

ISETAN (SINGAPORE) LIMITED

Co. Reg. No. 197001177H

Full Year Financial Statement and Dividend Announcement for the year ended 31 December 2017**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1(a)(i) An income statement and statement of comprehensive income (for the group), together with a comparative statement for the corresponding year of the immediately preceding financial year.

Consolidated Income Statement for the financial year ended 31 December 2017

	Group		+ / (-) %
	31.12.2017	31.12.2016	
	\$'000	\$'000	
Revenue	276,571	294,638	(6.13)
Other income	8,261	7,356	12.30
Other gains	29	7,621	(99.62)
Expenses			
- Changes in inventories of finished goods	(1,469)	(1,037)	41.66
- Purchases of inventories and related costs	(195,711)	(211,857)	(7.62)
- Employee compensation	(18,571)	(20,680)	(10.20)
- Depreciation expense	(7,270)	(7,494)	(2.99)
- Rental expense	(40,635)	(44,819)	(9.34)
- Other expenses	(19,318)	(20,876)	(7.46)
Total expenses	(282,974)	(306,763)	(7.75)
Share of profit of an associated company	225	79	184.81
Profit before income tax	2,112	2,931	(27.94)
Income tax credit / (expense)	15	(362)	104.14
Net profit after tax for the financial year	2,127	2,569	(17.21)
Attributable to :			
Equity holders of the Company	2,127	2,569	(17.21)

Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2017

	31.12.2017	31.12.2016	+ / (-) %
	\$'000	\$'000	
Net profit for the financial year	2,127	2,569	(17.21)
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
- Fair value gain	358	-	N.M.
- Reclassification	(28)	-	N.M.
Currency translation differences arising from consolidation			
- Loss	(9)	(6)	50.00
Item that will not be reclassified subsequently to profit or loss:			
Actuarial gain / (loss) on retirement benefit obligation	420	(140)	400.00
Other comprehensive income / (loss), net of tax	741	(146)	607.53
Total comprehensive income for the financial year	2,868	2,423	18.37
Total comprehensive income attributable to :			
Equity holders of the Company	2,868	2,423	18.37

Additional Disclosure

(i)	Group		+ / (-) %
	31.12.2017 S'000	31.12.2016 S'000	
Revenue			
- Sale of goods	265,111	286,494	(7.46)
- Rental income	<u>11,460</u>	<u>8,144</u>	40.72
	<u>276,571</u>	<u>294,638</u>	(6.13)
Other income:			
- Dividend income	110	175	(37.14)
- Other rental income	2,966	2,586	14.69
- Interest income	2,585	2,590	(0.19)
- Sundry income	2,501	1,929	29.65
Gain on disposal of property - net	-	7,319	N.M.
Write-back of impairment of receivable	50	15	233.33
Allowance for impairment of receivable	-	(15)	N.M.
Over / (under) provision of current income tax in prior years	15	(68)	122.06
Property, plant and equipment and investment property written off	(402)	(68)	491.18

(ii) There were no interest on borrowings and extraordinary items during the year and the preceding year.

N.M. not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheets as at 31 December 2017

	Group		Company	
	31.12.2017 S'000	31.12.2016 S'000	31.12.2017 S'000	31.12.2016 S'000
ASSETS				
Current assets				
Cash and cash equivalents	57,727	54,688	57,596	42,660
Trade and other receivables	10,663	12,293	10,663	12,292
Financial assets, held-to-maturity	4,508	11,753	4,508	11,753
Inventories	10,020	11,489	10,020	11,489
Other current assets	<u>2,878</u>	<u>709</u>	<u>2,878</u>	<u>709</u>
	<u>85,796</u>	<u>90,932</u>	<u>85,665</u>	<u>78,903</u>
Non-current assets				
Other receivables	447	246	447	246
Financial assets, available-for-sale	3,864	3,455	3,864	3,429
Financial assets, held-to-maturity	53,181	44,534	53,181	44,534
Club memberships	236	235	236	235
Investment in an associated company	340	124	2,598	2,598
Investment in a subsidiary	-	-	*	5,000
Rental deposits	6,356	7,692	6,356	7,692
Investment property	29,689	31,486	29,689	31,486
Property, plant and equipment	<u>43,926</u>	<u>48,045</u>	<u>43,926</u>	<u>48,045</u>
	<u>138,039</u>	<u>135,817</u>	<u>140,297</u>	<u>143,265</u>
Total assets	<u>223,835</u>	<u>226,749</u>	<u>225,962</u>	<u>222,168</u>

* Amount is less than \$1,000

LIABILITIES**Current liabilities**

Trade and other payables	44,480	47,186	44,480	47,177
	44,480	47,186	44,480	47,177

Non-current liabilities

Trade and other payables	4,240	5,245	4,240	5,245
Provisions for other liabilities and charges	1,930	1,938	1,930	1,938
	6,170	7,183	6,170	7,183

Total liabilities

	50,650	54,369	50,650	54,360
--	---------------	--------	---------------	--------

NET ASSETS

	173,185	172,380	175,312	167,808
--	----------------	---------	----------------	---------

EQUITY

Share capital	91,710	91,710	91,710	91,710
General reserve	17,000	17,000	17,000	17,000
Fair value reserve	1,608	1,278	1,608	1,255
Currency translation reserve	(212)	(203)	-	-
Other reserves	280	(140)	280	(140)
Retained earnings	62,799	62,735	64,714	57,983
Total equity	173,185	172,380	175,312	167,808

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 31.12.17		As at 31.12.16	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.12.17		As at 31.12.16	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Not applicable.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding year of the immediately preceding financial year.

Consolidated Statement of Cash Flows for the financial year ended 31 December 2017

	Group	
	31.12.2017	31.12.2016
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax	2,112	2,931
Adjustments for:		
Depreciation expense	7,270	7,494
Amortisation of capitalised letting fees	78	70
Property, plant and equipment and investment property written off	402	68
Net gain on disposal of club memberships	-	(186)
Impairment loss on club memberships	-	22
Loss on termination of club membership	-	11
Gain on disposal of property, plant and equipment	-	(81)
Gain on disposal of property - net	-	(7,319)
Gain on disposal of financial assets, available-for-sale	(28)	-
Net gain on early redemption by issuers of financial assets, held-to-maturity	(1)	(46)
Write-back of impairment of receivable	(50)	(15)
Allowance for impairment of receivable	-	15
Interest income	(2,585)	(2,590)
Increase in provisions for other liabilities and charges	90	72
Dividend income	(110)	(175)
Share of profit of an associated company	(225)	(79)
	6,953	192
Changes in working capital:		
Trade and other receivables	1,376	(1,423)
Inventories	1,469	1,037
Other assets and rental deposits	(833)	288
Trade and other payables	(3,711)	(5,805)
Provisions for other liabilities and charges	(98)	-
Cash generated from / (used in) operations	5,156	(5,711)
Income taxes refunded / (paid)	15	(46)
Net cash provided by / (used in) operating activities	5,171	(5,757)
Cash flows from investing activities		
Proceeds from disposal of club memberships	-	249
Payments for club membership	(1)	(127)
Proceeds from disposal of property, plant and equipment	-	81
Proceeds from disposal of property - net	-	9,918
Payments for property, plant and equipment and investment property	(1,397)	(8,823)
Purchases of financial assets, held-to-maturity	(16,024)	(7,893)
Purchases of financial assets, available-for-sale	(82)	(60)
Proceeds from maturity / early redemption by issuers of financial assets, held-to-maturity	14,592	3,265
Proceeds from disposal of financial assets, available-for-sale	31	-
Payments for letting fees	(37)	(213)
Interest received	2,613	2,613
Dividend received	110	175
Net repayments from / (loan to) employee	126	(5)
Net cash used in investing activities	(69)	(820)
Cash flows from financing activities		
Dividends paid	(2,063)	(2,063)
Net cash used in financing activities	(2,063)	(2,063)
Net increase / (decrease) in cash and cash equivalents	3,039	(8,640)
Cash and cash equivalents at beginning of the financial year	54,688	63,328
Cash and cash equivalents at end of the financial year	57,727	54,688

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding year of the immediately preceding financial year.

Statement of Changes in Equity for the financial year ended 31 December 2017

	<u>Share capital</u> \$'000	<u>General reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Currency translation reserve</u> \$'000	<u>Other reserves</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Group							
Balance at 1 January 2017	91,710	17,000	1,278	(203)	(140)	62,735	172,380
Total comprehensive income/(loss) for the year	-	-	330	(9)	420	2,127	2,868
Dividend relating to 2016 paid	-	-	-	-	-	(2,063)	(2,063)
Balance at 31 December 2017	91,710	17,000	1,608	(212)	280	62,799	173,185
Balance at 1 January 2016	91,710	17,000	1,278	(197)	-	62,229	172,020
Total comprehensive income for the year	-	-	-	(6)	(140)	2,569	2,423
Dividend relating to 2015 paid	-	-	-	-	-	(2,063)	(2,063)
Balance at 31 December 2016	91,710	17,000	1,278	(203)	(140)	62,735	172,380
	<u>Share capital</u> \$'000	<u>General reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Currency translation reserve</u> \$'000	<u>Other reserves</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Company							
Balance at 1 January 2017	91,710	17,000	1,255	-	(140)	57,983	167,808
Total comprehensive income for the year	-	-	353	-	420	8,794	9,567
Dividend relating to 2016 paid	-	-	-	-	-	(2,063)	(2,063)
Balance at 31 December 2017	91,710	17,000	1,608	-	280	64,714	175,312
Balance at 1 January 2016	91,710	17,000	1,258	-	-	64,736	174,704
Total comprehensive loss for the year	-	-	(3)	-	(140)	(4,690)	(4,833)
Dividend relating to 2015 paid	-	-	-	-	-	(2,063)	(2,063)
Balance at 31 December 2016	91,710	17,000	1,255	-	(140)	57,983	167,808

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous year reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial year reported on and as at the end of the corresponding year of the immediately preceding financial year.

Not applicable.

1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.

	As at the end of current financial year ended 31 December 2017	As at the end of financial year ended 31 December 2016
Total number of ordinary shares issued	41,250,000	41,250,000

There were no treasury shares held as at the end of the current financial year reported on and as at the end of the immediately preceding year.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in preparing this financial statement for the current accounting year compared with the most recently audited financial statements for the year ended 31 December 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current year reported on and the corresponding year of the immediately preceding financial year, after deducting any provision for preference dividends.

	<u>Group</u>	
	31.12.2017	31.12.2016
Earnings per ordinary share for the financial year based on net profit attributable to shareholders :-		
(i) Based on weighted average number of ordinary shares in issue (cents)+	5.16	6.23
(ii) On a fully diluted basis (cents)++	5.16	6.23

+ The earnings per share are calculated based on the issued ordinary shares of 41,250,000 (31 December 2016: 41,250,000)

++ The fully diluted earnings per share are calculated based on the issued ordinary shares of 41,250,000 (31 December 2016: 41,250,000)

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

(a) current financial year reported on; and

(b) immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Net asset value per ordinary share based on issued share capital at the end of financial year	\$4.20	\$4.18	\$4.25	\$4.07

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial year reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial year reported on.

Review of Group Performance

Group revenue for the year ended 31 December 2017 ("FY 2017") was \$276.571 million, a decrease of 6.13% over the corresponding year ("FY 2016"). The retail segment registered lower sales amidst the highly competitive retail market. The decline in group revenue was due to the decrease in sales of goods from the retail segment. However, the situation was mitigated by an increase in rental income from Isetan Wisma Atria investment property due to the full-year impact of achieving almost full occupancy in FY 2017.

For FY 2017, the Group achieved a net profit after tax of \$2.127 million as compared to a net profit after tax of \$2.569 million in FY 2016. Other income for FY2017 was higher than FY 2016 mainly due to higher rental income and sundry income. FY 2016's net profit was achieved on the back of a \$7.319 million gain on the disposal of a property which was included in other gains. Had the effect of this disposal been excluded in FY2016, the performance of the Group would have improved by \$6.877 million in FY 2017. This is in spite of the reduction in revenue from sales of goods. The Group has continued to put in measures in FY 2017 to reduce operating expenses which helped to improve the bottomline and retail segment results in FY2017. For the associated company, there was a share of profit of \$225,000 in FY 2017 as compared to \$79,000 in FY 2016.

Under current assets, trade and other receivables decreased mainly due to the cessation of the credit provided from in-house Isetan Credit Card with effect from 1 April 2017. Financial assets, held-to-maturity ("HTMs") under current assets decreased due to the maturity and early redemption by the issuers of certain HTMs. Other current assets increased due to higher prepaid expenses. Under non-current assets, HTMs increased due to purchases of \$16.024 million during the year. Rental deposits decreased due to lower rental upon rental revision. Under current liabilities, trade and other payables decreased in line with lower sales of goods at year-end.

Under cash flows from operating activities, there was a net cash inflow in FY 2017 compared with a net cash outflow in FY 2016 mainly due to the decrease in the trade and other receivables balance in FY 2017 as compared to the increase in FY 2016, as well as higher profits from operations. Under cash flows from investing activities, the lower cash outflow in FY 2017 as opposed to FY 2016 was mainly due to lower payments for property, plant and equipment and investment property, and net purchases of HTMs, partially offset by the absence of proceeds from the disposal of a property observed in FY 2016.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast was made previously.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting year and the next 12 months.

The government has forecast economic growth to be between 1.5% to 3.5% in 2018 with growth likely to come in slightly above the middle of the range. Despite the improvement in the overall business climate, the Group expects the challenges in the retail industry to persist given the intensifying competition among retailers in resorting to discounts to attract customers.

11. Dividend

(a) Current Financial Year Reported On

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	5.0 cents per ordinary share

(b) Corresponding year of the Immediately Preceding Financial Year

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	5.0 cents per ordinary share

(c) Date payable

The date of the payment of the dividend will be announced at a later date.

(d) Books closure date

The date of the books closure will be announced at a later date.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

14. Negative confirmation pursuant to Rule 705(5)

Not applicable.

15. Confirmation of Directors and Executive Officers' undertakings pursuant to Listing Rule 720(1)

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

a) Primary reporting format - business segments

- The retail segment is involved in the business of retailing and operating of department stores.
- The property segment is mainly involved in the leasing of properties owned by the Group.

Group	Retail	Property	Total Consolidated
2017	\$'000	\$'000	\$'000
Segment revenue			
Sales to external customers	265,111	-	265,111
Rental income - Investment property	-	11,460	11,460
Other rental income	2,966	-	2,966
Segment results			
Other income	(9,375)	5,938	(3,437)
Other gain			5,295
Share of profit of an associated company			29
Profit before income tax			225
Income tax credit			2,112
Net profit			15
			2,127
Other segment items			
Capital expenditure	1,396	421	1,817
Depreciation	5,127	2,143	7,270
Assets and Liabilities			
Segment assets	70,496	33,702	104,198
Unallocated assets:			
Investment in an associated company			340
Cash and cash equivalents			57,727
Financial assets, held-to-maturity			57,689
Financial assets, available-for-sale			3,864
Tax recoverable			17
Total Consolidated Assets			223,835
Segment liabilities	45,386	5,264	50,650
Total Consolidated Liabilities			50,650
Group			
2016			
Segment revenue			
Sales to external customers	286,494	-	286,494
Rental income - Investment properties	-	8,144	8,144
Other rental income	2,586	-	2,586
Gain from disposal of property	-	7,319	7,319
Segment results			
Other income	(12,526)	10,306	(2,220)
Other gain			4,770
Share of profit of an associated company			302
Profit before income tax			79
Income tax expense			2,931
Net profit			(362)
			2,569
Other segment items			
Capital expenditure	3,405	3,556	6,961
Depreciation	5,541	1,953	7,494
Assets and Liabilities			
Segment assets	78,334	33,836	112,170
Unallocated assets:			
Investment in an associated company			124
Cash and cash equivalents			54,688
Financial assets, held-to-maturity			56,287
Financial assets, available-for-sale			3,455
Tax recoverable			25
Total Consolidated Assets			226,749
Segment liabilities	49,991	4,378	54,369
Total Consolidated Liabilities			54,369

b) Secondary reporting format- geographical segments

The Group operates in Singapore and accordingly, no geographical segment information is presented.

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

The retail segment continued to face tough conditions during FY 2017 and our stores registered lower sales in FY2017 as compared to FY2016. Overall, retail sales suffered a decline of 7.46% in FY2017 as compared to FY2016. This decrease reflected the highly competitive market with many retailers resorting to discounting to draw customers. In addition, the Group also reviewed and streamlined its sales events to do away with the underperforming ones. The retail segment continued to register losses in FY2017 but the deficit decreased by 25.16% in FY2017 as compared to FY2016. The improvement in bottomline is mainly attributed to the efforts to reduce operating expenses.

The property segment registered lower profit in FY 2017 as compared to FY 2016, due to a one-off gain of \$7.319 million being recorded in FY2016 from the disposal of a property. Excluding the effect of the one-off gain in FY 2016, the improved results in FY 2017 were attributable to higher rental income at the Isetan Wisma Atria Investment Property as a result of the full-year impact of achieving almost full occupancy in FY 2017.

18. A breakdown of sales.

	2017	2016	+ / (-)
	\$'000	\$'000	%
(a) Revenue reported for first half year	136,582	142,882	(4.41)
(b) Profit / (loss) after tax before deducting minority interests reported for first half year	335	(6,684)	(105.01)
(c) Revenue reported for second half year	139,989	151,756	(7.75)
(d) Profit after tax before deducting minority interests reported for second half year	1,792	9,253	(80.63)

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend

	Latest full year	Previous full year
Ordinary	\$2,062,500*	\$2,062,500**
Preference	-	-
Total:	\$2,062,500	\$2,062,500

* relates to the final dividend for the financial year ended 31 December 2016 that was approved for payment to shareholders at the Annual General Meeting held on 28 April 2017.

** relates to the final dividend for the financial year ended 31 December 2015 that was approved for payment to shareholders at the Annual General Meeting held on 29 April 2016.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Nil			Not applicable.	

BY ORDER OF THE BOARD

Lun Chee Leong
Company Secretary
27 February 2018