

**ISETAN (SINGAPORE) LIMITED**

Co. Reg. No. 197001177H

**Full Year Financial Statement and Dividend Announcement for the year ended 31 December 2014****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 year ended 31 December 2014**

	<b>Group</b>		+ / (-) %
	31.12.2014 \$'000	31.12.2013 \$'000	
Sales	340,316	333,048	2.18
Other income	8,761	9,840	(10.97)
Expenses			
- Changes in inventories of finished goods	(1,326)	1,652	(180.27)
- Purchases of inventories and related costs	(249,759)	(246,179)	1.45
- Employee compensation	(22,332)	(20,866)	7.03
- Depreciation expense	(8,398)	(6,880)	22.06
- Rental expense	(43,441)	(36,299)	19.68
- Other expenses	(26,844)	(26,976)	(0.49)
Total expenses	<u>(352,100)</u>	<u>(335,548)</u>	4.93
<b>(Loss) / profit before income tax</b>	<b>(3,023)</b>	<b>7,340</b>	<b>(141.19)</b>
Income tax expense	<u>(113)</u>	<u>(797)</u>	(85.82)
<b>Net (loss) / profit for the financial year</b>	<b><u>(3,136)</u></b>	<b><u>6,543</u></b>	<b>(147.93)</b>
<b>Attributable to :</b>			
Equity holders of the Company	<u>(3,136)</u>	<u>6,543</u>	(147.93)

**Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2014**

	31.12.2014		+ / (-) %
	\$'000	31.12.2013 \$'000	
Net (loss) / profit for the financial year	(3,136)	6,543	(147.93)
<b>Other comprehensive gain / (loss)</b>			
Financial assets, available-for-sale			
- Fair value gain / (loss)	<u>138</u>	<u>(117)</u>	(217.95)
<b>Other comprehensive gain / (loss), net of tax</b>	<u>138</u>	<u>(117)</u>	(217.95)
<b>Total comprehensive (loss) / income for the financial year</b>	<b><u>(2,998)</u></b>	<b><u>6,426</u></b>	<b>(146.65)</b>
<b>Total comprehensive (loss) / income attributable to :</b>			
Equity holders of the Company	<u>(2,998)</u>	<u>6,426</u>	(146.65)

**Additional Disclosure**

(i)	<u>Group</u>		+ / (-) %
	31.12.2014 \$'000	31.12.2013 \$'000	
Dividend income	201	161	24.84
Gross rental income	6,037	7,235	(16.56)
Interest income	2,249	2,222	1.22
(Allowance for) / write back of impairment of receivables	(55)	(83)	(33.73)
Over provision of current income tax in prior years	204	385	(47.01)
Over provision of deferred income tax in prior years	-	32	N.M.
Property, plant and equipment written off	(119)	(3)	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 31 December 2014**

	<u>Group</u>		<u>Company</u>	
	31.12.2014 \$'000	31.12.2013 \$'000	31.12.2014 \$'000	31.12.2013 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	87,976	97,630	86,191	96,083
Trade and other receivables	11,612	13,457	11,575	13,422
Financial assets, held-to-maturity	16,500	7,000	16,500	7,000
Inventories	13,950	15,275	13,950	15,275
Other current assets	878	380	878	380
	<u>130,916</u>	<u>133,742</u>	<u>129,094</u>	<u>132,160</u>
<b>Non-current assets</b>				
Other receivables	330	393	330	393
Financial assets, available-for-sale	3,482	3,344	3,458	3,321
Financial assets, held-to-maturity	31,996	42,500	31,996	42,500
Club memberships	616	656	616	656
Investment in an associated company	-	-	2,598	2,598
Investment in a subsidiary	-	-	5,000	3,308
Rental deposits	6,973	6,706	6,973	6,706
Investment property	2,672	2,731	-	-
Property, plant and equipment	84,603	88,940	84,583	88,916
	<u>130,672</u>	<u>145,270</u>	<u>135,554</u>	<u>148,398</u>
<b>Total assets</b>	<u>261,588</u>	<u>279,012</u>	<u>264,648</u>	<u>280,558</u>

**LIABILITIES****Current liabilities**

Trade and other payables	56,135	66,821	56,001	66,685
Current income tax liabilities	141	1,480	141	1,480
	<b>56,276</b>	<b>68,301</b>	<b>56,142</b>	<b>68,165</b>

**Non-current liabilities**

Other payables	2,377	2,020	2,377	2,020
Provisions for other liabilities and charges	1,549	1,534	1,549	1,534
Deferred income tax liabilities	392	71	725	71
	<b>4,318</b>	<b>3,625</b>	<b>4,651</b>	<b>3,625</b>

<b>Total liabilities</b>	<b>60,594</b>	<b>71,926</b>	<b>60,793</b>	<b>71,790</b>
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<b>NET ASSETS</b>	<b>200,994</b>	<b>207,086</b>	<b>203,855</b>	<b>208,768</b>
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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	1,365	1,227	1,344	1,207
Currency translation reserve	(228)	(228)	-	-
Retained earnings	91,147	97,377	93,801	98,851
<b>Shareholders' equity</b>	<b>200,994</b>	<b>207,086</b>	<b>203,855</b>	<b>208,768</b>

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

As at 31.12.2014		As at 31.12.2013	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Amount repayable after one year**

As at 31.12.2014		As at 31.12.2013	
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 year ended 31 December 2014**

	<b>Group</b>	31.12.2013
	<b>31.12.2014</b>	31.12.2013
	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>		
(Loss) / profit before income tax	(3,023)	7,340
Adjustments for:		
Depreciation expense	8,398	6,880
Property, plant and equipment written off	119	3
Impairment loss in value of club memberships charged / (reversed)	40	(17)
Impairment loss on trade receivables reversed	(20)	-
Gain on disposal of property, plant and equipment	-	(9)
Interest income	(2,249)	(2,222)
Increase in provisions for other liabilities and charges	15	175
Dividend income	(201)	(161)
	<b>3,079</b>	11,989
Changes in working capital		
Trade and other receivables	1,963	(436)
Inventories	1,325	(1,652)
Other assets	(590)	241
Trade and other payables	(7,260)	3,954
Cash (used in) / generated from operations	<b>(1,483)</b>	14,096
Income taxes paid	(1,306)	(2,564)
Loan repayments from directors	21	16
<b>Net cash (used in) / provided by operating activities</b>	<b>(2,768)</b>	11,548
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	-	120
Payments for property, plant and equipment	(7,191)	(14,633)
Purchase of financial assets, available-for-sale	-	(1)
Proceeds from maturity of financial assets, held-to-maturity	7,000	2,250
Purchase of financial assets, held-to-maturity	(5,996)	-
Interest received	2,194	2,256
Dividend received	201	161
<b>Net cash used in investing activities</b>	<b>(3,792)</b>	(9,847)
<b>Cash flows from financing activities</b>		
Dividend paid	(3,094)	(3,094)
<b>Net cash used in financing activities</b>	<b>(3,094)</b>	(3,094)
<b>Net decrease in cash and cash equivalents</b>	<b>(9,654)</b>	(1,393)
Cash and cash equivalents at beginning of the financial year	<b>97,630</b>	99,023
<b>Cash and cash equivalents at end of the financial year</b>	<b>87,976</b>	97,630

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 year ended 31 December 2014**

	<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
<b>Group</b>						
Balance at 1 January 2014	91,710	17,000	1,227	(228)	97,377	207,086
Total comprehensive loss for the year	-	-	138	-	(3,136)	(2,998)
Dividend relating to 2013 paid	-	-	-	-	(3,094)	(3,094)
<b>Balance at 31 December 2014</b>	<b>91,710</b>	<b>17,000</b>	<b>1,365</b>	<b>(228)</b>	<b>91,147</b>	<b>200,994</b>
Balance at 1 January 2013	91,710	17,000	1,344	(228)	93,928	203,754
Total comprehensive income for the year	-	-	(117)	-	6,543	6,426
Dividend relating to 2012 paid	-	-	-	-	(3,094)	(3,094)
<b>Balance at 31 December 2013</b>	<b>91,710</b>	<b>17,000</b>	<b>1,227</b>	<b>(228)</b>	<b>97,377</b>	<b>207,086</b>
<b>Company</b>						
Balance at 1 January 2014	91,710	17,000	1,207	-	98,851	208,768
Total comprehensive loss for the year	-	-	137	-	(1,956)	(1,819)
Dividend relating to 2013 paid	-	-	-	-	(3,094)	(3,094)
<b>Balance at 31 December 2014</b>	<b>91,710</b>	<b>17,000</b>	<b>1,344</b>	<b>-</b>	<b>93,801</b>	<b>203,855</b>
Balance at 1 January 2013	91,710	17,000	1,325	-	95,545	205,580
Total comprehensive income for the year	-	-	(118)	-	6,400	6,282
Dividend relating to 2012 paid	-	-	-	-	(3,094)	(3,094)
<b>Balance at 31 December 2013</b>	<b>91,710</b>	<b>17,000</b>	<b>1,207</b>	<b>-</b>	<b>98,851</b>	<b>208,768</b>

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 year ended 31 December 2014	As at the end of financial year ended 31 December 2013
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 2013, 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 2014, 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 Statement*

The Group has applied FRS 110 from 1 January 2014, but this has no significant impact on the financial statements of the Group.

(b) *FRS 111 - Joint Arrangements*

The Group has applied FRS 111 from 1 January 2014, but this has no 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>	
	31.12.2014	31.12.2013
(Loss) / earnings per ordinary share for the year based on net (loss) / profit attributable to shareholders :-		
(i) Based on weighted average number of ordinary shares in issue (cents)+	(7.60)	15.86
(ii) On a fully diluted basis (cents)++	(7.60)	15.86

+ The (loss) / earnings per share are calculated based on the issued ordinary shares of 41,250,000 (31 December 2013: 41,250,000)

++ The fully diluted (loss) / earnings per share are calculated based on the issued ordinary shares of 41,250,000 (31 December 2013: 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>	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Net asset value per ordinary share based on issued share capital at the end of financial year	\$4.87	\$5.02	\$4.94	\$5.06

**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 sales for the year ended 31 December 2014 ("FY 2014") was \$340.316 million, an increase of 2.18% over the corresponding period ("FY 2013"). This was achieved on the back of a full year's contribution of sales from the new store at Jurong East ("New Store"). Other than the New Store, sales at the other stores registered lower sales in FY 2014 as compared to FY 2013 due to the challenging and competitive environment. In line with the higher overall sales, gross profit amount has increased.

For FY 2014, the Group incurred a loss after tax of \$3.136 million as compared to a profit after tax of \$6.543 million in FY 2013. At Isetan Scotts, where the major renovations carried out by the respective landlords of Shaw House and Shaw Centre have been completed, sales have not fully recovered to the pre-renovation levels. The situation was made more challenging with an upward adjustment to the rent for the store during the year. In addition, the start-up nature of the New Store and the lower rental income from Isetan Orchard have contributed to the Group's loss in FY 2014; the New Store, which had been in operation for a full year in FY 2014 as compared to about a month in FY 2013, had contributed to the increase in depreciation and rental expenses while the lower rental income was mainly due to the cessation of two leases at Isetan Orchard. As for the associated company, although it had made a profit in FY 2014, there was no share of gain recorded by the Group as the amount of unrecognized share of losses has not been fully recovered by the share of profit.

As compared to 31 December 2013, cash and cash equivalents had decreased mainly due to the losses incurred, settlement of amounts relating to trade and other payables as well as payments for property, plant and equipment and dividend. Under current assets, trade and other receivables had decreased mainly due to lower receivables from the in-house credit card as well as the settlement by debtors. Financial Assets, held-to-maturity ("HTMs") under current assets had increased due to the reclassification of certain HTMs from non-current assets as they are due to mature within one year. Inventories were lower in line with the lower sales. Under non-current assets, property, plant and equipment ("PPE") decreased as the depreciation amount was more than the amount of new additions to PPE. Under current liabilities, Trade and other payables decreased mainly due to the settlement of the amounts to creditors relating to the opening of the New Store and the refund of rental deposit arising from the cessation of two tenancies at Isetan Orchard.

Under cash flows from operating activities, the settlement of Trade and other payables contributed to a net cash outflow in FY 2014 as compared to a net cash inflow in FY 2013. Under cash flows from investing activities, the lower payments for PPE contributed to a lower outflow of cash in FY 2014 as compared to FY 2013.

**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 Singapore government has forecast an economic growth of 2.0% to 4.0% in 2015. However, competition will remain keen with the recent opening of new malls as well as the growing popularity of online shopping. Fast fashion brands that compete directly with our stores are also expanding in the market and this will intensify the level of competition for the consumer dollar. Isetan Orchard will undergo a period of transition commencing from quarter 2 of FY 2015 where the space will be converted into rental area. In this regard, there will be no sales and rental income at the store until the potential tenants commence their leases expected in quarter 4 of FY 2015.

**11. Dividend**

**(a) Current Financial Year Reported On**

Any dividend recommended for the current financial period reported on?

<b>Name of Dividend</b>	<b>Proposed final</b>
<b>Dividend Type</b>	<b>Cash</b>
<b>Dividend Rate</b>	<b>7.5 cents per ordinary share</b>

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

**Yes**

<b>Name of Dividend</b>	<b>Final</b>
<b>Dividend Type</b>	<b>Cash</b>
<b>Dividend Rate</b>	<b>7.5 cents per ordinary share</b>

**(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.

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

**15. 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 others segment is mainly involved in the leasing of property owned by the Group.

<b>Group</b>	<b>Retail</b>	<b>Others</b>	<b>Consolidated</b>
<b>2014</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Segment revenue</b>			
Sales to external customers	340,316	-	340,316
Rental income	2,515	3,522	6,037
<b>Segment results</b>			
Other income	(8,233)	2,484	(5,749)
Profit before income tax			2,726
Income tax expense			(3,023)
Net profit			(113)
			(3,136)
<b>Other segment items</b>			
Capital expenditure	4,121	-	4,121
Depreciation expense	8,083	315	8,398
<b>Assets and Liabilities</b>			
Segment assets	111,541	9,903	121,444
Unallocated assets:			
Investment in associated company			-
Cash and cash equivalents			87,976
Financial assets, held-to-maturity			48,496
Financial assets, available-for-sale			3,482
Tax recoverable			190
<b>Total Consolidated Assets</b>			<b>261,588</b>
Segment liabilities	59,927	134	60,061
Unallocated liabilities:			
Current income tax liabilities			141
Deferred income tax liabilities			392
<b>Total Consolidated Liabilities</b>			<b>60,594</b>
<b>Group</b>			
<b>2013</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Segment revenue</b>			
Sales to external customers	333,048	-	333,048
Rental income	2,804	4,431	7,235
<b>Segment results</b>			
Other income	1,684	3,051	4,735
Profit before income tax			2,605
Income tax expense			7,340
Net profit			(797)
			6,543
<b>Other segment items</b>			
Capital expenditure	17,723	-	17,723
Depreciation expense	6,484	396	6,880
<b>Assets and Liabilities</b>			
Segment assets	118,228	10,295	128,523
Unallocated assets:			
Investment in associated company			-
Cash and cash equivalents			97,630
Financial assets, held-to-maturity			49,500
Financial assets, available-for-sale			3,344
Tax recoverable			15
<b>Total Consolidated Assets</b>			<b>279,012</b>
Segment liabilities	70,239	136	70,375
Unallocated liabilities:			
Current income tax liabilities			1,480
Deferred income tax liabilities			71
<b>Total Consolidated Liabilities</b>			<b>71,926</b>

**b) Secondary reporting format- geographical segments**

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



**16. 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 registered an overall increase in sales of 2.18% due to the full year contribution in sales from Isetan Jurong East ("New Store"). However, due to the start-up nature of the New Store as well as the challenging situation at Isetan Scotts Store, the retail segment incurred a loss in 2014. Under the "Others" segment, the decrease in the results was due to the loss in rental income from the cessation of two leases at Isetan Orchard during 2014.

**17. A breakdown of sales.**

	<b>2014</b>	2013	+ / (-)
	<b>\$'000</b>	\$'000	%
(a) Sales reported for first half year	<b>164,887</b>	163,030	1.14
(b) (Loss) / profit after tax before deducting minority interests reported for first half year	<b>(949)</b>	3,543	(126.79)
(c) Sales reported for second half year	<b>175,429</b>	170,018	3.18
(d) (Loss) / profit after tax before deducting minority interests reported for second half year	<b>(2,187)</b>	3,000	(172.90)

**18. 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**

	<b>Latest full year</b>	<b>Previous full year</b>
Ordinary	<b>\$3,093,750*</b>	<b>\$3,093,750**</b>
Preference	-	-
<b>Total:</b>	<b>\$3,093,750</b>	<b>\$3,093,750</b>

\* relates to the final dividend for the financial year ended 31 December 2013 that was approved for payment to shareholders at the Annual General Meeting held on 25 April 2014.

\*\* relates to the final dividend for the financial year ended 31 December 2012 that was approved for payment to shareholders at the Annual General Meeting held on 25 April 2013.

**19. 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.**

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

During the year ended 31 December 2014, no person occupying a managerial position of the Company or its principal subsidiary is a relative of a director or chief executive officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

**Lun Chee Leong**  
Company Secretary  
27 February 2015