.		
2.	Approval of final one tier tax-exempt dividend of 1.01 Singapore cents per ordinary share for the financial year ended 31 January 2013.		
3.	Approval of proposed Directors' fees of S$90,400 for the financial year ended 31 January 2013.		
4.	Re-election of Mr Neo Kah Kiat as Director.		
5.	Re-election of Mr Liew Choh Khing as Director.		
6.	Re-election of Mr Lee Kwang Boon as Director.		
7.	Re-election of Mr Tan Lye Huat as Director		
8.	Re-election of Mr Wong Hin Sun Eugene as Director		
9.	Re-election of Mr Ng How Hwan Kevin as Director		
10.	Re-election of Mr Yeo Guat Kwang as Director		
11.	Re-appointment of Messrs BDO LLP as Auditors.		
12.	Authority to allot and issue shares.		
13.	Authority to issue shares under the Neo Group Employee Share Option Scheme.		
14.	Authority to issue shares under the Neo Group Performance Share Plan.		

Dated this ______________ day of ______________ 2013

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

3rd fold here, glue along the dotted line and fold flap

Affix
postage
stamp

The Company Secretary
NEO GROUP LIMITED
6A Wan Lee Road
Singapore 627938

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Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. Such proxy need not be a member of the Company.

   Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

   The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the power of attorney or a duly certified copy thereof must be lodged with the instrument.

   A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with Section 179 of the Companies Act, Chapter 50.

   The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 6A Wan Lee Road, Singapore 627938 not less than 48 hours before the time appointed for the Annual General Meeting.

6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse the admission of any person or persons appointed under the instrument of proxy, to the Annual General Meeting.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such member(s) are not shown to have shares entered against his/her/their name(s) in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his/her name appears on the Depository Register 48 hours before the time appointed for the Annual General Meeting.

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NEO GROUP LIMITED
Company Reg. No. 201207080G

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