

ISETAN (SINGAPORE) LIMITED

Co. Reg. No. 197001177H

Full Year Financial Statement and Dividend Announcement for the year ended 31 December 2013**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 2013

	Group		+ / (-) %
	31.12.2013 \$'000	31.12.2012 \$'000	
Sales	333,048	354,234	(5.98)
Other income	9,806	10,889	(9.95)
Expenses			
- Changes in inventories of finished goods	1,652	(573)	(388.31)
- Purchases of inventories and related costs	(246,179)	(258,883)	(4.91)
- Employee compensation	(20,866)	(21,472)	(2.82)
- Depreciation expense	(6,880)	(6,803)	1.13
- Rental expense	(36,299)	(37,076)	(2.10)
- Other expenses	(26,942)	(30,048)	(10.34)
Total expenses	(335,514)	(354,855)	(5.45)
Share of loss of an associated company	-	(177)	(100.00)
Profit before income tax	7,340	10,091	(27.26)
Income tax expense	(797)	(419)	90.21
Net profit for the financial year	6,543	9,672	(32.35)
Attributable to :			
Equity holders of the Company	6,543	9,672	(32.35)

Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2013

	Group		+ / (-) %
	31.12.2013 \$'000	31.12.2012 \$'000	
Net profit for the financial year	6,543	9,672	(32.35)
Other comprehensive (loss) / gain			
Financial assets, available-for-sale			
- Fair value (loss) / gain	(117)	401	(129.18)
Other comprehensive (loss) / gain, net of tax	(117)	401	(129.18)
Total comprehensive income for the financial year	6,426	10,073	(36.21)
Total comprehensive income attributable to :			
Equity holders of the Company	6,426	10,073	(36.21)

Additional Disclosure

(i)	<u>Group</u>		+ / (-) %
	31.12.2013 \$'000	31.12.2012 \$'000	
Dividend income	161	164	(1.83)
Gross rental income	7,235	8,305	(12.88)
Interest income	2,222	2,192	1.37
Allowance for impairment of receivables and bad debts written off	(83)	(114)	(27.19)
Over provision of current income tax in prior years	385	1,670	(76.95)
Over provision of deferred income tax in prior years	32	22	45.45
Property, plant and equipment written off	(3)	(480)	(99.38)

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

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 2013

	<u>Group</u>		<u>Company</u>	
	31.12.2013 \$'000	31.12.2012 \$'000	31.12.2013 \$'000	31.12.2012 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	97,630	99,023	96,083	97,586
Trade and other receivables	13,457	13,210	13,422	13,209
Financial assets, held-to-maturity	7,000	2,250	7,000	2,250
Inventories	15,275	13,623	15,275	13,623
Other current assets	380	513	380	513
	<u>133,742</u>	<u>128,619</u>	<u>132,160</u>	<u>127,181</u>
Non-current assets				
Other receivables	393	254	393	254
Financial assets, available-for-sale	3,344	3,460	3,321	3,438
Financial assets, held-to-maturity	42,500	49,500	42,500	49,500
Club memberships	656	639	656	639
Investment in an associated company	-	-	2,598	2,598
Investment in a subsidiary	-	-	3,308	3,308
Rental deposits	6,706	6,887	6,706	6,887
Investment property	2,731	2,790	-	-
Property, plant and equipment	88,940	78,152	88,916	78,124
	<u>145,270</u>	<u>141,682</u>	<u>148,398</u>	<u>144,748</u>
Total assets	<u>279,012</u>	<u>270,301</u>	<u>280,558</u>	<u>271,929</u>

LIABILITIES**Current liabilities**

Trade and other payables	66,821	59,920	66,685	59,722
Current income tax liabilities	1,480	3,016	1,480	3,016
	68,301	62,936	68,165	62,738

Non-current liabilities

Other payables	2,020	1,877	2,020	1,877
Provisions for other liabilities and charges	1,534	1,359	1,534	1,359
Deferred income tax liabilities	71	375	71	375
	3,625	3,611	3,625	3,611

Total liabilities	71,926	66,547	71,790	66,349
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NET ASSETS	207,086	203,754	208,768	205,580
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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	1,227	1,344	1,207	1,325
Currency translation reserve	(228)	(228)	-	-
Retained earnings	97,377	93,928	98,851	95,545
Shareholders' equity	207,086	203,754	208,768	205,580

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

As at 31.12.2013		As at 31.12.2012	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.12.2013		As at 31.12.2012	
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 2013

	Group	
	31.12.2013	31.12.2012
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax	7,340	10,091
Adjustments for:		
Depreciation expense	6,880	6,803
Property, plant and equipment written off	3	480
Impairment loss in value of club memberships reversed	(17)	(2)
Gain on disposal of property, plant and equipment	(9)	(3)
Interest income	(2,222)	(2,192)
Increase / (decrease) in provisions for other liabilities and charges	175	(4)
Dividend income	(161)	(164)
Share of loss of an associated company	-	177
	<u>11,989</u>	<u>15,186</u>
Changes in working capital		
Trade and other receivables	(436)	1,480
Inventories	(1,652)	573
Other assets	241	189
Trade and other payables	3,954	(2,235)
Cash generated from operations	<u>14,096</u>	<u>15,193</u>
Income taxes paid	(2,564)	(1,825)
Loan repayments from directors	16	10
Net cash provided by operating activities	<u>11,548</u>	<u>13,378</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	120	3
Payments for property, plant and equipment	(14,633)	(1,415)
Purchase of financial assets, available-for-sale	(1)	-
Proceeds from maturity of financial assets, held-to-maturity	2,250	4,500
Purchase of financial assets, held-to-maturity	-	(8,500)
Interest received	2,256	2,134
Dividend received	161	164
Net cash used in investing activities	<u>(9,847)</u>	<u>(3,114)</u>
Cash flows from financing activities		
Dividends paid	(3,094)	(4,125)
Net cash used in financing activities	<u>(3,094)</u>	<u>(4,125)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(1,393)</u>	<u>6,139</u>
Cash and cash equivalents at beginning of the financial year	<u>99,023</u>	<u>92,884</u>
Cash and cash equivalents at end of the financial year	<u>97,630</u>	<u>99,023</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.

Consolidated Statement of Changes in Equity for the financial year ended 31 December 2013

	<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 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)
Balance at 31 December 2013	91,710	17,000	1,227	(228)	97,377	207,086
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Balance at 1 January 2012	91,710	17,000	943	(228)	88,381	197,806
Total comprehensive income for the year	-	-	401	-	9,672	10,073
Dividend relating to 2011 paid	-	-	-	-	(4,125)	(4,125)
Balance at 31 December 2012	91,710	17,000	1,344	(228)	93,928	203,754
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	<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 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)
Balance at 31 December 2013	91,710	17,000	1,207	-	98,851	208,768
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Balance at 1 January 2012	91,710	17,000	928	-	89,959	199,597
Total comprehensive income for the year	-	-	397	-	9,711	10,108
Dividend relating to 2011 paid	-	-	-	-	(4,125)	(4,125)
Balance at 31 December 2012	91,710	17,000	1,325	-	95,545	205,580

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 2013	As at the end of financial year ended 31 December 2012
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 2012. There was no change in the accounting policy and computation. The adoption of FRS 113 mentioned in para (5) below did not result in any change in accounting policies.

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 2013, the Group adopted the following revised Singapore Financial Reporting Standard (FRS) :

(a) *FRS 113 - Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)*

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>	
	31.12.2013	31.12.2012
Earnings per ordinary share for the year based on net profit attributable to shareholders :-		
(i) Based on weighted average number of ordinary shares in issue (cents)+	15.86	23.45
(ii) On a fully diluted basis (cents)++	15.86	23.45

+ The earnings per share are calculated based on the issued ordinary shares of 41,250,000 (31 December 2012: 41,250,000)

++ The fully diluted earnings per share are calculated based on the issued ordinary shares of 41,250,000 (31 December 2012: 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>	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Net asset value per ordinary share based on issued share capital at the end of financial year	\$5.02	\$4.94	\$5.06	\$4.98

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 2013 ("FY 2013") was \$333,048 million, a decrease of 5.98% over the corresponding period ("FY 2012"). The main reason for the decline was the upgrading works at Shaw House and Shaw Centre which had an adverse effect on the sales at the flagship Isetan Scotts store. In addition, the closure of the Mango stand alone shop at Shaw Centre since the end of August last year has resulted in a lower level of sales in 2013 as compared to 2012. The opening of the new Isetan Jurong East store ("new store") on 2 Dec 2013 mitigated the lower sales at the flagship store.

Group profit before tax was \$7,340 million in FY2013, a decrease of 27.26% over FY2012. Efforts were put in to reduce operating costs but they were not sufficient to cover the reduction in sales. Profit was also affected by start-up costs of the new store and lower other Income caused mainly by lower rental income from the retail operations. Although the associated company has made a profit in FY2013, there was no share of gain recorded in FY2013 as the amount of unrecognised share of losses has not been fully recovered by the share of profit. Despite the lower profit, tax expense was higher in FY2013 as compared to FY2012 mainly due to the higher write-back of the over provision of income tax for preceding years in FY2012.

As compared to 31 December 2012, cash and cash equivalents at the end of FY 2013 had decreased mainly due to the payment for property, plant and equipment ("PPE") and lower proceeds from the maturity of Financial Assets, held-to-maturity ("HTMs"). The payment for PPE relates to the new store and upgrading works at certain other stores. HTMs under current assets had increased due to certain HTMs being re-classified from non-current assets. Inventories and PPE had both increased due to the opening of the new store. Trade and other payables increased mainly due to amounts owing to creditors relating to the opening of the new store.

Under cash flows from investing activities, payments for PPE relating to the new store and upgrading works at other stores as well as the lower proceeds from the maturity of certain HTMs led to a higher outflow of cash as compared to the previous year. Under cash flows from financing activities, the amount of dividends paid was lower in FY 2013 as a special dividend was paid in addition to the usual final dividend in FY2012.

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.

Renovations at Shaw House and Shaw Centre are still ongoing and expected to be completed by the first half of 2014. In the meantime, the sales of Isetan Scotts will continue to be affected.

There will be a full year's contribution of sales from the new Isetan Jurong East store in 2014. The performance of the store will be closely monitored and actions will be put in to adjust the merchandise mix and promotional activities where necessary.

11. Dividend

(a) Current Financial Year Reported On

Any dividend recommended for the current financial period reported on?

Name of Dividend	Proposed final
Dividend Type	Cash
Dividend Rate	7.5 cents per ordinary share

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	7.5 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 date 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.

Group	Retail	Others	Consolidated
2013	\$'000	\$'000	\$'000
Segment revenue			
Sales to external customers	333,048	-	333,048
Rental income	2,804	4,431	7,235
Segment results			
Other income	1,718	3,051	4,769
Profit before income tax			7,340
Income tax expense			(797)
Net profit			6,543
Other segment items			
Capital expenditure	17,723	-	17,723
Depreciation expense	6,484	396	6,880
Assets and Liabilities			
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
Total Consolidated Assets			279,012
Segment liabilities	70,239	136	70,375
Unallocated liabilities:			
Current income tax liabilities			1,480
Deferred income tax liabilities			71
Total Consolidated Liabilities			71,926
Group	Retail	Others	Consolidated
2012	\$'000	\$'000	\$'000
Segment revenue			
Sales to external customers	354,234	-	354,234
Rental income	3,958	4,347	8,305
Segment results			
Other income	4,681	3,003	7,684
Share of loss of an associated company			2,584
Profit before income tax			(177)
Income tax expense			10,091
Net profit			(419)
			9,672
Other segment items			
Capital expenditure	1,383	32	1,415
Depreciation expense	6,407	396	6,803
Assets and Liabilities			
Segment assets	105,321	10,659	115,980
Unallocated assets:			
Investment in associated company			-
Cash and cash equivalents			99,023
Financial assets, held-to-maturity			51,750
Financial assets, available-for-sale			3,460
Tax recoverable			88
Total Consolidated Assets			270,301
Segment liabilities	62,958	198	63,156
Unallocated liabilities:			
Current income tax liabilities			3,016
Deferred income tax liabilities			375
Total Consolidated Liabilities			66,547

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.

Revenue from retail segment was adversely affected by the renovations in Shaw House and Shaw Centre where the Isetan Scotts Flagship store is located. This together with the start-up costs of the new store contributed to the decline in the results of the retail segment by 63.30%. The results of the Other Segment improved by 1.60% due to better rental income.

17. A breakdown of sales.

	2013 \$'000	2012 \$'000	+ / (-) %
(a) Sales reported for first half year	163,030	176,170	(7.46)
(b) Profit after tax before deducting minority interests reported for first half year	3,543	5,398	(34.36)
(c) Sales reported for second half year	170,018	178,064	(4.52)
(d) Profit after tax before deducting minority interests reported for second half year	3,000	4,274	(29.81)

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

	Latest full year	Previous full year
Ordinary	\$3,093,750*	\$4,125,000**
Preference	-	-
Total:	\$3,093,750	\$4,125,000

* 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.

** relates to the final and special dividend for the financial year ended 31 December 2011 that was approved for payment to shareholders at the Annual General Meeting held on 27 April 2012.

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.

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	

During the year ended 31 December 2013, 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 2014