

Third Quarter Financial Statement and Dividend Announcement for the period ended 30 September 2016

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 period of the immediately preceding financial year.

Consolidated Income Statement for the financial period ended 30 September 2016

	Group		+ / (-) %
	30.09.2016	30.09.2015	
	\$'000	\$'000	
Revenue	69,109	68,713	0.58
Other income	8,880	1,608	452.24
Expenses			
- Changes in inventories of finished goods	(574)	88	(752.27)
- Purchases of inventories and related costs	(48,774)	(50,642)	(3.69)
- Employee compensation	(5,321)	(5,620)	(5.32)
- Depreciation expense	(1,941)	(2,037)	(4.71)
- Rental expense	(10,980)	(11,957)	(8.17)
- Other expenses	(5,027)	(6,662)	(24.54)
Total expenses	<u>(72,617)</u>	<u>(76,830)</u>	(5.48)
Share of gain of an associated company	<u>10</u>	<u>28</u>	(64.29)
Profit / (loss) before income tax	5,382	(6,481)	(183.04)
Income tax (expense) / refund	<u>(36)</u>	<u>332</u>	(110.84)
Net profit / (loss) after tax for the financial period	<u>5,346</u>	<u>(6,149)</u>	(186.94)
Attributable to :			
Equity holders of the Company	<u>5,346</u>	<u>(6,149)</u>	(186.94)

N.M. not meaningful

Consolidated Statement of Comprehensive Income for the financial period ended 30 September 2016

	Group		+ / (-) %
	30.09.2016	30.09.2015	
	\$'000	\$'000	
Profit / (loss) for the financial period	5,346	(6,149)	(186.94)
Other comprehensive gain / (loss)			
Financial assets, available-for-sale			
- Fair value gain / (loss)	29	(101)	(128.71)
Currency translation differences arising from consolidation			
- (Loss) /gains	<u>(3)</u>	<u>2</u>	(250.00)
Other comprehensive gain / (loss), net of tax	<u>26</u>	<u>(99)</u>	(126.26)
Total comprehensive gain / (loss) for the financial period	<u>5,372</u>	<u>(6,248)</u>	(185.98)
Total comprehensive gain / (loss) attributable to :			
Equity holders of the Company	<u>5,372</u>	<u>(6,248)</u>	(185.98)

Additional Disclosure

(i)	<u>Group</u>		+ / (-) %
	30.09.2016 \$'000	30.09.2015 \$'000	
Revenue			
- Sale of goods	66,571	68,713	(3.12)
- Rental income	<u>2,538</u>	<u>-</u>	N.M.
	<u>69,109</u>	<u>68,713</u>	0.58
Dividend income	38	47	(19.15)
Other rental income	654	978	(33.13)
Interest income	639	549	16.39
Gain on disposal of investment property	7,319	-	N.M.

(ii) There were no interest on borrowings and extraordinary items during the period 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 30 September 2016

	<u>Group</u>		<u>Company</u>	
	30.09.2016 \$'000	31.12.2015 \$'000	30.09.2016 \$'000	31.12.2015 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	47,160	63,328	34,496	61,308
Trade and other receivables	9,626	10,870	9,621	10,837
Financial assets, held-to-maturity	11,481	-	11,481	-
Inventories	12,276	12,526	12,276	12,526
Assets held-for-sale	71	110	71	110
Other current assets	<u>1,677</u>	<u>1,000</u>	<u>1,677</u>	<u>1,000</u>
	<u>82,291</u>	<u>87,834</u>	<u>69,622</u>	<u>85,781</u>
Non-current assets				
Other receivables	281	252	281	252
Financial assets, available-for-sale	3,633	3,395	3,609	3,372
Financial assets, held-to-maturity	43,905	51,625	43,905	51,625
Club memberships	174	94	174	94
Investment in an associated company	76	51	2,598	2,598
Investment in a subsidiary	-	-	5,000	5,000
Rental deposits	7,693	7,711	7,693	7,711
Investment properties	30,676	32,325	30,676	29,710
Property, plant and equipment	49,277	50,263	49,277	50,247
Deferred income tax asset	<u>294</u>	<u>294</u>	<u>-</u>	<u>-</u>
	<u>136,009</u>	<u>146,010</u>	<u>143,213</u>	<u>150,609</u>
Total assets	<u>218,300</u>	<u>233,844</u>	<u>212,835</u>	<u>236,390</u>

LIABILITIES**Current liabilities**

Trade and other payables	42,564	56,227	41,891	56,177
	42,564	56,227	41,891	56,177

Non-current liabilities

Trade and other payables	5,015	3,731	5,015	3,643
Provisions for other liabilities and charges	1,931	1,866	1,931	1,866
	6,946	5,597	6,946	5,509

Total liabilities	49,510	61,824	48,837	61,686
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NET ASSETS	168,790	172,020	163,998	174,704
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EQUITY

Share capital	91,710	91,710	91,710	91,710
General reserve	17,000	17,000	17,000	17,000
Fair value reserve	1,456	1,278	1,435	1,258
Currency translation reserve	(204)	(197)	-	-
Retained earnings	58,828	62,229	53,853	64,736
Total equity	168,790	172,020	163,998	174,704

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

As at 30.09.2016		As at 30.09.2015	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.09.2016		As at 30.09.2015	
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 period of the immediately preceding financial year.

Consolidated Statement of Cash Flows for the financial period ended 30 September 2016

	Group	
	30.09.2016	30.09.2015
	\$'000	\$'000
Cash flows from operating activities		
Profit / (loss) before income tax	5,382	(6,481)
Adjustments for:		
Depreciation expense	1,941	2,037
Impairment loss in value of club memberships	-	114
(Gain) / loss on disposal of club memberships	(186)	36
Property, plant and equipment written off	-	70
Gain on disposal of property, plant and equipment	-	(3)
Gain on disposal of investment property	(7,319)	-
Gain on early redemption of financial assets, held-to-maturity by issuer	(9)	-
Interest income	(639)	(549)
Increase / (decrease) in provisions for other liabilities and charges	22	(21)
Dividend income	(38)	(47)
Share of profit of an associated company	(10)	(28)
	<u>(856)</u>	<u>(4,872)</u>
Changes in working capital		
Trade and other receivables	(996)	(15)
Inventories	573	(88)
Other assets	(731)	88
Trade and other payables	(555)	1,068
Cash used in operations	<u>(2,565)</u>	<u>(3,819)</u>
Income taxes (paid) / discharged	(36)	175
Staff loans	(16)	2
Net cash used in operating activities	<u>(2,617)</u>	<u>(3,642)</u>
Cash flows from investing activities		
Proceeds from disposal of club memberships	249	36
Proceeds from disposal of property, plant and equipment	-	3
Proceeds from disposal of investment property	9,819	-
Proceeds from early redemption / maturity of financial assets, held-to-maturity	254	3,500
Payment for property, plant and equipment and investment property	(1,723)	(1,699)
Payments for club membership	(8)	-
Interest received	457	451
Dividend received	38	47
Net cash provided by investing activities	<u>9,086</u>	<u>2,338</u>
Net increase / (decrease) in cash and cash equivalents	<u>6,469</u>	<u>(1,304)</u>
Cash and cash equivalents at beginning of the financial period	<u>40,691</u>	<u>72,060</u>
Cash and cash equivalents at end of the financial period	<u>47,160</u>	<u>70,756</u>

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 period of the immediately preceding financial year.

Statement of Changes in Equity for the financial period ended 30 September 2016

	<u>Share capital</u> \$'000	<u>General reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Currency translation reserve</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Group						
Balance at 1 July 2016	91,710	17,000	1,427	(201)	53,482	163,418
Total comprehensive profit for the period	-	-	29	(3)	5,346	5,372
Balance at 30 September 2016	<u>91,710</u>	<u>17,000</u>	<u>1,456</u>	<u>(204)</u>	<u>58,828</u>	<u>168,790</u>
Balance at 1 July 2015	91,710	17,000	1,419	(196)	79,940	189,873
Total comprehensive loss for the period	-	-	(101)	2	(6,149)	(6,248)
Balance at 30 September 2015	<u>91,710</u>	<u>17,000</u>	<u>1,318</u>	<u>(194)</u>	<u>73,791</u>	<u>183,625</u>
	<u>Share capital</u> \$'000	<u>General reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Currency translation reserve</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Company						
Balance at 1 July 2016	91,710	17,000	1,404	-	55,894	166,008
Total comprehensive loss for the period	-	-	31	-	(2,041)	(2,010)
Balance at 30 September 2016	<u>91,710</u>	<u>17,000</u>	<u>1,435</u>	<u>-</u>	<u>53,853</u>	<u>163,998</u>
Balance at 1 July 2015	91,710	17,000	1,397	-	82,491	192,598
Total comprehensive loss for the period	-	-	(98)	-	(6,217)	(6,315)
Balance at 30 September 2015	<u>91,710</u>	<u>17,000</u>	<u>1,299</u>	<u>-</u>	<u>76,274</u>	<u>186,283</u>

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 period 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 period and as at the end of the immediately preceding year.

	As at the end of current financial period ended 30 September 2016	As at the end of financial year ended 31 December 2015
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 period 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 2015, except for those as disclosed under paragraph 5.

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.

On 1 January 2016, the Group adopted the revised Singapore Financial Reporting Standards (FRS) that are effective in this financial year as set out below:

(a) FRS 110 Consolidated financial statements and FRS 28 Investment in associates and joint ventures
(effective for annual periods beginning on or after 1 January 2016)

These amendments address an inconsistency between FRS 110 and FRS 28 in the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction assets that do not constitute a business, even if those assets are in a subsidiary.

This amendment is not expected to have any significant impact on the financial statements of the Group.

(b) FRS 1 Presentation of financial statements
(effective for annual periods beginning on or after 1 January 2016)

This amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

This amendment is not expected to have any significant impact on the financial statements of the Group.

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

	<u>Group</u>	
	30.09.2016	30.09.2015
Profit / (loss) per ordinary share for the financial period based on net profit / (loss) attributable to shareholders :-		
(i) Based on weighted average number of ordinary shares in issue (cents)+	12.96	(14.91)
(ii) On a fully diluted basis (cents)++	12.96	(14.91)

+ The profit / (loss) per share are calculated based on the issued ordinary shares of 41,250,000 (30 September 2015: 41,250,000)

++ The fully diluted loss per share are calculated based on the issued ordinary shares of 41,250,000 (30 September 2015: 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 period reported on; and

(b) immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	30.09.2016	31.12.2015	30.09.2016	31.12.2015
Net asset value per ordinary share based on issued share capital at the end of financial period / year	\$4.09	\$4.17	\$3.98	\$4.24

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 period ended 30 September 2016 ("Q3 2016") was \$69.109 million, a increase of 0.58% over the corresponding period ("Q3 2015"). Against a backdrop of a slowing economy and weakening consumer sentiments, retail sales decreased 3.12% in Q3 2016 versus Q3 2015. However, this was mitigated by higher rental revenue from the Isetan Orchard investment property.

For Q3 2016, the Group had a profit after tax of \$5.346 million as compared to a loss after tax of \$ 6.149 million in Q3 2015. The net profit was achieved on the back of a \$7.319 million gain on the disposal of an investment property owned by the subsidiary in September 2016 which is included in other income. Without this gain, losses would have been incurred by the Group but were lesser in Q3 2016 as compared to Q3 2015. The reduction in losses was attributed to the increase in rental revenue from the Isetan Orchard investment property as well as reductions in expenses.

As compared to 31 December 2015, cash and cash equivalents had decreased mainly due to the losses incurred in previous quarters, settlement of amounts relating to trade and other payables, payments for property, plant and equipment and investment property, and purchases of financial assets held-to-maturity ("HTMs"). Under current assets, HTMs had increased due to the reclassification of HTMs from non-current assets as they are due to mature within a year. Under non-current assets, HTMs decreased due to the reclassification of the HTMs to current assets. Under current liabilities, trade and other payables decreased due to the settlement of amounts owing to trade and other creditors. Under non-current liabilities, trade and other payables increased mainly due to the increase in rental deposits received.

Under cash flows from operating activities, the lower net cash outflow in Q3 2016 as compared to Q3 2015 was mainly contributed by the lower losses incurred. Under cash flows from investing activities, the higher cash inflow in Q3 2016 as compared to Q3 2015 was contributed mainly by the proceeds from disposals of a club membership and the subsidiary's investment property.

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 period and the next 12 months.

The year-end festive and holiday season represents an important time for retailers to ring in more sales. However, the slowing economy has already impacted the employment situation and consumer sentiments. Therefore, the Group expects competition in the retail sector to remain very keen during the festive buying season and the tough market condition will likely persist into the new year.

11. Dividend

(a) Current Financial Year Reported On

Any dividend recommended for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared.

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)

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the third quarter of 2016 financial results to be false or misleading in any material respect.

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.

Not applicable.

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.

Not applicable.

18. A breakdown of sales.

Not applicable.

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	-	-
Preference	-	-
Total:	-	-

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
11 November 2016