ISETAN

SINGAPORE

ANNUAL REPORT 2018

CONTENTS

OUR PHILOSOPHY

Connecting people and bridging time.

Strive to change.

1. Observe and study your surroundings for constant growth.
2. Innovate and stay ahead of the times.
3. Respect others.
4. Be inspired by diverse views and ideas.

Be new.

MILESTONES

STORES & SPECIALTY SHOP DEVELOPMENT

1972 Isetan Havelock made history by being the first Japanese department store in Singapore.

1979 Isetan Orchard opened at Liat Towers. This store established Isetan's presence along Singapore's tourist shopping belt.

1983 Isetan Katong opened at Parkway Parade marking the Company's penetration into suburban Singapore.

1986 Isetan Orchard was relocated to Wisma Atria at a cost of $100 million amidst the economic downturn and recession.

1993 Flagship store at Havelock was relocated to Isetan Scotts which opened at Shaw House.

1995 Isetan Tampines opened at Tampines Mall. This store is situated in Singapore's first regional centre.

1999 Isetan opened its first stand-alone Mango shop at Shaw Centre. Another successful designer label introduced into Singapore by Isetan.

1999 Isetan began operation of its full scale supermarket at its flagship store, Isetan Scotts.

2006 Isetan invested in Chengdu Isetan, Sichuan Province, People's Republic of China.

2009 Isetan commenced its online business with the launch of its revamped website.

2010 Isetan Serangoon Central opened at nex Mall, our first foray into the north-eastern part of Singapore.

2013 Isetan Jurong East opened at Westgate Mall, our first department store with a supermarket in the western part of Singapore.

2015 The Company's own retailing activities at Isetan Orchard ceased in end March and the space was converted for rental purposes.

CORPORATE & FINANCIAL DEVELOPMENT

1970 Isetan Emporium (Singapore) Private Limited was incorporated.

1981 Isetan became the first Japanese department store to offer its share to the public. Name was changed to Isetan (Singapore) Limited.

1988 Isetan offered a 1 for 2 Rights issue of 10 million shares.

1989 Isetan made a private placement of 3 million shares.

2002 Isetan made a 1 for 4 bonus issue of 8.25 million shares.

CHAIRMAN'S **STATEMENT**

DEAR SHAREHOLDERS,

BUSINESS PERFORMANCE

2018 proved to be another tough year for the Group. Group revenue for the financial year ended 31st December 2018 ("FY2018") was $122.171 million as compared to $128.875 million for the financial year ended 31st December 2017 ("FY2017"). Revenue from the retail segment declined from $117.415 million in FY2017 to $112.266 million in FY2018. The contributing factors include the ceasing of retail activities at level 1 of the Jurong East store which was sublet to a tenant, disruptions to sales activities due to store renovations, and the highly competitive environment in the retail sector. Revenue from the Investment Property came in at $9.905 million for FY2018 as compared to $11.460 million in FY2017. Our rental revenue has been impacted by the challenging retail and F&B markets as well as keen competition for tenants among mall owners.

Other Income decreased from $8.261 million in FY2017 to $8.103 million in FY 2018 due to lower sundry income which could not be covered by increases in dividend income, other rental income and interest income.

With the pressure on the top line, the Group continued to focus on keeping its operating expenses down, with decreases coming from employee compensation, depreciation expenses, rental expenses and other expenses. However, the decreases were more than offset by the impairment loss on financial assets, impairment loss on property, plant and equipment, and provision for onerous contracts amounting to $1.273 million, $11.887 million and $2.380 million respectively. The impairments led the Group to incur a loss after tax of $13.715 million for FY2018 as compared to a profit after tax of $2.127 million in FY2017.

INVESTMENT PROPERTY AT WISMA ATRIA

As at the end of FY2018, the property was near full occupancy rate. However, in light of the tough retail and F&B environment in which some of our tenants operate in, as well as the challenges faced by the Company in retaining and attracting tenants, our rental revenue has registered a decline of 13.57% in FY2018 as compared to FY2017. Consequently, the property segment results decreased from $5.938 million in FY2017 to $4.449 million in FY2018.

TOSHIHIKO NAKAGOME
Chairman

ASSOCIATED COMPANY

Sales Revenue of our associated company, Chengdu Isetan, in the People's Republic of China, registered an increase of 12.9% in FY2018 as compared to FY2017. The increase was mainly due to the opening of a new food specialty store in a new district as well as higher sales at the existing Flagship store. Net profit increased by 17.5% in FY2018 as compared to FY2017. In tandem with the better performance of the associated company, the share of profit in FY2018 was $258,000 as compared to $225,000 in FY2017.

BUSINESS OUTLOOK

The government's forecast for 2019 economic growth is at 1.5% to 3.5%, with growth expected to come in slightly below the mid-point of the forecast range. Externally, there are also negative factors such as the trade conflicts between the US and its key trade partners, slowing down of the China economy and the risk of a "no deal" Brexit. Against this backdrop, retailers may face headwinds as consumers may turn cautious in their spending habits.

CHAIRMAN'S STATEMENT

The number of retail malls is also set to rise in 2019 with the expected opening of the Jewel Changi Airport, Paya Lebar Quarters and Funan Centre. As such, the fight for the consumer dollar will continue to be a challenging task for retailers.

MOVING FORWARD

We recognize that the changing retail landscape and disruptions caused by E-commerce will erode our competitiveness and threaten our survivability if we continue adopting the traditional department store format. Pivotal to our future plans will be a major revamp of our Flagship Isetan Scotts Store targeted to complete in 2020. It will be transformed into a lifestyle destination store where we will focus on our core strengths and introduce new elements that will provide our customers with a more comprehensive experience.

Complementary to the above plan, we will continue with the initiatives that we have embarked on in recent years. Last year, I reported on the enhancement of our e-commerce site. I am glad to say that the online store has expanded its range of supermarket items and introduced cosmetics items. Sales have increased 217% in FY2018 as compared to FY2017, although still at a modest percentage of our total sale of goods.

Renovating our stores to bring in higher footfall and sales is another important aspect of our strategy. I am glad to report that our Isetan Tampines store, where renovations were carried out in 2017 on level one, has shown an improvement in its sales and results for FY2018 as compared to FY2017. Renovations were also carried out on our Isetan Katong store in the last quarter of 2018 and we are currently monitoring its performance.

We also recognize that technology has changed the way our customers live, work and play. In this regard, we plan to roll out a mobile platform in 2019 to engage our loyalty card members. As it is designed to provide more features and convenience to our customers, we are taking this opportunity to enlarge our loyalty card member base after it is launched. This will in turn help to increase sales from our member base.

As for our Investment Property at Isetan Wisma Atria, it will continue to be a strategic asset to the Company. The upcoming Thomson East Line Orchard Station is targeted for completion in 2021 and we are optimistic that our property will enjoy higher footfall when the station is operational. In the meantime, we are monitoring the surrounding developments while trying to improve our results for the property in the near term.

DIVIDEND

For the financial year ended 31st December 2018, the Board of Directors has proposed a final dividend of 5.0 cents per ordinary share. The proposed dividend will be subject to shareholders' approval at the forthcoming Annual General Meeting.

APPRECIATION

FY2018 has been another challenging year for the Group. I would, therefore, like to thank our customers, suppliers, business associates and shareholders for their continued support during the past year. I am also grateful to all our employees for their hard work and perseverance during these tough times. The Group looks forward to the continued support of all stakeholders in the new financial year.

Last but not least, I would like to welcome on board our new independent director, Mr. Richard Tan Chuan-Lye, who was appointed on 1st February 2019. I am confident that Mr. Tan who has many years in the field of corporate governance, corporate risk management and internal audit would be able to serve the Company well moving forward.

Thank you.

TOSHIHIKO NAKAGOME
CHAIRMAN
23 March 2019

MANAGEMENT DISCUSSION OF
RESULTS OF OPERATIONS AND FINANCIAL POSITION
For the year ended 31 December 2018

The Isetan Group started trading in Singapore on 31 January 1972 catering to a wide spectrum of customers. Our stores are strategically located across the island.

ORCHARD SHOPPING BELT

Our Flagship Store (Isetan Scotts)
Our flagship Scotts store is located at Shaw House. The store carries a wide collection of merchandise catering to the local and tourist markets. The supermarket at the basement level with its emphasis on high quality Japanese products is especially popular with our customers, offering Japanese lifestyle concepts to the Singapore market through various food festivals and promotional activities.

Isetan Wisma Atria (Investment Property)
Isetan Wisma Atria is located at Wisma Atria, next to the busy Orchard MRT station. A change in our strategic direction led to the ceasing of our own retailing activities at this store at the end of March 2015 and we have converted it into an investment property for earning rental income. With this change, our presence in the Orchard Road shopping belt as a Department store is maintained via our Isetan Scotts store.

Isetan Scotts (Flagship Store)

Isetan Katong

Isetan Tampines

Isetan Serangoon Central

Isetan Jurong East

Isetan Wisma Atria (Investment Property)

SUBURBAN REACH

(Isetan Tampines, Isetan Katong, Isetan Serangoon Central and Isetan Jurong East)

Our venture into the suburban area started with our Katong store in Parkway Parade in 1983. The store enjoyed the patronage of our customers for many years and performed well. This led us to open another store in Tampines Mall in 1995. Situated in a regional centre, the Tampines store is a popular shopping destination, especially for the residents living in and around Tampines.

Our retail footprint in the suburban areas increased further with the opening of our Isetan Serangoon Central store on 25 November 2010. Spanning three floors in "nex" shopping mall, it offers a wide variety of merchandise ranging from cosmetics and fashion wear to other family-oriented items.

The opening of our store at Westgate next to Jurong East MRT station on 2 December 2013 marked the beginning of our presence in the western part of Singapore. This store is situated in a designated regional centre and incorporates our first ever Isetan supermarket in a suburban area.

MANAGEMENT DISCUSSION OF

RESULTS OF OPERATIONS AND FINANCIAL POSITION

For the year ended 31 December 2018

OUR SERVICE

With the exponential growth of e-commerce and the stiff competition in the retail sector, traditional brick and mortar retailers need to pay more attention to the level of service being rendered to customers. At Isetan, we maintain a competitive edge by training our staff to practise the omotenashi way of customer service (the Japanese way of warm hospitality and detailed customer service). Selected staff are sent to Japan to learn the finer points of omotenashi and they in turn impart their knowledge to the rest of the local staff after their training. To encourage service excellence among our staff, we have also adopted the Evergreen System developed by our Holding Company in Japan. The Evergreen System recognizes and rewards excellent staff (or "stylists" as they call them in Japan). The criteria used to judge potential candidates include a wealth of merchandise knowledge, outstanding sales skills, engagement in self-improvement and outstanding innovation. We have also adopted the new philosophy of the Isetan Mitsukoshi Group with emphasis on the need to change constantly, observing and studying our surroundings, staying innovative and taking in the diverse views and ideas of others.

OUR MERCHANDISE

We continuously update our merchandise content to cater to the changing profile of our customers and creating new value for them. Following the revamp of the first floor of Isetan Tampines store in 2017 where new cosmetics brands were introduced, the store showed improved results. In 2018, we carried out renovations at our Isetan Katong store to inject freshness into it. We will continue to monitor the needs and wants of our customers at each store and adjust our merchandise accordingly.

Technology is also changing the way our customers live, work and play. As such, convenience is highly valued by customers today and we have made available a wider range of merchandise online such as cosmetics, fragrances, babies and children's items, and Living Department items. We have since managed to reach out to more customers and built a wider customer base.

OUR EMPLOYEES

Our workforce is our key asset and we invest in them by sending them for in-house and external training programmes so as to update or upgrade their skill sets.

ANALYSIS OF GROUP PERFORMANCE

	2018 $'000	2017 $'000
Revenue*	**122,171**	128,875
Other income	**8,103**	8,261
Other (losses)/gains - net		
-Impairment loss on financial assets	**(1,273)**	-
-Others	**27**	29
Total expenses	**(143,001)**	(135,278)
Share of profit of an associated company	**258**	225
(Loss)/profit before income tax	**(13,715)**	2,112
Income tax credit	**-**	15
(Loss)/profit after tax for the financial year	**(13,715)**	2,127
(Loss)/earnings per share (cents)	**(33.25)**	5.16
Return on Equity	**(8.72)%**	1.23%
Dividend paid per share	**$0.05**	$0.05

*Revenue consists of:	2018 $'000	2017 $'000
Sale of goods	**65,528**	69,047
Consignment income	**46,738**	48,368
Rental income - investment property	**9,905**	11,460

RETAIL

The retail segment continued to face stiff competition in 2018. Other than our Isetan Tampines store which showed improvement after our renovation, all the other stores registered a dip in sales revenue as compared to the previous year. Overall, the retail segment saw a decline in revenue of 4.38% in FY2018 as compared to FY2017. Against a backdrop of declining sales revenue, the Group took measures to reduce operating expenses giving rise to a savings of $4.441 million in FY2018 as compared to FY2017. However, due to the impairment loss on property, plant and equipment and the provision for onerous contracts amounting to $11.887 million and $2.380 million respectively, the retail segment registered a loss of $21.227 million in FY2018 as compared to a loss of $9.375 million in FY 2017. Without the impairment loss on property, plant and equipment, and the provision for onerous contracts, the retail segment would have registered a loss of $6.960 million in FY2018 instead, an improvement of $2.415 million as compared to the $9.375 million loss in FY2017.

INVESTMENT PROPERTY

In FY2018, although the investment property was almost fully tenanted, the challenging retail and F&B markets as well as keen competition for tenants among mall owners have impacted the rental revenue from the property. Against this backdrop, revenue for the property segment decreased 13.57% from $11.46 million in FY2017 to $9.905 million in FY2018, and the segment's results registered a lower profit of $4.449 million in FY2018 as compared to $5.938 million in FY2017.

INVESTMENT ACTIVITIES

	2018 $'000	2017 $'000
Dividend and interest income	**3,249**	2,695

Dividend and interest income increased from $2.695 million in FY2017 to $3.249 million in FY2018. This was mainly due to higher interest received as Other investments at amortized cost (previously classified under "Financial assets, held-to-maturity") increased from $57.689 million as at the end of 2017 to $68.475 million as at the end of 2018. An impairment loss on financial assets of $1.273 million has been provided in FY2018 in line with the expected credit loss model under the new Singapore Financial Reporting Standards (International) 9 as well as for a possible loss arising from the debt problems faced by an issuer of a debt instrument in the Company's investment portfolio.

POSSIBLE CHALLENGES

The government has forecast economic growth to be in the range of 1.5% to 3.5% in 2019, with growth expected to come in slightly below the mid-point of the forecast range. Competition in the retail sector remains stiff and coupled with negative external factors such as trade protectionism, the slowing Chinese economy and the Brexit issue, consumers are expected to remain cautious and discerning in their expenditure. Against this backdrop, the Company will continue to keep its operating expenses in tandem with the revenue trend and focus on organic growth through initiatives like the expansion of its e-commerce business, increasing its loyalty card member base, achieving higher footfall through refurbishment of its stores and strengthening the merchandise content in the stores. In response to the Government's plan to reduce the foreign worker quotas for the service sector in the coming years, the Company will continue to explore ways and means to increase operational efficiency. One such initiative that we have embarked on is the mobile platform that we plan to roll out to our customers in 2019.

FINANCIAL POSITION

The Group's cash and cash equivalents decreased from $57.727 million at the beginning of 2018 to $50.706 million at the end of 2018 due to the net cash used by investing and financing activities.

DIVIDEND

The Board of Directors has proposed a final dividend of 5.0 cents per ordinary share for the financial year ended 31 December 2018, subject to shareholders' approval at the forthcoming Annual General Meeting.

BOARD OF DIRECTORS

TOSHIHIKO NAKAGOME
(Chairman)

Academic and Professional qualifications		Directorship
Bachelor of Commerce, KEIO University (Japan).		**Date first appointed:** *1 April 2017* **Date last re-elected:** *28 April 2017*
Present Directorships in other listed companies (as at 31 December 2018)	Other Principal Commitments (as at 31 December 2018)	Past Directorships in listed companies over the preceding three years (31 December 2015 to 31 December 2018)
Nil	• Director, Senior Managing Executive Officer for Overseas Business Planning and Operations Headquarters of Isetan Mitsukoshi Ltd	Nil

Mr. Nakagome joined Isetan Company Limited (Japan) in 1976 and his past appointments include being the Director and Executive Vice President of Isetan Company Limited, the Executive Vice President of Isetan Mitsukoshi Holdings Limited and President of Iwataya Mitsukoshi Ltd.

He has been the Director, Senior Managing Executive Office for Overseas Business Planning and Operations Headquarters of Isetan Mitsukoshi Ltd but currently remains as the Chairman of Isetan (Singapore) Limited.

TOSHIFUMI HASHIZUME
(Managing Director)

Academic and Professional qualifications		Directorship
Bachelor of Economics, Chuo University (Japan).		**Date first appointed:** *29 April 2016* **Date of appointment as Managing Director:** *29 April 2016*
Present Directorships in other listed companies (as at 31 December 2018)	Other Principal Commitments (as at 31 December 2018)	Past Directorships in listed companies over the preceding three years (31 December 2015 to 31 December 2018)
Nil	Nil	Nil

Mr. Hashizume joined Isetan Company Limited (Japan) in 1983 where he has held senior positions in Sales and Merchandising. He was also seconded to Tokyu Department Store as a Director in charge of Merchandising from 2011 to 2014. Prior to his present appointment as Managing Director of Isetan (Singapore) Limited, he was the General Manager, Speciality Stores Division in Isetan Mitsukoshi Limited.

KOAY BEE FONG

Academic and Professional qualifications		Directorship
Bachelor of Science in Mathematics, University of Strathclyde (Scotland) **Graduate Diploma in Personnel Management,** Singapore Institute of Management		**Date first appointed:** *29 April 2016*
Present Directorships in other listed companies (as at 31 December 2018)	Other Principal Commitments (as at 31 December 2018)	Past Directorships in listed companies over the preceding three years (31 December 2015 to 31 December 2018)
Nil	Nil	Nil

Ms. Koay joined Isetan of Japan Sdn. Bhd. (Malaysia) in 1989 and she has held senior positions in Human Resource and Corporate Planning. Her last position there was as Executive Director cum General Manager (General Administration Department). She then joined Isetan (China) Co. Ltd where she assumed the position of Managing Director until her present appointment as Executive Director, General Manager (Administration) in Isetan (Singapore) Limited.

She was also appointed by the Minister of Human Resources, Malaysia, as an employer member of the SOCSO Appealate Board (from 2007 to 2015), as well as an employer panel member of the Industrial Court (from 1995 to 2015).

CHEY CHOR WAI

Academic and Professional qualifications		Directorship
Bachelor of Accountancy, University of Singapore. **Fellow Member of the Institute of Singapore Chartered Accountants, CPA Australia and The Association of Chartered Certified Accountants (United Kingdom).**		**Date first appointed:** *1 July 2010* **Date last re-elected:** *28 April 2017*
Present Directorships in other listed companies (as at 31 December 2018)	Other Principal Commitments (as at 31 December 2018)	Past Directorships in listed companies over the preceding three years (31 December 2015 to 31 December 2018)
• Courts Asia Limited	• Info-communications Media Development Authority (Board member) • Member of Exco and Governing Council, Dover Park Hospice	Nil

Mr. Chey joined the legacy Coopers & Lybrand firm in Singapore in 1976 after graduating from the University of Singapore with a Bachelor of Accountancy. He assumed various positions at the offices of Coopers & Lybrand in London, Singapore and New York and was admitted to the Partnership of Coopers & Lybrand Singapore in 1989.

He was the Managing Partner of Coopers & Lybrand CIEC Beijing office for 3 years from 1 January 1995. He rejoined Coopers & Lybrand Singapore office on 1 January 1998 as an assurance partner. Coopers & Lybrand later merged with Price Waterhouse to form PricewaterhouseCoopers (PwC). He was also concurrently the Admin Partner in PwC from 2001 to 2003. He retired at the end of June 2008, after 32 years with the firm.

He is a full member of the Singapore Institute of Directors.

Mr. Chey was conferred the Public Service Medal (PBM) by the President of Singapore in 2014.

BOARD OF
DIRECTORS

LIM BEE CHOO

Academic and Professional qualifications		Directorship
Bachelor of Business Administration, National University of Singapore.		**Date first appointed:** *1 July 2012* **Date last re-elected:** *27 April 2018*
Present Directorships in other listed companies (as at 31 December 2018)	Other Principal Commitments (as at 31 December 2018)	Past Directorships in listed companies over the preceding three years (31 December 2015 to 31 December 2018)
Nil	• Head of Human Resources, Asia Pacific, PayPal	Nil

Ms. Lim has more than 30 years' experience in the area of Human Resource Management. She has held senior positions in various companies which included Hewlett Packard, Sara Lee Corporation and Standard Chartered Bank. She is currently the Head of Human Resources, Asia Pacific, PayPal. She sits on the executive committee which runs the Asia Pacific business across 10 countries. As of March 2015, she has also been appointed to the PayPal Private Limited board that governs international operations for PayPal.

ASSOCIATE PROFESSOR
VICTOR YEO CHUAN SENG

Academic and Professional qualifications		Directorship
Bachelor of Laws, National University of Singapore. **Master of Laws,** University of Melbourne.		**Date first appointed:** *1 July 2015* **Date last re-elected:** *27 April 2018*
Present Directorships in other listed companies (as at 31 December 2018)	Other Principal Commitments (as at 31 December 2018)	Past Directorships in listed companies over the preceding three years (31 December 2015 to 31 December 2018)
Nil	• Associate Professor in the Nanyang Business School, Nanyang Technological University (Deputy – Associate Provost, (Student Life)) • Associate Director, Aptus Law Corporation • Director, Akaraka Ltd	Nil

Associate Professor Yeo joined Nanyang Technological University (NTU) in 1992 after spending several years in private legal practice doing general commercial and corporate litigation at a leading law firm. He is an Associate Professor of Business Law and teaches in the University's undergraduate and post-graduate programmes. He has held several administrative positions, including that of Programme Director of the Nanyang MBA (Business Law), Head, Division of Business Law and Associate Dean at the Nanyang Business School. He is currently Deputy-Associate Provost (Student Life), NTU. He has also served in various other administrative capacities at the University and was awarded the Public Administration Medal (Bronze) in 2013. Throughout his academic career, Professor Yeo has also served as trainer, advisor and consultant to numerous organizations on corporate law and governance issues.

Professor Yeo is also an Advocate and Solicitor of the Supreme Court of Singapore and is concurrently Associate Director with Aptus Law Corporation where he engages in corporate advisory work in the areas of corporate law, governance and securities regulation.

He is a Fellow of the Singapore Institute of Directors.

RICHARD TAN CHUAN-LYE

Academic and Professional qualifications			Directorship
Master of Business Administration, Henley Business School, University of Reading, United Kingdom **Fellow Member,** Institute of Singapore Chartered Accountants **Fellow Member,** The Association of Chartered Certified Accountants (United Kingdom) **Associate Member,** The Chartered Institute of Management Accountants (United Kingdom) **Certified Internal Auditor,** awarded by The Institute of Internal Auditors, Inc.			**Date first appointed:** *1 February 2019*
Present Directorships in other listed companies (as at 31 December 2018)	Other Principal Commitments (as at 31 December 2018)		Past Directorships in listed companies over the preceding three years (31 December 2015 to 31 December 2018)
First Real Estate Investment Trust	• Adjunct Associate Professor, NUS Business School • Chairman of the Audit and Risk Committee, Asia Advisory Board, EFG Bank AG • Chairman of the Audit Committee, Sompo Insurance Singapore Pte. Ltd. • Member of the Audit Committee of Agency for Science, Technology & Research. • Board member of All Saints Home, Singapore Repertory Theatre and The Boy's Brigade of Singapore.		Nil

Mr. Tan is an Adjunct Associate Professor with the NUS Business School, National University of Singapore, where he teaches enterprise risk management and financial institution audit and regulatory compliance in the undergraduate accountancy programme.

He retired as a Risk Consulting Partner with KPMG in 2015 and was responsible for providing corporate governance, enterprise risk management, and internal audit services to clients in the financial services industry, public-listed companies, multinational enterprises, and the government sector. Prior to joining KPMG, Mr. Tan spent 20 years in various international banks where he held senior positions in the areas of internal audit and operational risk management.

Mr Tan is a member of the Singapore Institute of Directors.

KEY EXECUTIVES' PROFILES

As at 31 December 2018

EI KANEFUJI
General Manager (Sales and Merchandising)

Mr. Kanefuji joined Isetan Company Limited (Japan) in 1991 where he held various appointments in Sales and Merchandising in Isetan Company Limited and Isetan Mitsukoshi Ltd. Mr. Kanefuji joined Isetan (Singapore) Limited in March 2018 where he was appointed as the General Manager (Sales and Merchandising). He received his Bachelor of Laws from Keio University (Japan).

GERALD LIM WEE LEE
General Merchandising Senior Manager

Mr. Lim joined the Company in 1990. He has served in Store Operations, Administration and Merchandising Department. Mr. Lim received his Bachelor of Science (Estate Management) from the National University of Singapore.

GERARD CHENG POH CHUAN
Sales Promotion Department Head

Mr. Cheng joined the Company in 1980 and has held appointments in Merchandising, Advertising and Promotion, Sales, Human Resource, Corporate Affairs, Planning & Budget Control, Risk Management, Leasing and Legal. He received his Bachelor of Arts (Economics and Statistics) from University of Singapore as well as Master of Communications Management from the University of South Australia.

JAMES CHE WENG FOO
Web Business Senior Manager

Mr. Che joined the Company in 1983. He has served in Store Operations, Merchandising and Sales & Merchandising Planning. He received his Bachelor of Science from the National University of Singapore.

LOH KAH LEONG
Isetan Scotts Store Senior Manager

Mr. Loh joined the Company in 1989. He has served in Store Operations and also held various appointments in the Merchandising Department as a Buyer and as a Divisional Manager. He received his Bachelor of Business Administration from the National University of Singapore.

TONG SHU LEE
Sales & Merchandising Planning Senior Manager

Mr. Tong joined the Company in 1989. He has served in Store Operations, Merchandising, Sales Promotion, Administration and the Associated Company in China. He received his Bachelor of Administration from the National University of Singapore.

GERARD GOH KIM WAN
Budget Control and Corporate Planning Senior Manager

Mr. Goh joined the Company in 1989. He has served in Finance, Sales Promotions, Merchandise Planning, Web Business and Store Operations. He received his Bachelor of Arts from the National University of Singapore and is also a member of the Institute of Singapore Chartered Accountants.

YEW KAI PING
Corporate Affairs and Governance Senior Manager

Mr. Yew joined the Company in 1988. He has served in Store Operations, Merchandising, Administration and Finance. He received his Bachelor of Business Administration from the National University of Singapore, Master of Business Administration from the Macquarie Graduate School of Management (Australia) and Master of Accounting from the Curtin University of Technology (Australia).

CHUA BOON AIK
Administration Manager

Mr. Chua joined the Company in 1990. He has served in Store Operations, Merchandising, Legal and Contracts, and Information Systems. He received his Bachelor of Business from the Curtin University of Technology (Australia) and Master of Business Administration from the State University of New York at Buffalo (USA).

CHEE SOOK FONG
Finance Manager

Ms. Chee joined the Company in 2018. She has more than 15 years of finance and accounting experience in industries that include Shipping, FMCG and Trading & Distribution. She is a member of the Institute of Singapore Chartered Accountants and an affiliate of the Association of Chartered Certified Accountants.

SANDRA NG HWEE CHOO
Leasing and Business Development Manager

Ms. Ng joined the Company in 2018. She has more than 10 years of experience in leasing. Prior to joining the Company, she held positions in leasing in HongkongLand Limited, City Development Limited and Far East Organization. She received her Bachelor of Business Administration from the University of Western Sydney.

GROUP
FINANCIAL PROFILE

	Year ended 31.12.2018 $'000	Year ended 31.12.2017* $'000	Year ended 31.12.2016 $'000	Year ended 31.12.2015 $'000	Year ended 31.12.2014 $'000
Operating results					
Revenue	**122,171**	128,875	294,638	302,178	340,316
(Loss)/profit before income tax	**(13,715)**	2,112	2,931	(26,647)	(3,023)
Income tax credit/(expense)	**-**	15	(362)	823	(113)
Net (Loss)/profit	**(13,715)**	2,127	2,569	(25,824)	(3,136)
Total Assets					
Investment properties	**28,820**	29,689	31,486	32,325	2,672
Property, plant and equipment	**27,984**	43,926	48,045	50,263	84,603
Financial assets, available-for-sale	**-**	3,864	3,455	3,395	3,482
Financial assets, fair value through other comprehensive income	**3,744**	-	-	-	-
Financial assets, held-to-maturity	**-**	53,181	44,534	51,625	31,996
Other investments at amortized cost	**64,468**	-	-	-	-
Club memberships	**235**	236	235	94	616
Investment in an associated company	**1,512**	340	124	51	-
Rental deposits	**6,357**	6,356	7,692	7,711	6,973
Other receivables	**119**	447	246	252	330
Deferred income tax asset	**-**	-	-	294	-
Current assets	**75,341**	85,796	90,932	87,834	130,916
	208,580	223,835	226,749	233,844	261,588
Shareholders' Equity and Total Liabilities					
Shareholders' equity	**157,287**	173,185	172,380	172,020	200,994
Current liabilities	**45,061**	44,480	47,186	56,227	56,276
Non-current liabilities	**6,232**	6,170	7,183	5,597	4,318
	208,580	223,835	226,749	233,844	261,588

GROUP
FINANCIAL PROFILE

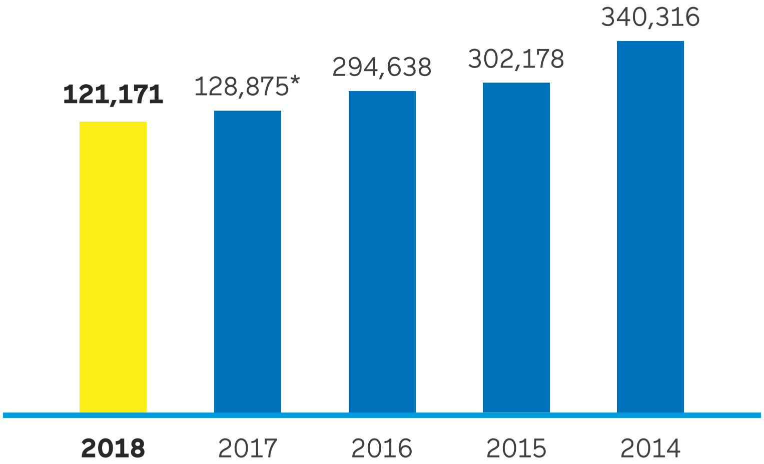
	Year ended 31.12.2018 $'000	Year ended 31.12.2017* $'000	Year ended 31.12.2016 $'000	Year ended 31.12.2015 $'000	Year ended 31.12.2014 $'000
Shareholders' Equity					
Share capital	**91,710**	91,710	91,710	91,710	91,710
General reserve	**17,000**	17,000	17,000	17,000	17,000
Fair value reserve	**1,483**	1,608	1,278	1,278	1,365
Currency translation reserve	**(15)**	(9)	(203)	(197)	(228)
Other reserves	**291**	280	(140)	-	-
Retained earnings	**46,818**	62,596	62,735	62,229	91,147
	157,287	173,185	172,380	172,020	200,994

*The results for the financial year ended 31 December 2017 has been restated following the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS (I)") on 1 January 2018 and retrospective adoption of SFRS (I) 15 Revenue from Contracts with Customers.

(Loss)/earnings per share (cents)	**(33.25)**	5.16	6.23	(62.60)	(7.60)
Dividend paid : Final Gross dividend per share (cents)					
- Ordinary	**5.0**	5.0	5.0	7.5	7.5
Net ($'000)	**2,063**	2,063	2,063	3,094	3,094
Net assets per share	**$3.81**	$4.20	$4.18	$4.17	$4.87

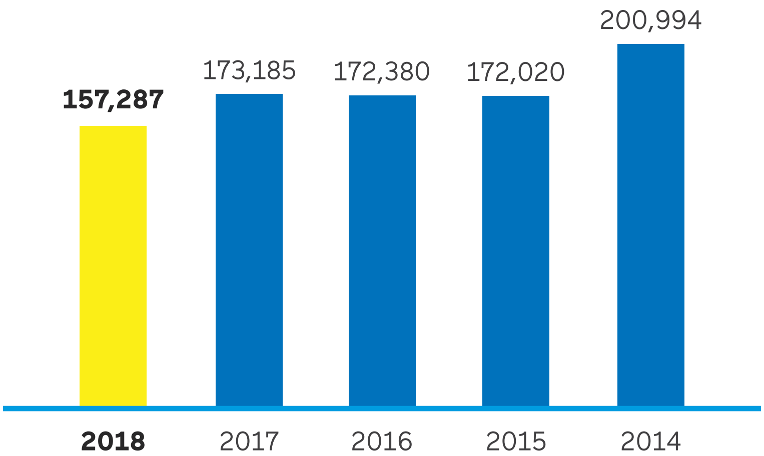
GROUP
FINANCIAL PROFILE

Revenue
($'000)

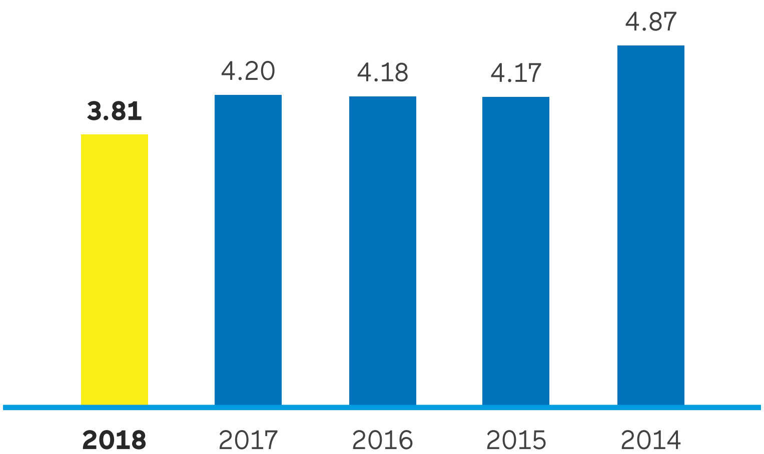


*The results for the financial year ended 31 December 2017 has been restated following the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS (I)") on 1 January 2018 and retrospective adoption of SFRS (I) 15 Revenue from Contracts with Customers.

Shareholders' Equity
($'000)



Net assets per share
($)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Toshihiko Nakagome
(Chairman)

Toshifumi Hashizume
(Managing Director)

Koay Bee Fong
(Executive Director cum General Manager-Administration)

Chey Chor Wai
(Lead Independent Director)

Lim Bee Choo
(Independent Director)

Victor Yeo Chuan Seng
(Independent Director)

Richard Tan Chuan-Lye
(Independent Director)

REGISTERED OFFICE

Company Registration no. 197001177H
593 Havelock Road, #04-01
Isetan Office Building
Singapore 169641
Tel: (65) 6732 8866
Fax: (65) 6736 0913

Website: www.isetan.com.sg
E-mail: isetansin@isetan.com.sg

COMPANY SECRETARY

Lun Chee Leong

REGISTRAR

M&C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Tel: (65) 6227 6660
Fax: (65) 6225 1452

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936
Audit Partner: Chua Lay See
(Appointed in 2018)

Isetan is committed to achieving high standards of corporate governance. Key corporate governance practices and processes are set out in this report. This report is in compliance with the continuing obligations stipulated under Chapter 7 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual.

Isetan endeavors to adhere to all the principles and guidelines of the Code of Corporate Governance 2012 (the "Code"). Where the Company's practices deviate from any guideline of the Code, this has been disclosed below together with an appropriate explanation for such deviation.

The details of the Board and the various committees are disclosed in the section on the Board of Directors. In addition, the particulars of the directors are also disclosed in the same section.

BOARD MATTERS

BOARD OF DIRECTORS
(as at 31 December 2018)

	Name of Directors	Executive / Non-executive	Independent/ Non-independent
1	Toshihiko Nakagome (Chairman)	Non-executive	Non-independent
2	Toshifumi Hashizume (Managing Director) *	Executive	Non-independent
3	Koay Bee Fong *	Executive	Non-independent
4	Chey Chor Wai**	Non-executive	Independent
5	Lim Bee Choo	Non-executive	Independent
6	Victor Yeo Chuan Seng	Non-executive	Independent

Note: A new Non-Executive Independent Director, Mr. Richard Tan Chuan-Lye, was appointed to the Board on 1 February 2019.

* Indicates the Board members who are on the Executive Committee ("Exco")

** Lead Independent Director

COMMITTEES
(as at 31 December 2018)

	Audit & Risk Committee ("ARC")	Nominating Committee ("NC")	Remuneration Committee ("RC")
Chairman	Chey Chor Wai	Victor Yeo Chuan Seng	Lim Bee Choo
Members	Lim Bee Choo	Chey Chor Wai	Chey Chor Wai
	Victor Yeo Chuan Seng	Lim Bee Choo	Victor Yeo Chuan Seng

Note: Mr. Richard Tan Chuan-Lye has been appointed to the ARC, NC and RC with effect from 1 February 2019.

Principle 1: The Board's Conduct of its affairs

The main role and responsibility of the Board of Isetan is to oversee the business affairs of the Company. The key matters for Board's overview and supervision include approving broad policies, strategies and objectives of the Company, monitoring management performance, approving annual budgets and major funding, investment and divestment proposals. The Board also assumes responsibility for corporate governance and risk management. The Board recognizes that the Company's stakeholders include not just its shareholders but its customers, employees, business partners and the community at large. The Board takes into account and balances the interests of all of the Company's stakeholders in what it considers to be in the best interests of the Company as a whole. The Board is also instrumental in setting the Company's values to align them with the Company's long-term strategy and mission. Sustainability issues are important considerations when the Board decides business and strategic matters. The relevant sustainability concerns are covered in the separate Sustainability Report issued by the Company.

The Company's management has been authorized to make decisions and enter into transactions relating to the ordinary course of business of the Company. Matters which are specifically reserved to the Board for approval include:

(a) remuneration framework of all Board members;

(b) remuneration framework and packages of all key executives;

(c) matters involving a conflict of interest for a substantial shareholder or a director;

(d) share issuances, dividends and other returns to shareholders; and

(e) matters which require Board's approval as specified under the Company's interested person transaction policy;

(f) corporate restructuring, including mergers and acquisitions;

(g) major investments, divestments, acquisitions and disposal of assets and

(h) release of the Company's financial results.

The Board has required internal directives to be issued with regard to shares trading. These directives, including prohibitions on insider trading, have been made known to all directors and employees. The guidelines specifically prohibit trading in the Company's shares on short term considerations as well as during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, and one month before the announcement of the financial statements for the full year.

To assist in the execution of its responsibilities, the Board has established three Board committees, namely, the NC, the ARC and the RC. In addition, the two executive directors of the board lead the Exco, which comprises themselves and the General Manager (Sales and Merchandising). The Exco aims to facilitate and expedite corporate processes, and also oversees the operational aspects of the Company, including the review and approval of the strategic process for the Company. The terms of reference of Board committees are reviewed on a regular basis and are in line with the Code. The various roles of the Board committees are set out separately in this report.

The Board met 5 times during the year. In addition, the Exco meets regularly and have met 50 times in 2018. The record of the directors' attendance at Board and the respective committee meetings during the financial year ended 31 December 2018 is set out below.

Directors' Attendance at Board and other committee meetings

		No. of meetings (for the period from 01/01/18 to 31/12/18)									
		Board		Exco		NC		RC		ARC	
	Name of Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
1	Toshihiko Nakagome (Chairman)	5	5	–	-	-	-	-	-	-	-
2	Toshifumi Hashizume (Managing Director)	5	5	50	46	-	-	-	-	-	-
3	Koay Bee Fong	5	5	50	47	-	-	-	-	-	-
4	Chey Chor Wai	5	5	-	-	1	1	1	1	4	4
5	Lim Bee Choo	5	5	-	-	1	1	1	1	4	4
6	Victor Yeo Chuan Seng	5	5	-	-	1	1	1	1	4	4

All directors have been provided with a copy of the Company's Corporate Governance Policies Manual which serves as a guide to the Company's governance practices and policies. A formal letter is also issued to each director, with reference made to the Company's Corporate Governance Policies Manual and on the directors' duties and obligations. All directors are to objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

In addition, the Company has orientation programmes to ensure that incoming directors are familiar with the Company's business, structure and governance practices. In recognition that directors require appropriate on-going training, the NC reviews the training and development program for the board at the beginning of each financial year. The Company has encouraged all directors to sign up as members of the Singapore Institute of Directors ("SID") and to participate in its courses at the Company's expense. Briefings are organized from time to time to update directors and, in particular, the ARC on developments of the laws and regulations relevant to the Company and its business. Various members of the Board also attended professional development courses conducted by the SID, accounting firms or other professional bodies.

Principle 3: Chairman and Managing Director

The Chairman and Managing Director ("MD") are different persons with different roles and the Board will endeavor to maintain this division of responsibilities, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between the Chairman and MD are clearly established, set out in writing and approved by the Board. The Chairman and the MD are not related.

The MD is the most senior executive in the Company and bears executive responsibility for the Company's business, while the Chairman is non-executive and bears responsibility for Board proceedings.

The key roles and responsibilities of the Chairman with regard to Board proceedings include the scheduling of meetings and preparation of meeting agenda with assistance from the Company Secretary, in consultation with the MD prior to the meeting. He assumes responsibility for ensuring that the directors are provided with accurate, adequate and timely information so that they may fulfil their responsibilities.

The Chairman's responsibilities also include ensuring effective communication with shareholders, encouraging constructive relations between Board and management as well as that between executive and non-executive directors. The Chairman also has an oversight role in ensuring compliance with the Company's guidelines on corporate governance and risk management.

As the Chairman is non-independent and in accordance with the Code, Mr. Chey Chor Wai has assumed the role of lead independent director since 22 April 2015. Led by the lead independent director, the independent directors meet periodically without the presence of the other directors. Relevant matters discussed at this meeting are reported to the Chairman. The lead independent director, is available to shareholders at e-mail address : isetan.lead.id@gmail.com should they have concerns and for which contact through the normal channels of the Chairman, Managing Director or Senior Management (who assumes the role of the CFO) has failed to resolve or is inappropriate.

Principle 2: Board Composition and Guidance
Principle 4: Board Membership

As at 31 December 2018, the Board had six directors, of whom four are non-executive. Three of the directors (half of the board) are independent. An additional independent director was appointed in February 2019.

Under Article 87(2) of the Company's Constitution, if the MD is appointed for a fixed term, such term shall not exceed 5 years. The MD's current term of appointment is not fixed. Pursuant to Article 95 of the Company's Constitution, one-third of the Directors (other than the MD) retires from office at the Company's Annual General Meeting held in each year. Such retiring directors are eligible for re-nomination and re-election.

The Board presently comprises individuals who, as a group, provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. The current board is made up of seven directors. Our Chairman and executive directors each has over twenty-five years of experience working in the retail industry. As for our independent directors, in addition to their individual professional expertise in accounting, human capital management and law, they also have experience relating to the retail industry as well as risk management, finance and governance. Both genders are represented on the Board. The NC is of the view that the current size of the Board is appropriate and provides effective decision making in relation to the scope and nature of the Company's operations. The Board will continue to review the size of the Board and its composition on an ongoing basis. To provide a more effective check on management, the non-executive directors meet without the presence of the management at least once a year. They also provide their own views, opinions and judgments as well as challenge management with respect to business proposals, strategies and other matters brought to their attention. The NC is established by the Board to recommend the appointment/nomination and re-appointment of all directors to the Board. Subject to Article 95 of the Company's Constitution, all directors (other than the MD) are required to submit themselves for re-nomination and re-election at regular intervals and at least every three years.

Board Independence
(as at 31 December 2018)

Executive Directors	2
Independent Non-executive Directors	3
Non-independent Non-executive Director	1

Gender Diversity
(as at 31 December 2018)

Female Directors	2
Male Directors	4

As Isetan (Singapore) Limited is a subsidiary of the immediate holding company, our Chairman and Executive Directors are recommended for appointment by the holding company with input from the NC on the candidate's suitability having regard to the candidate's skills, background, qualifications and work experience.

For the Independent Directors, the NC adopts a formal and transparent process of reviewing nominations of directors for appointment to the Board and Board committees. The NC will first identify suitable candidates for Board membership using appropriate means, which may include recommendations from current Board members, external searches by search firms or the SID and other referrals. The criteria for evaluating the potential candidates include:

(a) skills, background, qualifications and work experience sought;

(b) the type of capabilities or qualities that are needed to complement the core competencies of the existing Board members;

(c) the level of commitment in terms of time and effort in order to fulfill the director's obligations; and

(d) the candidate's adaptability towards the culture of the Company and the decision process of the Company and Board

The evaluation includes an interview with the intended candidate(s) to ascertain their suitability. The NC then recommends the suitable candidate(s) to the Board for appointment as a Director.

The Company has in place a process to groom future potential candidates within the Company to assume key management positions. The process includes promoting and rotating the candidates across various departments and may also include short-term training to gain exposure. Secondments of personnel to related companies are also part of this process.

The NC also reviews and makes recommendations to the Board on whether or not retiring directors should be nominated for re-election. In making its recommendations, the NC reviews and takes into account the past performance and commitment of the retiring director, the directors' contributions towards the efficacy of the Board as well as the type of capabilities or qualities that are needed for the Board as a whole at the time of the directors' retirement and re-election.

The NC has been tasked to assess the independence of the directors and has adopted a more stringent definition of independence than that set out in the Code such as: the independent directors are independent from substantial shareholders (namely, 5% shareholders) of the Company (and not merely 10% shareholders, as required by the Code). The NC is of the opinion that the directors who have been classified as independent are indeed independent. None of the independent directors have served on the Board for more than 9 years from the date of their first appointment.

The NC comprises three directors as at 31 December 2018, all of whom, including the chairman are independent. The NC requires all the independent directors to confirm their independence and their relationships with other directors, management and substantial shareholders of the Company by a declaration in writing annually. These declarations are subsequently reviewed and discussed by the NC before the NC confirms their independence. The Board is of the opinion that there are no directors who have multiple board representations or other appointments which will affect his/her ability to carry out his/her duty as a director of the Company. As there are directors who have more than one board representation and / or other principal commitments, guidelines have been drawn up to address the competing time commitments of these directors. The guidelines have taken into account all relevant factors that may have an impact on the directors' contributions and performance which includes the individual director's attendance record at Board and Committee meetings, travelling commitments and the size, scope and complexity of the business activities and operations of the companies or organization in which he or she is a board member or has principal commitments. In the course of the annual review, all independent directors have declared to the Company in writing all of their current principal commitments as well as signed an undertaking that they will continue to devote sufficient time, effort and attention to the business and affairs of the Company for the upcoming financial year. The individual director also explains and justifies to the NC how he/she intends to set aside the time and resources to discharge his/her duties to the Company, especially if he/she is in full time employment elsewhere. In addition to this process, the Board has also determined that the maximum number of listed company board representations that any director may hold is to be five.

The Company does not have any alternate directors.

A summary table showing the directors who are executive or non-executive as well as independent or non-independent is shown on page 19. Members of the ARC, NC and RC are also shown on the same page. All the directorships and chairmanships in listed companies held by the directors, both current and those held over the preceding three years, are shown on pages 10 to 13.

Principle 5: Board Performance

Under the terms of reference for the NC as approved by the Board, the NC has adopted a system for assessing the effectiveness of the Board as a whole and its Board committees as well as the contribution of each director to the effectiveness of the Board. The NC has implemented a process to allow for peer assessment of each director on the Board, to assess the director's contributions to the effectiveness of the Board and Board committees, where applicable. This evaluation process includes sending each director the relevant questionnaires for completion. The responses are collated, analyzed and summarized by the independent, external Company Secretary, so as to encourage frank and open feedback and discourse. The responses are then discussed by the NC for recommendations to be made to the Board. Having regard to the size of the Board, the Board has decided that the appointment of an external facilitator is not necessary. The NC assesses and recommends objective performance criteria to the Board for its approval and these performance criteria are unlikely to be altered unless the circumstances render it necessary, in which event the Board will furnish its reasons for so doing. The assessments are done on an annual basis, with the assessment of individual directors being done on a voluntary basis. Some of the performance criteria for the Board assessment process includes the appropriate size and composition of the Board, the effectiveness of the decision-making process, access to information by directors, the accountability of the Board members, oversight over and management of the MD and Management and directors' standard of conduct. Some of the performance criteria for the Board Committees include the frequency and attendance of meetings, the appropriate size of the committees and the skills, experience and resources to undertake the duties. Some of the performance criteria for the individual director assessment process include attendance at Board and Committee meetings, adequacy of preparation and contributions in various areas of expertise. The Board has assessed that it has met its performance objectives.

Principle 6: Access to Information

Management supplies the Board with complete and adequate information in a timely manner to allow the directors to fulfill their duties properly. The Board has a procedure for directors, after consultation with the Chairman of the Board or the MD, to take independent professional advice at the Company's expense in the furtherance of their duties. The Board also has separate and independent access to the Company's senior management and the Company Secretary. The Company Secretary attends all Board meetings and is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

The Board decides on the appointment and the removal of the Company Secretary.

REMUNERATION MATTERS

Principle 7: Procedures for developing remuneration policies
Principle 8: Level & mix of remuneration
Principle 9: Disclosure on remuneration

The RC comprises entirely of independent non-executive directors.

The RC is chaired by an independent non-executive director. The RC has access to advice from the internal human resource department, and if required, the RC will have access to external advice. In 2018, no external advice was obtained. The RC regularly reviews the remuneration framework for the executive directors and key management personnel in conjunction with market studies and benchmarking exercises with industry peers, where appropriate, and after such reviews makes recommendations to the Board.

The remuneration packages paid to the executive directors who are seconded to the Company are based on their home country's scheme while those relating to the key executives are linked to the performance of both the Company and each individual. The variable components of remuneration for management staff (including Executive Directors) take the form of an annual variable bonus, where applicable. However, due to the performance of the Company for the Financial Year ended 31 December 2018, the variable bonus scheme was not applied. Having regard to the design of the Company's performance incentive schemes, the Board is of the opinion that a claw-back mechanism in the incentive scheme is not appropriate. The Company operates a retirement benefit scheme for its employees, including executive directors and key management personnel who are eligible for it. Further information is disclosed in the Notes to the accounts under Note 26. Apart from this, the Company currently does not have any other long-term incentive scheme for the purpose of rewarding and retaining key appointment holders. The RC has reviewed the service contracts or employment letters relating to the relevant executive directors and key management personnel and has not found any onerous payment clauses in the event of any termination. The Company also does not have an employee share scheme. As such, no employees have been granted shares or options pursuant to an employee share scheme.

For the current financial year, independent directors will, subject to shareholders' approval, receive only directors' fees. The RC will continue to assess and recommend independent directors' fees that are appropriate to the level of their contributions, and submit its recommendations to the Board for its endorsement. The Board will then recommend the proposal for the remuneration of the independent directors for approval at a shareholders' meeting. Details of fees for the Company's independent directors are in the table below.

Annual fees (for 2018)	**Chey Chor Wai**	**Victor Yeo Chuan Seng**	**Lim Bee Choo**
	$	**$**	**$**
Chairmanship (ARC/NC/RC)	18,000	10,000	10,000
ARC member	-	9,000	9,000
NC member	5,000	-	5,000
RC member	5,000	5,000	-
Basic Fee	34,000	34,000	34,000
Total	62,000	58,000	58,000

No employee share scheme has been offered to any director or employee.

The breakdown of directors' remuneration (in percentage terms) for the period from 1/1/18 to 31/12/18 and the remuneration bands of directors and key executives for the period from 1/1/18 to 31/12/18 are set out in the Note (b) under "Additional Disclosure Requirements of the Singapore Exchange Securities Trading Listing Manual". Although the Code recommends that companies fully disclose the remuneration of each individual director and their CEOs, and that they should name and disclose the remuneration of their top five key management personnel (who are not directors or the CEO) including the aggregate remuneration paid to these top five key management personnel, the Company has chosen to omit this information (with the exception of the Independent Directors' remuneration which is shown above) in light of the industry's competition for talent, the confidentiality of staff remuneration matters and so as not to hamper the Company's efforts to retain and nurture its talent pool. The RC has examined the executive compensation paid to its executives and key management and has come to the view that the sums paid do not exceed market norms.

There are no employees who are immediate family members of a director or the Managing Director.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability
Principle 11: Risk Management and Internal Controls
Principle 12: Audit Committee
Principle 13: Internal Audit

The ARC was reconstituted on 1 September 2013 when the risk oversight function was incorporated into the Audit Committee's responsibilities. To assist the ARC, the Risk Management Senior Manager coordinates the overall risk framework of the Company and ensures the key risks are managed properly by the relevant departments. The ARC comprises three independent non-executive directors as at 31 December 2018. The Board is of the opinion that at least two members of the ARC (including the Chairman) have sufficient accounting or related financial management expertise or experience to discharge its responsibilities. The Company adheres to the Code's guideline where a former partner or director of its existing auditing firm should not act as a member of the Company's ARC: (a) within a period of 12 months commencing on the date of his/her ceasing to be a partner or director of the auditing firm; and in any case (b) for as long as he has any financial interest in the auditing firm.

The external auditor also updates the ARC periodically on the latest and upcoming changes to accounting standards and issues. In addition, the ARC members also attended professional development events organized by the SID and other organisations.

The ARC has been conferred explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management, full discretion to invite any director or management staff to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

Under the terms of reference for the ARC as approved by the Board and in accordance with Section 201B(5) of the Singapore Companies Act, the key roles and responsibilities of the ARC include the following:

- reviewing with the external auditors, the audit plan, the evaluation of the internal accounting controls, audit reports and any matters which the external auditors wish to discuss in the absence of management;

- assessing the independence and objectivity of the external auditors;

- reviewing with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems;

- reviewing the adequacy and effectiveness of the Group's internal controls and risk management systems at least annually, including financial, operating, compliance and information technology controls, and risk management policies and systems established by the management;

- reviewing arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;

- reviewing any significant findings of internal investigations and management response;

- reviewing the effectiveness of the Company's external and internal auditors and approving the appointment, reappointment and removal of the Company's external and internal auditors and approving their remuneration and terms of engagement;

- reviewing interested person transactions to ensure that internal control procedures are adhered to;

- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance e.g. quarterly and annual financial statements, including announcement to the SGX-ST prior to the submission to the Board; and

- reporting actions and minutes of the ARC meetings to the Board of Directors with such recommendations as the ARC considers appropriate.

The ARC met 4 times during the year in review. The Company Secretary, the Company's external and internal auditors and the management team responsible for finance attend the meetings. Wherever necessary, other members of the management team are invited to attend the ARC meetings.

The ARC reviews and recommends to the Board the release of the quarterly and full year financial statements. In the process, it also reviews the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a great impact on the financial statements. It also considers and approves the Audit Strategy Memorandum prepared by the external auditors and the Internal Audit Plan prepared by the internal auditors, and reviews the scope and results of both external and internal audits.

The ARC also met up with the external auditors in the absence of management, at least once annually. In addition, in some of other meetings with auditors, the ARC has invited the presence of management to assist in its frank deliberations. The ARC has received confirmation from the external auditors that they have received full assistance from the officers of the Company in the course of their audit.

The ARC has nominated PricewaterhouseCoopers LLP for re-appointment as auditors of the Company at the forthcoming Annual General Meeting. The ARC has reviewed the amount of non-audit fees paid to the auditors and is of the opinion that it will not affect the independence of the auditors. The aggregate amount of fees paid to the independent auditor of the Company during the financial year, the breakdown of the fees paid in total for audit and non-audit services respectively and the independence review process are disclosed under (c) and (e) of the "Additional Disclosure Requirements of the Singapore Exchange Securities Trading Listing Manual".

The ARC met up with the internal auditors in the absence of management, at least once annually. The ARC has received confirmation from the internal auditors that they have received full assistance from the management of the Company in the course of their work. The internal audit function is carried out by KPMG LLP, whose primary line of reporting is to the Chairman of the ARC. The ARC has ensured that the internal audit function is independent, effective and adequately resourced, and has staff with the relevant qualifications and experience. The ARC also reviews the adequacy of the internal audit function at least once a year. The internal audit plan and scope of work are prepared in consultation with, but independent of, management and submitted to and approved by the ARC. The internal auditors assist the ARC in assessing the Company's risk management, controls and governance processes and the reports of the internal auditors are distributed to the ARC and discussed at the ARC meetings. The internal auditors have confirmed to the ARC that their work have met the standards set by The Institute of Internal Auditors.

As part of their statutory audit, the Company's external auditors reviews the Company's material internal controls relevant to financial reporting in order to design audit procedures that are appropriate in the circumstances. Any material non-compliance and internal control weaknesses identified by both the external and internal auditors are reported to the ARC, together with the recommendations to address them. The Company's management follows up on these recommendations as part of their role in reviewing the Company's internal control systems. The ARC also reviews the effectiveness of the actions taken by management on the recommendations made in this respect. To ensure an effective system of internal controls, periodic assessments of enterprise-wide risks are carried out by management and reported to the ARC. Subsequently, a risk-based internal audit plan is formulated by the internal auditors where the current controls for the key risks are identified and action plans developed to address any gaps and weaknesses in the controls. Based on the work carried out by the internal auditors, the review undertaken by the external auditors as part of their statutory audit, the written assurances from the MD and senior management and the existing management controls in place, the ARC and the Board are of the opinion that the internal controls including financial, operational, compliance and information technology controls, and the risk management systems are adequate and effective as at 31 December 2018. The Board has also received written assurances from the MD and Senior Management (who assumes the role of the CFO) that (a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and (b) the Group's risk management and internal control systems are adequate and effective. The Board, together with the ARC and management, will continue to enhance and improve the existing internal control and risk management frameworks to identify and mitigate these risks.

The system of internal controls and risk management policies established by the Company (as further elaborated on pages 30 to 31 , Risk Management Policies and Processes) is designed to manage, rather than eliminate, the risk of failure in achieving the Company's strategic objectives. It should be recognized that such systems are designed to provide reasonable assurance, but not an absolute guarantee, against material misstatement or loss.

The Company has put in place a "whistle-blowing" process whereby staff of the Company can raise concerns about possible improprieties in matters of financial reporting or other matters through a well-defined and accessible channel within the Company. The objective of the policy is to encourage the reporting of such matters in good faith, while providing the assurance that staff making such reports will be fairly treated. The "whistle-blowing" policy is communicated to all staff during the orientation for new staff and also via the Staff Handbook. Procedures have been established to ensure that such matters are promptly investigated, appropriate follow-up actions taken by management and results reported to the ARC and Board of Directors. In addition, all staff have been informed of the contact details of the ARC members so that they may report their concerns directly to the ARC. The Company and/or the ARC will also investigate anonymous complaints but may result in the matter not being satisfactorily resolved until the complainant is able to come forward and offer his/her assistance.

Where a whistle blowing case warrants immediate attention, it will be investigated promptly and reported to senior management as well as the ARC. If there are no whistle blowing cases, a negative confirmation is conveyed by the management to the ARC on a quarterly basis.

In regard to compliance with legislative and regulatory requirements, the Board ensures that management has established written policies where appropriate.

The Board is accountable to the shareholders while management is accountable to the Board and provides the necessary information needed by the Board on a timely basis so that it can effectively discharge its duties. In addition, the management provides management accounts to the directors on a monthly basis as well as the performance against the Company's annual budget.

Principle 14 and 15: Shareholder Rights and Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Company has an Investor Relations Policy in place in order to provide shareholders timely and accurate information in order for them to make informed investment decisions.

The Company avoids selective disclosure of information. The annual and quarterly announcements of financial statements and other price sensitive public reports and reports to regulators (where relevant) are published through SGXNET.

To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET.

Shareholders have been given the opportunity to participate and vote in shareholders' meetings. If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance. Relevant intermediaries may appoint more than two proxies. As the authentication of shareholder identity and other related security and integrity of the information still remain a concern, the Company has decided not to allow voting in absentia by mail, e-mail or facsimile. The Chairman, the Board of Directors, and members of the senior management team attend the shareholders' meetings to address questions and obtain feedback from shareholders. The external auditors are also present to address queries about the conduct of the external audit and the preparation and content of the auditor's report. All resolutions at general meetings will be voted on by poll and shareholders will be briefed on the voting procedures and rules prior to the commencement of the meeting. The detailed results for each resolution are announced and screened at the meeting as well as announced on SGXNET on the same day. Minutes of general meetings are prepared to include the salient and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and management. These minutes are made available to shareholders upon their request.

Besides the timely disclosure of pertinent information on SGXNET and at shareholders' meetings, the Company also adopts an "open door" policy of communications with shareholders where their queries that are from time to time received are brought to the attention of the Board.

The Company does not set quantitative parameters for dividend payout. The Company's dividend policy is to provide our shareholders a stable annual dividend that takes into account the Company's performance as well as the resources needed to secure its future success and well-being. Special dividends may be proposed, when deemed appropriate, to share the Company's successes with our shareholders.

The Company's website is at www.isetan.com.sg. The Company's latest annual reports, sustainability report, financial results and code of conduct are available on the Company's website. If shareholders have any queries on investor relations, they may contact isetansin@isetan.com.sg.

RISK MANAGEMENT
POLICIES AND PROCESSES

Isetan Singapore recognizes the need to have an effective and adequate risk management system in order to safeguard shareholders' interests and the Group's assets. It has, therefore, established a framework of prudent and effective controls in four areas, namely finance, operations, compliance and information technology.

The Audit and Risk Committee (ARC) oversees the risk management framework and policies. The ARC is supported by the senior management team who ensures that key risks are properly identified, assessed and managed. With the advice of KPMG, an annual Enterprise Risk Assessment (ERA) is carried out where the tier one enterprise risks are identified and ranked. A risk heat map is developed based on the tier one risks (covering financial, operational, compliance and information technology areas). Based on the ERA results and other factors, the internal audit plan for the new financial year is established. After each internal audit, a report is submitted to the ARC where the gaps and lapses are identified. The report also records management's action plans to rectify these gaps and lapses. Management is also asked to report on whether and when such rectification measures have been undertaken. The internal audit plan is discussed and approved by the ARC and the board is kept informed to ensure top level awareness.

Risk management covers four areas of risks as follows:

FINANCIAL RISKS

Due to its business activities, the Group is exposed to various kinds of financial risks such as market risks, credit risks and liquidity risks. The guidelines undertaken to manage such risks are further elaborated in the notes to the financial statements, under the heading of "Financial risk management".

In addition to the above, the Group also manages risks associated with accurate financial reporting. Besides the monthly review of management financial reports, regular internal reviews are also carried out to keep abreast of the latest Financial Reporting Standards and other regulatory requirements. If necessary, management consults with the external auditors and legal counsel, and adopts their advice on the reporting requirements.

OPERATIONAL RISKS

The operational risks of the business include process risks, risk from loss of assets, risks from uncontrollable events and risks from legal liability. As far as possible, procedures and policies have been set out to guide staff on how to execute the relevant risk controls. Where necessary, dry runs and practical drills are carried out periodically to reinforce the understanding of some of these procedures and policies. Insurance policies have also been taken up to cover the risks arising from loss of assets and legal liability.

COMPLIANCE RISKS

The Group constantly monitors developments that may have an impact on its business such as changes in applicable laws and regulations, financial reporting standards, Singapore Exchange Listing rules and the Code of Corporate Governance. In addition to the professional advice from our auditors and legal counsel, the Group also takes proactive steps by sending its employees to attend relevant courses for updates. This will ensure that the Group has adequate time to prepare the resources and changes in its policies and procedures and avoid any defaults.

INFORMATION TECHNOLOGY RISKS

The risks associated with the information system include system failure due to external factors (like power and telecommunication failure), loss of data due to hardware failure, threats from external sources (like computer viruses) and cyber security. To enable the usage of information necessary for the planning, executing, controlling and reviewing of the daily business operations, such risks are regularly assessed and appropriate procedures and contingency plans are put in place to manage these risks. The internal and external auditors also carry out regular IT audits as part of their audit reviews.

RESPONDING TO CRISIS SITUATIONS

Even with adequate and effective controls, there is still a chance where crisis can happen. As such, the Group has drawn up a Business Continuity Management (BCM) framework to manage the risk of business interruption and IT system failure, deliver continuity of service to customers and staff and to ensure the safety of everybody in our premises. The framework consists of;

1. Crisis Management Plan (CMP);
2. Business Continuity Plan (BCP); and
3. IT disaster recovery plan (IT DRP)

The CMP, BCP and IT DRP are made available to the relevant store managers and heads of department. The Group also periodically carries out tests on these frameworks to ensure they are adequate and effective.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2018

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2018 and the balance sheet of the Company as at 31 December 2018.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 41 to 112 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; 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.

Directors

The directors of the Company in office at the date of this statement are as follows:

Mr Toshihiko Nakagome (Chairman)
Mr Toshifumi Hashizume (Managing Director)
Ms Koay Bee Fong
Mr Chey Chor Wai
Ms Lim Bee Choo
Mr Yeo Chuan Seng Victor
Mr Richard Tan Chuan-Lye*

* Appointed on 1 February 2019

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2018	At 1.1.2018 or date of appointment if later	**At 31.12.2018**	At 1.1.2018 or date of appointment if later
The Company				
(Number of ordinary shares)				
Mr Yeo Chuan Seng Victor	**1,000**	1,000	**–**	–
Isetan Mitsukoshi Holdings Ltd				
(Number of ordinary shares of ¥50 each)				
Mr Toshihiko Nakagome	**24,800**	24,800	**–**	–
(Options to subscribe for ordinary shares of ¥50 each)				
Mr Toshihiko Nakagome	**100,800**	92,300	**–**	–

(b) The directors' interests in the share capital of the Company as at 21 January 2019 were the same as those as at 31 December 2018.

Share options

There were no options granted, including any to controlling shareholders or their associates (as defined in the Listing Manual of Singapore Exchange Securities Trading Limited), directors and employees of the parent company and its subsidiary, during the financial year to subscribe for unissued shares of the Company or its subsidiary.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary.

There were no unissued shares under option in the Company or its subsidiary at the end of the financial year.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2018

Audit and Risk Committee

The members of the Audit and Risk Committee at the end of the financial year were as follows:

Mr Chey Chor Wai (Chairman)
Ms Lim Bee Choo
Mr Yeo Chuan Seng Victor

All members of the Audit and Risk Committee were independent non-executive directors.

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor;
- the results announcement for the quarters and full year; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2018 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit and Risk Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. The Audit and Risk Committee has conducted an annual review of non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice their independence and objectivity before confirming their re-nomination.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

TOSHIFUMI HASHIZUME	KOAY BEE FONG
Director	Director

22 March 2019

To the members of Isetan (Singapore) Limited

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of Isetan (Singapore) Limited (the "Company") and its subsidiary (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the financial year ended 31 December 2018;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the balance sheets of the Group and the Company as at 31 December 2018;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S **REPORT**

To the members of Isetan (Singapore) Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<u>Assessment for impairment of property, plant and equipment ("PPE") and presence of onerous rental contracts</u> Continued losses in the Retail segment in the current financial year is an indicator of impairment of PPE and triggered the need for assessment for the presence of onerous rental contracts.	
(a) <u>Assessment for impairment of PPE</u> As at 31 December 2018, the carrying value of the Group's PPE under the Retail segment was S$27,984,000. The disclosures relating to PPE are included in Note 24 of the financial statements. For the purpose of impairment testing, the recoverable amount of the asset is determined based on the higher of value-in-use ("VIU") and fair value less costs to sell ("FVLCTS"), for the cash-generating-unit ("CGU") (i.e. retail store) to which the asset belongs. In the current financial year, an impairment charge of $11,887,000 was recorded to reduce the carrying values of PPE of certain CGUs (retail stores) under the Retail segment to their estimated recoverable amounts. The Group had determined VIU for retail stores using cash flow projections based on financial budgets prepared by management. Key assumptions used in VIU computation include the discount rate and growth rates. The loss-making position of the Retail segment also triggered the need for impairment assessment of the corporate assets (land and buildings) included within this segment. Independent valuation exercises were carried out by professional property valuers to determine the fair values of the corporate assets within the Retail segment for FVLCTS computation. No impairment charge was recorded on the corporate assets in the Retail segment. Key assumptions used in FVLCTS computation include recently transacted values and capitalisation rates.	(a) We have assessed the appropriateness of management's identification of CGU and critically assessed the key assumptions used in the assessment for impairment of PPE. Our audit procedures included the following: ● assessed the appropriateness of the valuation model used in estimating the VIU computation; ● assessed reasonableness of key assumptions, which include the discount rate and growth rates, used in VIU computation; ● assessed the competency and independence of management's experts engaged to support management in the FVLCTS computation of the corporate assets; ● discussed with management and the professional property valuer used by management on the key assumptions and critical judgemental areas in the fair value computation; and ● assessed the reasonableness of key assumptions, which include capitalisation rates used in income method and comparable properties used in direct comparison method.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment for impairment of property, plant and equipment ("PPE") and presence of onerous rental contracts (continued)	
(a) Assessment for impairment of PPE (continued) The assessment of impairment of PPE was significant to our audit due to the high level of judgement and assumptions applied in arriving at the estimates used in computing the values. Uncertainties arise as a result of having to consider long-term trends and market conditions and their impact on the key assumptions used. The nature of the judgement and sensitivity of the carrying amount of PPE to the discount rate and growth rates and to the valuations have been disclosed under Note 3(i) of the financial statements.	We have obtained satisfactory explanations from management and management's experts regarding the basis, methods and key assumptions used in determining the recoverable value of the assets within the Retail segment. We also considered the extent of disclosures set out in Note 3(i) of the financial statements. Based on our testing, we concluded that the methods and assumptions used were reasonable and adequate disclosures have been made in respect of the assessment for impairment of PPE.
(b) Assessment for presence of onerous rental contracts In the current financial year, a charge of $2,380,000 relating to onerous rental contracts was recorded (Note 27(a)). The Group had performed the assessment for onerous rental contracts by comparing the expected economic benefits from operating each rented retail space against the unavoidable cost of meeting the obligations under the contract. In computing the unavoidable costs under the rental contracts, management had included only incremental costs to operate the rented retail spaces. The assessment for the presence of onerous rental contracts was significant to our audit due to the significant judgement and assumptions applied in the computation of expected benefits and unavoidable costs. Key assumptions used in the onerous contracts computation include the discount rate and the growth rates. Uncertainties arise as a result of having to consider long-term trends and market conditions and their impact on the key assumptions used.	(b) We have critically assessed the judgement and key assumptions used in the assessment. Our audit procedures included the following: • discussed with management, the key assumptions and critical judgemental areas in the computation of the expected economic benefits and the unavoidable costs used in the onerous contracts computation; and • assessed the reasonableness of the key assumptions, which include the discount rate and the growth rates. We have obtained satisfactory explanations from management regarding their judgement over the basis, methods and key assumptions used in the computation for the presence of onerous rental contracts. We also considered the extent of disclosures set out in Note 3(ii) of the financial statements. Based on our testing, we concluded that the methods and assumptions used were reasonable and adequate disclosures have been made in respect of the assessment for the presence of onerous rental contracts.

Other information

Management is responsible for the other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors 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 Act and SFRS(I)s, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

To the members of Isetan (Singapore) Limited

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 the subsidiary corporation incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chua Lay See.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 22 March 2019

CONSOLIDATED INCOME **STATEMENT**

For the financial year ended 31 December 2018

	Note	The Group **2018** **$'000**	2017 $'000
Revenue	4	**122,171**	128,875
Other income	5	**8,103**	8,261
Other (losses)/gains – net			
– Impairment loss on financial assets	6	**(1,273)**	–
– Others	6	**27**	29
Expenses			
– Changes in inventories of finished goods		**(211)**	(1,469)
– Purchases of inventories and related costs		**(47,170)**	(48,015)
– Employee compensation	7	**(17,701)**	(18,571)
– Depreciation expense		**(6,677)**	(7,270)
– Rental expense	8(a)	**(38,267)**	(40,635)
– Impairment loss on property, plant and equipment		**(11,887)**	–
– Provision for onerous contracts		**(2,380)**	–
– Other expenses	8(b)	**(18,708)**	(19,318)
Total expenses		**(143,001)**	(135,278)
Share of profit of an associated company	20	**258**	225
(Loss)/profit before income tax		**(13,715)**	2,112
Income tax credit	9	**–**	15
Net (loss)/profit after tax for the financial year		**(13,715)**	2,127
Net (loss)/profit attributable to:			
Equity holders of the Company		**(13,715)**	2,127
(Loss)/earnings per share for net profit attributable to the equity holders of the Company (cents per share)	10		
– Basic		**(33.25) cents**	5.16 cents
– Diluted		**(33.25) cents**	5.16 cents

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

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the financial year ended 31 December 2018

	Note	The Group 2018 $'000	The Group 2017 $'000
Net (loss)/profit for the financial year		**(13,715)**	2,127
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Financial assets available-for-sale			
- Fair value gain	14	**–**	358
- Reclassification		**–**	(28)
Currency translation differences arising from consolidation			
- Loss	20	**(6)**	(9)
Item that will not be reclassified subsequently to profit or loss:			
Financial assets, fair value through other comprehensive income			
- Fair value loss	13	**(125)**	–
Actuarial gain on retirement benefit obligation	26	**11**	420
Other comprehensive (loss)/income, net of tax		**(120)**	741
Total comprehensive (loss)/income for the financial year		**(13,835)**	2,868
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(13,835)**	2,868

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

BALANCE **SHEETS**

As at 31 December 2018

	Note	The Group			The Company		
		31 December		1 January	31 December		1 January
		2018	2017	2017	**2018**	2017	2017
		$'000	$'000	$'000	**$'000**	$'000	$'000
ASSETS							
Current assets							
Cash and cash equivalents	11	**50,706**	57,727	54,688	**50,706**	57,596	42,660
Trade and other receivables	12	**7,874**	10,663	12,293	**7,874**	10,663	12,292
Other investments at amortised cost	15	**4,007**	–	–	**4,007**	–	–
Financial assets, held-to-maturity	16	**–**	4,508	11,753	**–**	4,508	11,753
Inventories	17	**9,809**	10,020	11,489	**9,809**	10,020	11,489
Other current assets	18	**2,945**	2,878	709	**2,945**	2,878	709
		75,341	85,796	90,932	**75,341**	85,665	78,903
Non-current assets							
Other receivables	12	**119**	447	246	**119**	447	246
Financial assets, at FVOCI	13	**3,744**	–	–	**3,744**	–	–
Financial assets, available-for-sale	14	**–**	3,864	3,455	**–**	3,864	3,429
Other investments at amortised cost	15	**64,468**	–	–	**64,468**	–	–
Financial assets, held-to-maturity	16	**–**	53,181	44,534	**–**	53,181	44,534
Club memberships	19	**235**	236	235	**235**	236	235
Investment in an associated company	20	**1,512**	340	124	**3,517**	2,598	2,598
Investment in a subsidiary	21	**–**	–	–	**–**	*	5,000
Rental deposits	22	**6,357**	6,356	7,692	**6,357**	6,356	7,692
Investment property	23	**28,820**	29,689	31,486	**28,820**	29,689	31,486
Property, plant and equipment	24	**27,984**	43,926	48,045	**27,984**	43,926	48,045
		133,239	138,039	135,817	**135,244**	140,297	143,265
Total assets		**208,580**	223,835	226,749	**210,585**	225,962	222,168
LIABILITIES							
Current liabilities							
Trade and other payables	25	**43,026**	44,480	47,186	**43,026**	44,480	47,177
Provisions for other liabilities and charges	27	**2,035**	–	–	**2,035**	–	–
		45,061	44,480	47,186	**45,061**	44,480	47,177
Non-current liabilities							
Trade and other payables	25	**3,884**	4,240	5,245	**3,884**	4,240	5,245
Provisions for other liabilities and charges	27	**2,348**	1,930	1,938	**2,348**	1,930	1,938
		6,232	6,170	7,183	**6,232**	6,170	7,183
Total liabilities		**51,293**	50,650	54,369	**51,293**	50,650	54,360
NET ASSETS		**157,287**	173,185	172,380	**159,292**	175,312	167,808

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

BALANCE
SHEETS

As at 31 December 2018

	Note	The Group			The Company		
		31 December		**1 January**	**31 December**		**1 January**
		2018	2017	2017	**2018**	2017	2017
		$'000	$'000	$'000	**$'000**	$'000	$'000
EQUITY							
Capital and reserves attributable to the equity holders of the Company							
Share capital	29	**91,710**	91,710	91,710	**91,710**	91,710	91,710
General reserve	30	**17,000**	17,000	17,000	**17,000**	17,000	17,000
Fair value reserve	31	**1,483**	1,608	1,278	**1,483**	1,608	1,255
Currency translation reserve		**(15)**	(9)	–	**–**	–	–
Other reserves		**291**	280	(140)	**291**	280	(140)
Retained earnings	32	**46,818**	62,596	62,532	**48,808**	64,714	57,983
Total equity		**157,287**	173,185	172,380	**159,292**	175,312	167,808

* Amount is less than $1,000

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

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Note	Share capital $'000	General reserve $'000	Fair value reserve $'000	Currency translation reserve $'000	Other reserves $'000	Retained earnings $'000	Total $'000
2018								
Beginning of financial year		**91,710**	**17,000**	**1,608**	**(9)**	**280**	**62,596**	**173,185**
Total comprehensive (loss)/income for the year		–	–	(125)	(6)	11	(13,715)	(13,835)
Dividend relating to 2017 paid	33	–	–	–	–	–	(2,063)	(2,063)
End of financial year		**91,710**	**17,000**	**1,483**	**(15)**	**291**	**46,818**	**157,287**
2017								
Beginning of financial year		**91,710**	**17,000**	**1,278**	**–**	**(140)**	**62,532**	**172,380**
Total comprehensive income/(loss) for the year		–	–	330	(9)	420	2,127	2,868
Dividend relating to 2016 paid	33	–	–	–	–	–	(2,063)	(2,063)
End of financial year		**91,710**	**17,000**	**1,608**	**(9)**	**280**	**62,596**	**173,185**

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 December 2018

	2018 $'000	2017 $'000
Cash flows from operating activities		
(Loss)/profit before income tax	**(13,715)**	2,112
Adjustments for:		
– Depreciation expense	**6,677**	7,270
– Amortisation of capitalised letting fees	**93**	78
– Property, plant and equipment and investment property written off	**52**	402
– Impairment loss on property, plant and equipment	**11,887**	–
– Provision for onerous contracts	**2,380**	–
– Impairment loss on financial assets	**1,273**	–
– Impairment loss on club membership	**16**	–
– Gain on disposal of financial assets, available-for-sale	**–**	(28)
– Gain on disposal of club membership	**(28)**	–
– Net gain on early redemption by issuers of financial assets, held-to-maturity	**–**	(1)
– Interest income	**(3,125)**	(2,585)
– Changes in provisions for other liabilities and charges	**73**	90
– Write-back of impairment of receivable	**–**	(50)
– Dividend income	**(124)**	(110)
– Share of profit of an associated company	**(258)**	(225)
	5,201	6,953
Changes in working capital:		
– Trade and other receivables	**3,172**	1,376
– Inventories	**211**	1,469
– Other assets and rental deposits	**(68)**	(833)
– Trade and other payables	**(1,822)**	(3,711)
– Provisions for other liabilities and charges	**–**	(98)
Cash generated from operations	**6,694**	5,156
Income taxes refunded	**–**	15
Net cash provided by operating activities	**6,694**	5,171

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

CONSOLIDATED STATEMENT OF
CASH FLOWS

For the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Cash flows from investing activities			
Proceeds from disposal of club membership		**45**	–
Payment for club membership		**(9)**	(1)
Payment for investment in an associated company		**(920)**	–
Payments for property, plant and equipment		**(429)**	(389)
Payments for investment property		**(1,447)**	(1,008)
Payments for letting fees		**(6)**	(37)
Purchases of other investments at amortised cost/financial assets, held-to-maturity		**(17,817)**	(16,024)
Purchases of financial assets, fair value through other comprehensive income/financial assets, available-for-sale		**(5)**	(82)
Proceeds from maturity/early redemption by issuers of other investments at amortised cost/financial assets, held-to-maturity		**5,750**	14,592
Proceeds from disposal of financial assets, available-for-sale		**–**	31
Interest received		**2,982**	2,613
Dividend received		**124**	110
Net repayments from employee		**80**	126
Net cash used in investing activities		**(11,652)**	(69)
Cash flows from financing activities			
Dividend paid		**(2,063)**	(2,063)
Net cash used in financing activities		**(2,063)**	(2,063)
Net (decrease)/increase in cash and cash equivalents		**(7,021)**	3,039
Cash and cash equivalents at beginning of financial year		**57,727**	54,688
Cash and cash equivalents at end of financial year	11	**50,706**	57,727

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

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

1. General information

Isetan (Singapore) Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is as follows:

593 Havelock Road
#04-01 Isetan Office Building
Singapore 169641

The principal activities of the Company are to carry on the business of operating department stores, operating supermarkets, to trade in general merchandise and to earn rental income from its investment property.

The subsidiary had been inactive since 16 February 2001 and was subsequently struck off on 7 May 2018. Following this, the Company ceased to hold any investment in subsidiary and the investment in an associated company is accounted using the equity method of accounting less impairment losses in the Group's balance sheet as at 31 December 2018 to reflect the Company's economic interests in the associated company. The consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2018 includes the results of the subsidiary up to the date of strike off on 7 May 2018.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

(a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Cumulative translation differences

The Group has elected to deem the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017.

(ii) Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments*

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I)

As at 1 January 2017	Note	Reported under SFRS $'000	Effects of transition to SFRS(I) $'000	Reported under SFRS(I) $'000
ASSETS				
Current assets				
Cash and cash equivalents		54,688	–	54,688
Trade and other receivables		12,293	–	12,293
Financial assets, held-to-maturity		11,753	–	11,753
Inventories		11,489	–	11,489
Other current assets		709	–	709
		90,932	–	90,932
Non-current assets				
Other receivables		246	–	246
Financial assets, available-for-sale		3,455	–	3,455
Financial assets, held-to-maturity		44,534	–	44,534
Club memberships		235	–	235
Investment in associated company		124	–	124
Rental deposits		7,692	–	7,692
Investment property		31,486	–	31,486
Property, plant and equipment		48,045	–	48,045
		135,817	–	135,817
Total assets		226,749	–	226,749
LIABILITIES				
Current liabilities				
Trade and other payables		47,186	–	47,186
Non-current liabilities				
Trade and other payables		5,245	–	5,245
Provisions for other liabilities and charges		1,938	–	1,938
		7,183	–	7,183
Total liabilities		54,369	–	54,369
NET ASSETS		172,380		172,380
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital		91,710	–	91,710
General shares		17,000	–	17,000
Fair value reserve		1,278	–	1,278
Currency translation reserve	A1	(203)	203	–
Other reserves		(140)	–	(140)
Retained earnings		62,735	(203)	62,532
Total equity		172,380	–	172,380

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) (continued)

	Note	As at 31 December 2017 reported under SFRS	Effects of transition to SFRS(I)	As at 31 December 2017 reported under SFRS(I)	Effects of applying SFRS(I) 9^	As at 1 January 2018 reported under SFRS(I)
		$'000	$'000	$'000	$'000	$'000
ASSETS						
Current assets						
Cash and cash equivalents		57,727	–	57,727	–	57,727
Trade and other receivables		10,663	–	10,663	–	10,663
Financial assets, held-to-maturity		4,508	–	4,508	(4,508)	–
Other investments at amortised cost	C1	–	–	–	4,508	4,508
Inventories		10,020	–	10,020	–	10,020
Other current assets		2,878	–	2,878	–	2,878
		85,796	–	85,796	–	85,796
Non-current assets						
Other receivables		447	–	447	–	447
Financial assets, available-for-sale		3,864	–	3,864	(3,864)	–
Financial assets, at FVOCI	C1	–	–	–	3,864	3,864
Financial assets, held-to-maturity		53,181	–	53,181	(53,181)	–
Other investments at amortised cost	C1	–	–	–	53,181	53,181
Club memberships		236	–	236	–	236
Investment in an associated company		340	–	340	–	340
Rental deposits		6,356	–	6,356	–	6,356
Investment property		29,689	–	29,689	–	29,689
Property, plant and equipment		43,926	–	43,926	–	43,926
		138,039	–	138,039	–	138,039
Total assets		223,835	–	223,835	–	223,835

^ The explanatory notes on the effects of applying the SFRS(I) 9 is detailed in Note 2.2(C).

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) (continued)

	Note	As at 31 December 2017 reported under SFRS $'000	Effects of transition to SFRS(I) $'000	As at 31 December 2017 reported under SFRS(I) $'000	Effects of applying SFRS(I) 9^ $'000	As at 1 January 2018 reported under SFRS(I) $'000
LIABILITIES						
Current liabilities						
Trade and other payables		44,480	–	44,480	–	44,480
		44,480	–	44,480	–	44,480
Non-current liabilities						
Trade and other payables		4,240	–	4,240	–	4,240
Provisions for other liabilities and charges		1,930	–	1,930	–	1,930
Total liabilities		50,650	–	50,650	–	50,650
NET ASSETS		173,185	–	173,185	–	173,185
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital		91,710	–	91,710	–	91,710
General reserve		17,000	–	17,000	–	17,000
Fair value reserve		1,608	–	1,608	–	1,608
Currency translation reserve	A1	(212)	203	(9)	–	(9)
Other reserves		280	–	280	–	280
Retained earnings	A1	62,799	(203)	62,596	–	62,596
Total equity		173,185	–	173,185	–	173,185

^ The explanatory notes on the effects of applying the SFRS(I) 9 is detailed in Note 2.2(C).

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

(c) Reconciliation of the Group's total comprehensive income reported in accordance with SFRS to SFRS(I)

For the financial year ended 31 December 2017	Note	Reported under SFRS $'000	Effects of transition to SFRS(I) $'000	Reported under SFRS(I) $'000
Revenue	B1	276,571	(147,696)	128,875
Other income		8,261	–	8,261
Other gains		29	–	29
Expenses				
- Changes in inventories of finished goods		(1,469)	–	(1,469)
- Purchases of inventories and related costs	B1	(195,711)	147,696	(48,015)
- Employee compensation		(18,571)	–	(18,571)
- Depreciation expense		(7,270)	–	(7,270)
- Rental expense		(40,635)	–	(40,635)
- Other expenses		(19,318)	–	(19,318)
Total expenses		(282,974)	147,696	(135,278)
Share of profit of an associated company		225	–	225
Profit before income tax		2,112	–	2,112
Income tax credit		15	–	15
Net profit after tax for the financial year		2,127	–	2,127
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Financial assets, available-for-sale				
- Fair value gain		358	–	358
- Reclassification		(28)	–	(28)
Currency translation differences arising from consolidation				
- Loss		(9)	–	(9)
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain on retirement benefit obligation		420	–	420
Other comprehensive income, net of tax		741	–	741
Total comprehensive income		2,868	–	2,868

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

(d) There were no material adjustments to the Group's statement of cash flows arising from the transition from SFRS to SFRS(I).

Explanatory notes to reconciliations:

The effects of transition to SFRS(I) mainly arises from the optional exemptions provided for under SFRS(I) 1 and the adoption of SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers*.

A. Optional exemption

As disclosed in Note 2.2(a), the Group has applied certain exemption in preparing this first set of financial statements in accordance with SFRS(I). The exemption that resulted in adjustments to the previously issued SFRS financial statements is as follows:

A1. Cumulative translation differences

As disclosed in Note 2.2(a)(i), the Group has elected to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to SFRS(I) on 1 January 2017. As a result, currency translation reserve and retained earnings as at 1 January 2017 and 31 December 2017 was reduced by $203,000 respectively.

B. Adoption of SFRS(I) 15

In accordance with the requirements of SFRS(I) 1, the Group adopted SFRS(I) 15 retrospectively.

The adoption of SFRS(I) 15 resulted in adjustments to the previously issued SFRS financial statements as explained below:

B1. Principal versus agent considerations

SFRS 18 *Revenue* lists down principal versus agent considerations and one of the indicators in considering if the entity is a principal is that of exposure to credit risk. Clarification had since been introduced under SFRS(I) 15 that credit risk is generally not a helpful indicator when assessing whether the entity controls the specified goods or service.

Certain revenue pertaining to consignment sales which were recognised at the gross amount of the consideration received for the sale of goods prior to the adoption of SFRS(I) 15 would have to be recognised at the net amount of consideration retained by the Group after paying the relevant suppliers for the purchase of these goods when SFRS(I) 15 is applied. Accordingly, the comparative revenue and cost of sales for the financial year ended 31 December 2017 are both reduced by $147,696,000. A consignment income of $48,368,000 is disclosed as part of revenue for the comparative financial year ended 31 December 2017.

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

C. Adoption of SFRS(I) 9

As disclosed in Note 2.2(a)(ii), the Group and the Company has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017.

At the same time, the Group and the Company is exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that the disclosures required by the SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within the scope of the SFRS(I) 9.

The accounting policies for financial instruments under SFRS(I) 9 is as disclosed in Note 2.10.

C1. Classification and measurement of financial assets

For financial assets held by the Group and the Company on 1 January 2018, management has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under SFRS(I) 9. Material reclassifications resulting from management's assessment are disclosed below.

		Financial Assets			
	Note	AFS $'000	HTM $'000	Amortised cost* $'000	FVOCI $'000
Balance as at 31 December 2017 – before adoption of SFRS(I) 9		3,864	57,689	17,507	–
Reclassify non-trading equities from AFS to FVOCI	(i)	(3,864)	–	–	3,864
Reclassify debt securities from HTM to amortised cost	(ii)	–	(57,689)	57,689	–
Balance as at 1 January 2018 – after adoption of SFRS(I) 9		–	–	75,196	3,864

* Includes financial assets measured at amortised costs except for cash and cash equivalents.

(i) Equity investments reclassified from available-for-sale to FVOCI

The Group has elected to recognise changes in the fair value of all its equity investments not held for trading and previously classified as available-for-sale, in other comprehensive income. As a result, assets with a fair value of $3,864,000 were reclassified from "financial assets, available-for-sale" to "financial assets, at FVOCI" on 1 January 2018.

2. Significant accounting policies (continued)

2.2 Adoption of SFRS(I) (continued)

C. Adoption of SFRS(I) 9 (continued)

C1. Classification and measurement of financial assets (continued)

(ii) Reclassification from held-to-maturity to amortised cost

Debt securities amounting to $57,689,000 previously classified as "held-to maturity" were reclassified to "amortised cost" at 1 January 2018. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest. There was no difference between the previous carrying amount and the revised carrying amount of these financial assets at 1 January 2018.

(iii) Impairment of financial assets

The Group has trade receivables recognised under SFRS(I) 15 and debt instruments measured at amortised cost that are subject to the expected credit loss impairment model under SFRS(I) 9.

The impairment methodology under SFRS and SFRS(I) for each of the above stated classes of assets is different. The impairment methodology for each of these classes of financial assets under SFRS(I) 9 is as disclosed in Note 2.10(g) and Note 36(b).

(e) Reconciliation of the Company's equity reported in accordance with SFRS to SFRS(I)

The Company's opening balance sheet was prepared as at 1 January 2017, which was the Company's date of transition to SFRS(I). There were no material impact to the Company's balances on adoption of SFRS(I), except for the effects arising from the application of SFRS(I) 9, disclosed in Note 2.2 (C1) above.

2.3 Revenue recognition

(a) Sale of goods and consignment income

The Group operates departmental stores and supermarkets, selling various goods and products. Revenue from sale of goods and consignment income is recognised at a point in time when the goods are delivered to the customer. When the Group acts in the capacity of an agent rather than a principal in the sale of goods to customers, the revenue recognised is the net amount of commission made by the Group.

Payment of the transaction price is due immediately when the customer purchases the goods. However, the customer has a right to return the goods to the Group within 3 days of delivery to the customer. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date. No refund liability nor right to the returned goods are recognised for the products expected to be returned as the return rate is assessed to be insignificant based on accumulated experience of the Group.

2. Significant accounting policies (continued)

2.3 Revenue recognition (continued)

(a) *Sale of goods and consignment income* (continued)

Proceeds from sales of gift vouchers are initially recorded as contract liabilities and revenue recognised when the customers apply the gift vouchers on subsequent purchases of goods or when the gift vouchers expire.

The Group operates a loyalty programme where retail customers accumulate points for purchases made and such points can be converted into shopping vouchers which can be used on subsequent purchases. Revenue from the award points is recognised when the points are converted into vouchers and applied on subsequent purchases or when points or shopping vouchers expire.

The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point based on the discount granted when the points are redeemed and on the likelihood of redemption. Likelihood of redemption is estimated using past experience and redemption forecasts. The stand-alone selling price of the product sold is estimated on the basis of the retail price.

A contract liability is recognised until the points are redeemed or expire.

(b) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(c) *Interest income*

Interest income, including income arising from financial instruments, is recognised using the effective interest method.

(d) *Dividend income*

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

(e) *Technical fee*

Technical fee from an associated company is recognised when services are rendered.

2. Significant accounting policies (continued)

2.4 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) *Subsidiaries* (continued)

(iii) *Disposals*

When a change in the Group ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by SFRS(I).

Any retained equity interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in a subsidiary and an associated company" for the accounting policy on investment in a subsidiary in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) *Associated companies*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisitions*

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) *Associated companies* (continued)

(ii) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in a subsidiary and an associated company" for the accounting policy on investment in associated company in the separate financial statements of the Company.

2.5 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

Freehold land is stated at cost less accumulated impairment losses. All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Component of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The estimated cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring or using the asset for purpose other than to produce inventories.

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(b) *Depreciation*

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land, freehold and leasehold buildings	50 years
Leasehold improvements	4 - 10 years
Shop renovations, furniture, fixtures and fittings	10 years
Office and shop equipment	8 years
Motor vehicles	6 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and losses".

2.6 Investment property

Investment property include those portions of leasehold land and buildings that are held for long-term rental yields and/or for capital appreciation.

Investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation on the leasehold land and building is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life of 50 years. The residual value, useful life and depreciation method of investment property are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2. Significant accounting policies (continued)

2.7 Investments in a subsidiary and an associated company

Investments in a subsidiary and an associated company are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Club memberships

Club memberships are carried at cost less accumulated impairment losses in the balance sheet. On disposal of club membership, the difference between disposal proceeds and the carrying amount is recognised in profit or loss.

2.9 Impairment of non-financial assets

Property, plant and equipment
Investment property
Investments in a subsidiary and an associated company
Club memberships

Property, plant and equipment, investment property, investments in a subsidiary and an associated company and club memberships are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.10 Financial assets

The accounting for financial assets before 1 January 2018 are as follows:

(a) *Classification*

The Group classifies its financial assets in the following categories: loans and receivables, held-to-maturity and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(a) *Classification* (continued)

(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. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 12), "cash and cash equivalents" (Note 11), "rental deposits" (Note 22) and deposits paid within "other current assets" (Note 18) on the balance sheet.

(ii) *Financial assets, held-to-maturity*

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. The Group's financial assets, held-to-maturity include investments in fixed rate corporate bonds. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet which are presented as current assets.

(iii) *Financial assets, available-for-sale*

Financial assets, available-for-sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose off the assets within 12 months after the balance sheet date.

(b) *Recognition and derecognition*

Purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits 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 has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

Financial assets, available-for-sale are subsequently carried at fair value. Loans and receivables and financial assets, held-to-maturity are subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(d) *Subsequent measurement (Continued)*

Dividend income on financial assets, available-for-sale are recognised separately in income. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) *Impairment*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) *Loans and receivables/financial assets, held-to-maturity*

Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

(ii) *Financial assets, available-for-sale*

In addition to the objective evidence of impairment described in Note 2.10(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

The accounting for financial assets from 1 January 2018 are as follows:

(f) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income (FVOCI)

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, deposits (including rental deposits) and debt securities.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains / losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(g) *Impairment*

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 36 details how the Group determines whether there has been a significant increase in credit risk.

(h) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits 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 has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2. Significant accounting policies (continued)

2.13 Operating leases

(a) *When the Group is the lessee:*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) 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 expires, any payment made (or received) by the Group is recognised as an expense (or income) when termination takes place.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) *When the Group is the lessor:*

Assets leased out under operating leases are included in property, plant and equipment and investment properties and are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases of properties where the Group retains substantively all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.14 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost comprises all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Government grants relating to expenses are deducted in reporting the related expense.

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

2. Significant accounting policies (continued)

2.16 Income taxes (continued)

A deferred income tax liability is recognised on temporary differences arising on investments in a subsidiary and an associated company, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.17 Provisions for other liabilities and charges

Provisions for other liabilities are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated. Provisions are not recognised for future operating losses.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss for the period the changes in estimates arise except for asset dismantlement, removal and restoration costs, which are adjusted against the cost of the related property, plant and equipment unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract exists where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2. Significant accounting policies (continued)

2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(c) *Retirement benefits*

The Company operates an unfunded, retirement benefit scheme for its employees who joined the Company before a certain date. Benefits are payable based on the last drawn salary of the employees, who have completed service of at least 6 years with the Company and, have reached the requisite age as at the balance sheet date. Liability accrued under the scheme is the present value of the Company's benefit obligations at the balance sheet date. Present value is determined by discounting the estimated future cash outflows using the interest rates of corporate bonds that have terms to maturity approximating the average maturity period of the related liability. The Group has no further payment obligations once the benefit has been paid to the employee upon retirement.

2.19 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.20 Currency translation

(a) *Functional and presentation currency*

Items included in the 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 financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

2. **Significant accounting policies** (continued)

2.20 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments) and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.23 Dividend to Company's shareholders

Interim dividend is recorded in the financial year in which it is declared payable. Final and special dividends are recorded in the financial year in which the dividends are approved by the shareholders.

3. **Critical accounting estimates, assumptions and judgements**

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Assessment for impairment of property, plant and equipment ("PPE") and presence of onerous rental contracts

Continued losses in the Retail segment in the current financial year is an indicator of impairment of PPE (Note 2.9) and triggered the need for assessment for the presence of onerous rental contracts (Note 27(a)).

3. Critical accounting estimates, assumptions and judgements (continued)

Assessment for impairment of property, plant and equipment ("PPE") and presence of onerous rental contracts (continued)

(i) *Assessment for impairment of PPE*

The recoverable amounts of property, plant and equipment of $27,984,000 (Note 24) and, when applicable, the CGU, have been determined based on the higher of fair value less costs to sell ("FVLCTS") and value-in-use ("VIU") methods.

In the current financial year, an impairment charge of $11,887,000 was recorded to reduce the carrying value of PPE in each loss-making retail stores under the Retail segment to their estimated recoverable amounts, obtained based on the VIU method. VIU is determined using cash flow projections based on financial budgets prepared by management.

Significant judgement is used to determine the discount rate and growth rates used in VIU computations. If the growth rates and discount rate applied were 5% lower/higher respectively, no additional impairment charge would have been recognised on the Group's PPE under the Retail segment.

In the current financial year, no impairment charge was recorded on the corporate assets (land and buildings) in the Retail segment. The recoverable amounts of the corporate assets were obtained based on the FVLCTS method. The fair values of these properties are based on valuations obtained from professional property valuers. Significant judgement is used to determine the capitalisation rate and the market comparables used in the valuation model (see Note 24(b)). If the valuations were 5% lower, no additional impairment charge would have been recognised on the Group's PPE under the Retail segment.

(ii) *Assessment for presence of onerous rental contracts*

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceeds the economic benefits expected to be received under it. In computing the unavoidable costs under the rental contracts, management had included only incremental costs to operate the rented retail spaces. The present obligation under an onerous contract is recognised and measured as a provision.

Significant judgement is used to determine the discount rate and growth rates used in the onerous rental contracts computation. If the growth rates and discount rate applied were 2% lower and 1% higher than that assumed in the onerous contracts computations, additional charge of approximately $1,600,000 would be recognised on onerous rental contracts.

4. Revenue

	The Group	
	2018	2017
	$'000	$'000
Sale of goods (Note(a))	**65,528**	69,047
Consignment income (Note(a))	**46,738**	48,368
Rental income from investment property	**9,905**	11,460
	122,171	128,875

4. **Revenue** (continued)

(a) Revenue from contracts with customers

(i) Disaggregation of revenue from contracts with customers

The Group derives revenue from contracts with customers through the transfer of goods at a point in time and these pertain to retail revenue derived in Singapore.

(ii) Contract liabilities

		The Group and The Company		
		31 December		**1 January**
	Note	**2018**	2017	2017
		$'000	$'000	$'000
Contract liabilities				
– Deferred revenue – loyalty programme	25	**496**	623	833
– Deferred revenue – gift voucher sales	25	**2,106**	2,180	3,524
Total contract liabilities		**2,602**	2,803	4,357

Contract liabilities for deferred revenue has decreased due to lower loyalty programme sales and timing difference between the sale and redemption of gift vouchers during the current financial year.

Revenue recognised in relation to contract liabilities

	The Group	
	2018	2017
	$'000	$'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
– Deferred revenue – loyalty programme	**623**	833
– Deferred revenue – gift voucher sales	**2,180**	3,524

As permitted under SFRS(I)15, the aggregated transaction price allocated to unsatisfied contract of periods one year or less is not disclosed.

5. Other income

	The Group	
	2018	2017
	$'000	$'000
Rental income	**4,052**	2,966
Sundry income	**689**	2,501
Dividend income		
- Quoted equity securities, at FVOCI	**124**	110
Technical fee from an associated company	**113**	99
Interest income from financial assets measured at amortised cost		
- Fixed deposits	**490**	410
- Investments	**2,518**	2,017
- Others	**117**	158
	8,103	8,261

Included in the rental income above is contingent rent of $237,000 (2017: nil). The contingent rent was computed based on sales achieved by a lessee.

6. Other (losses)/gains - net

Included in other (losses)/gains are the following items:

	The Group	
	2018	2017
	$'000	$'000
Financial assets, available-for-sale		
- Reclassification from other comprehensive income on disposal (Note 31)	**–**	28
Impairment loss on financial assets (Note 15)	**(1,273)**	–
Gain on disposal of club membership	**28**	–

7. Employee compensation

	The Group	
	2018	2017
	$'000	$'000
Wages and salaries	**16,647**	17,265
Employer's contribution to defined contribution plans including Central Provident Fund	**1,612**	1,679
Retirement benefit scheme (credit)/expense (Note 26)	**(263)**	129
	17,996	19,073
Less: Government Grants	**(295)**	(502)
	17,701	18,571

7. Employee compensation (continued)

Government grants relate to the Special Employment Credit ("SEC") and Wage Credit Scheme ("WCS").

The SEC was introduced as a Budget Initiative in 2011 to support employers, and to raise the employability of older Singaporeans. This initiative was extended in Budget 2016 for three years, from 1 January 2017 to 31 December 2019, to provide wage offsets to employers hiring Singaporean workers aged above 55 and earning up to $4,000 a month.

The WCS was introduced in Budget 2013 for support to businesses affected by economic restructuring to manage rising labour costs. This initiative was extended in Budget 2018 for three years, from 1 January 2018 to 31 December 2020, to support businesses embarking on transformation efforts and encourage sharing of productivity gains with workers.

8. Rental expense and other expenses

(a) Rental expense

Lease payment recognised as rental expense includes contingent rental expense of $629,000 (2017: $443,000) provided on a percentage of sales derived from the rented retail spaces in the current year.

(b) Other expenses

Included in other expenses are the following items:

	The Group	
	2018	2017
	$'000	$'000
Property, plant and equipment and investment properties written off	**52**	402
Write-back of impairment of receivables	**–**	(50)
Amortisation of capitalised letting fees	**93**	78
Royalty	**1,302**	1,348
Utilities	**2,231**	2,170
Advertising and promotion	**2,817**	3,287
Supplies, repair and maintenance	**3,421**	3,635
Credit card commissions	**2,969**	2,847
License fees, property and miscellaneous taxes	**1,190**	1,446
Delivery	**1,134**	1,000

9. Income tax

Income tax credit

	The Group	
	2018	2017
	$'000	$'000
Tax credit attributable to the results for the financial year is made up of:		
Overprovision in preceding financial years:		
– Current income tax	**–**	(15)
	–	(15)

The tax on the Group's (loss)/profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	The Group	
	2018	2017
	$'000	$'000
(Loss)/profit before tax	**(13,715)**	2,112
Share of profit of an associated company	**(258)**	(225)
(Loss)/profit before tax and share of profit of an associated company	**(13,973)**	1,887
Tax calculated at a tax rate of 17% (2017: 17%)	**(2,375)**	321
Tax incentives and rebates	**–**	(24)
Expenses not deductible for tax purposes	**2,879**	912
Income not subject to tax	**(2)**	(7)
Deferred tax assets not recognised	**–**	249
Utilisation of previously unrecognised deferred tax assets	**(335)**	(1,303)
Income taxed at concessionary rate	**(167)**	(148)
Overprovision in preceding financial years	**–**	(15)
Tax credit	**–**	(15)

Interest income derived from financial assets that are qualified as Qualifying Debt Securities are subject to 10% concessionary tax rate.

As at 31 December 2018, the Group has carried forward tax losses of $251,000 (2017: $593,000) and capital allowances of $9,800,000 (2017: $17,937,000), of which the unrecognised deductible temporary differences as at 31 December 2018 is nil (2017: $3,100,000).

The tax losses and capital allowances have no expiry date and can be carried forward and used to offset against future taxable income subject to the provisions of Section 37 of the Income Tax Act, Cap 134.

10. (Loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2018	2017
Net (loss)/profit attributable to equity holders of the Company ($'000)	**(13,715)**	2,127
Weighted average number of ordinary shares in issue for calculation of basic earnings per share ('000)	**41,250**	41,250
Basic (loss)/earnings per share	**(33.25) cents**	5.16 cents

There are no dilutive shares, hence fully diluted (loss)/earnings per share equal to the basic loss per share of 33.25 cents (2017: earnings per share of 5.16 cents).

11. Cash and cash equivalents

	The Group			The Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Cash at bank and on hand	**13,678**	8,675	12,813	**13,678**	8,544	12,657
Fixed deposits with financial institutions	**37,028**	49,052	41,875	**37,028**	49,052	30,003
	50,706	57,727	54,688	**50,706**	57,596	42,660

The fixed deposits with financial institutions mature on varying dates within 4 months (31 December 2017: 3 months; 1 January 2017: 3 months) from the financial year end.

The weighted average effective interest rates for the fixed deposits are as follows:

	The Group			The Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	%	%	%	**%**	%	%
Interest rates on fixed deposits	**1.77**	1.20	1.01	**1.77**	1.20	0.97

The exposure of cash and cash equivalents to interest rate risk and currency risk is disclosed in Note 36.

12. Trade and other receivables

(a) Current

	The Group			The Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Trade receivables						
- Immediate holding corporation (Note 34)	**139**	150	125	**139**	150	125
- Non-related parties	**6,067**	7,307	10,489	**6,067**	7,307	10,489
- Associated company	**119**	108	71	**119**	108	71
	6,325	7,565	10,685	**6,325**	7,565	10,685
Less: Allowance for impairment of receivables - non-related parties	**(30)**	(30)	(80)	**(30)**	(30)	(80)
	6,295	7,535	10,605	**6,295**	7,535	10,605
Staff loans [Note 12(b)]	**37**	75	113	**37**	75	113
Interest receivable	**713**	562	559	**713**	562	558
Accrued receivables	**541**	1,434	1,016	**541**	1,434	1,016
Other recoverables – non-related party	**288**	1,057	–	**288**	1,057	–
	7,874	10,663	12,293	**7,874**	10,663	12,292

(b) Non-current

	The Group and The Company		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Other receivables:			
- Other recoverables - non-related party	**–**	288	–
- Staff loans	**35**	77	165
- Deposit paid - others	**84**	82	81
	119	447	246

12. Trade and other receivables (continued)

(b) Non-current (continued)

	The Group and The Company		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Staff loans:			
- Not later than one year [Note 12(a)]	**37**	75	113
- Later than one year but not later than five years	**35**	77	165
	72	152	278

(c) At the balance sheet date the carrying amounts of trade and other receivables (current and non-current) approximated their fair values. The exposure to currency risk of trade and other receivables (current and non-current) is disclosed in Note 36(a).

13. Financial assets, at FVOCI

	The Group and The Company	
	2018	2017
	$'000	$'000
Beginning of financial year	**–**	–
Reclassification at 1 January 2018*	**3,864**	–
Fair value losses	**(125)**	–
Additions	**5**	–
End of financial year	**3,744**	–

* See Note 2.2 for details of reclassification as at 1 January 2018 on adoption of SFRS(I) 9.

	The Group and The Company	
	2018	2017
	$'000	$'000
Non-current assets		
Quoted equity securities:		
- Ascendas Reit	**1,924**	–
- Others	**123**	–
	2,047	–
Unquoted equity:		
- Isetan Japan Sdn. Bhd.	**1,697**	–
	1,697	–
Total	**3,744**	–

14. Financial assets, available-for-sale

	The Group		The Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**3,864**	3,455	**3,864**	3,429
Reclassification at 1 January 2018*	**(3,864)**	–	**(3,864)**	–
Additions	**–**	82	**–**	82
Fair value gain recognised in other comprehensive income	**–**	358	**–**	353
Disposals	**–**	(31)	**–**	–
End of financial year	**–**	3,864	**–**	3,864

* See Note 2.2 for details of reclassification as at 1 January 2018 on adoption of SFRS(I) 9.

	The Group		The Company	
	31 December	**1 January**	**31 December**	**1 January**
	2017	2017	2017	2017
	$'000	$'000	$'000	$'000
Quoted securities:				
Equity securities				
– Singapore Exchange	2,167	1,758	2,167	1,732
Unquoted securities:				
Equity securities				
– Fellow subsidiary	1,697	1,697	1,697	1,697
	3,864	3,455	3,864	3,429

Financial assets, available-for-sale are denominated in the following currencies:

	The Group		The Company	
	31 December	**1 January**	**31 December**	**1 January**
	2017	2017	2017	2017
	$'000	$'000	$'000	$'000
Singapore Dollar	2,167	1,758	2,167	1,732
Malaysia Ringgit	1,697	1,697	1,697	1,697
	3,864	3,455	3,864	3,429

15. Other investments at amortised cost

	The Group and The Company	
	2018	2017
	$'000	$'000
Beginning of financial year	**–**	–
Reclassification at 1 January 2018*	**57,689**	–
Additions – net	**12,059**	–
Impairment:		
– At 1 January 2018*	**–**	–
– Recognised in profit and loss during the year	**(1,273)**	–
End of financial year	**68,475**	–

* See Note 2.2 for details of reclassification as at 1 January 2018 on adoption of SFRS(I) 9.

	The Group and The Company		
	Carrying amount	**Fair Value**	**Weighted average effective interest rate**
	$'000	**$'000**	**%**
As at 31 December 2018			
(i) Current			
Bonds with fixed interest rates ranging from 2.22% to 5.20% per annum and the maturity dates ranging from 7 September 2018 to 30 October 2019	5,040	4,478	4.50
	5,040		
Less: Loss allowance	(1,033)		
	4,007		
(ii) Non-Current			
Bonds with fixed interest rates ranging from 2.95% to 7.15% per annum and the maturity dates ranging from 14 January 2020 to 19 October 2027	64,708	64,433	3.82
	64,708		
Less: Loss allowance	(240)		
	64,468		

The fair values of bonds are based on regular statements provided by a financial institution of high credit quality. The bonds held by the Group and the Company mainly comprise of listed bonds for which the fair values of such bonds are based on the current price quoted in active markets (Level 1 of the fair value hierarchy). For unlisted bonds, the fair values are based on information provided by financial institutions of good credit standing.

The bonds are denominated in Singapore Dollars and the exposure to the interest rate risk and currency risk is disclosed in Note 36.

16. Financial assets, held-to-maturity

	The Group and The Company	
	31 December 2017 $'000	1 January 2017 $'000
(i) Current		
As at 31 December 2017, bonds with fixed interest rates ranging from 3.88% to 4.75% per annum (1 January 2017: 2.95% to 6.50% per annum) and the maturity dates ranging from 24 January 2018 to 23 October 2018 (1 January 2017: 1 February 2017 to 28 November 2017)	4,508	11,753
(ii) Non-current		
As at 31 December 2017, bonds with fixed interest rates ranging from 2.22% to 7.00% per annum (1 January 2017: 2.625% to 7.20% per annum) and the maturity dates ranging from 11 March 2019 to 19 October 2027 (1 January 2017: 24 January 2018 to 23 March 2027)	53,181	44,534
	57,689	56,287

The weighted average effective interest rates for the bonds are as follows:

	The Group and The Company	
	31 December 2017 %	1 January 2017 %
(i) Current		
As at 31 December 2017, bonds with fixed interest rates ranging from 3.88% to 4.75% per annum (1 January 2017: 2.95% to 6.50% per annum) and the maturity dates ranging from 24 January 2018 to 23 October 2018 (1 January 2017: 1 February 2017 to 28 November 2017)	3.91	4.37
(ii) Non-current		
As at 31 December 2017, bonds with fixed interest rates ranging from 2.22% to 7.00% per annum (1 January 2017: 2.625% to 7.20% per annum) and the maturity dates ranging from 11 March 2019 to 19 October 2027 (1 January 2017: 24 January 2018 to 23 March 2027)	3.65	3.74

16. Financial assets, held-to-maturity (continued)

The fair values of the bonds at the balance sheet date are as follows:

	The Group and The Company	
	31 December 2017	1 January 2017
	$'000	$'000
(i) Current		
As at 31 December 2017, bonds with fixed interest rates ranging from 3.88% to 4.75% per annum (1 January 2017: 2.95% to 6.50% per annum) and the maturity dates ranging from 24 January 2018 to 23 October 2018 (1 January 2017: 1 February 2017 to 28 November 2017)	4,447	11,710
(ii) Non-current		
As at 31 December 2017, bonds with fixed interest rates ranging from 2.22% to 7.00% per annum (1 January 2017: 2.625% to 7.20% per annum) and the maturity dates ranging from 11 March 2019 to 19 October 2027 (1 January 2017: 24 January 2018 to 23 March 2027)	54,537	44,761
	58,984	56,471

The fair values of bonds are based on regular statements provided by a financial institution of high credit quality. The bonds held by the Group and the Company mainly comprise of listed bonds for which the fair values of such bonds are based on the current price quoted in active markets (Level 1 of the fair value hierarchy). For unlisted bonds, the fair values are based on information provided by financial institutions of good credit standing.

The financial assets, held-to-maturity are denominated in Singapore Dollars and the exposure to interest rate risk and currency risk is disclosed in Note 36.

The above investments have been reclassified to "Other investments at amortised cost" (Note 15) on adoption of SFRS(I) 9. See Note 2.2 for details of reclassification as at 1 January 2018 on adoption of SFRS(I) 9.

17. Inventories

	The Group and The Company		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Merchandise	**9,809**	10,020	11,489

The cost of inventories recognised as expense amounts to $47,381,000 (31 December 2017: $49,484,000).

Inventory write down of $126,000 (31 December 2017: $140,000) has been included in "Purchases of inventories and related costs" in profit or loss.

18. Other current assets

	The Group and The Company		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Deposits paid	**44**	41	71
Prepayments	**2,884**	2,820	613
Others	**17**	17	25
	2,945	2,878	709

19. Club memberships

	The Group and The Company	
	2018	2017
	$'000	$'000
Cost		
Beginning of financial year	**771**	770
Add: Top up of membership fees	**32**	1
Less: Disposal of club membership	**(64)**	–
End of financial year	**739**	771

	The Group and The Company	
	2018	2017
	$'000	$'000
Accumulated impairment		
Beginning of financial year	**535**	535
Impairment loss	**16**	–
Less: Disposal of club membership	**(47)**	–
End of financial year	**504**	535
Net book value		
End of financial year	**235**	236

20. Investment in an associated company

	The Group		The Company		
			31 December		1 January
	2018	2017	**2018**	2017	2017
	$'000	$'000	**$'000**	$'000	$'000
Equity investment at cost			**6,224**	5,305	5,305
Less: Impairment loss			**(2,707)**	(2,707)	(2,707)
			3,517	2,598	2,598
Beginning of financial year	**340**	124			
Share of profit	**258**	225			
Additions	**920**	–			
Translation loss	**(6)**	(9)			
End of financial year	**1,512**	340			

Name of company	Principal activity	Country of business/ incorporation	Equity holding		
			31 December		1 January
			2018	2017	2017
			%	%	%
Chengdu Isetan Company Limited*	Retailing of general merchandise	People's Republic of China	**23**	23	23

* Audited by Ernst & Young Hua Ming – Chengdu Branch.

On 26 January 2018, the Company made an additional capital contribution into the associated company amounting to 699,000 United States Dollars (approximately $920,000). Subsequent to this, the Company's equity holding in the associated company is 23%.

Summarised financial information for the associated company

Summarised balance sheet

	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Current assets	**17,708**	11,937	10,848
Current liabilities	**(16,397)**	(15,190)	(14,801)
Non-current assets	**5,235**	4,726	4,492

20. Investment in an associated company (continued)

Summarised statement of comprehensive income

	For the year ended 31 December	
	2018	2017
	$'000	$'000
Revenue	**87,576**	77,542
Profit from continuing operations	**1,107**	942
Total comprehensive income	**1,107**	942

The information above reflects the amounts presented in the financial statements of the associated company (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated company.

There are no contingent liabilities relating to the Group's interest in the associated company.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in the associated company, is as follows:

	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Net assets	**6,546**	1,473	539
Group's equity interest	**23%**	23%	23%
Group's share of net asset	**1,512**	340	124
Carrying value	**1,512**	340	124

21. Investment in a subsidiary

	The Company		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Unquoted equity investment, at cost	**–**	*	5,000

21. Investment in a subsidiary (continued)

The wholly-owned subsidiary, which was incorporated in and whose business was carried on in Singapore, is:

Name of subsidiary	Principal activities
Lexim (Singapore) Pte. Ltd.	Wholesaling and retailing of general merchandise**

* Amount is less than $1,000

** The activities of the subsidiary were scaled down with effect from 16 February 2001 and it had since remained inactive, earning mainly rental income from its investment property. The subsidiary disposed of its property on 15 September 2017.

On 5 October 2017, the subsidiary completed a capital reduction exercise and the proceeds from this reduction were returned to the Company. The subsidiary was subsequently struck off on 7 May 2018 and the Company ceased to hold any investment in the subsidiary.

22. Rental deposits

Rental deposits relate to deposits for securing the due performance of the Company for the rental of premises. At the balance sheet date, their carrying amounts approximated their fair values.

23. Investment property

	The Group and The Company	
	2018	2017
	$'000	$'000
Cost		
Beginning of financial year	**76,087**	75,673
Additions	**1,447**	421
Letting fees	**–**	9
Disposal/write-off	**–**	(16)
End of financial year	**77,534**	76,087
Accumulated depreciation		
Beginning of financial year	**46,398**	44,187
Depreciation charge	**2,245**	2,143
Amortisation of letting fees	**71**	70
Disposal/write-off	**–**	(2)
End of financial year	**48,714**	46,398
Net book value		
End of financial year	**28,820**	29,689

(a) The investment property is leased to non-related parties under operating leases [Note 35(b)].

23. Investment property (continued)

(b) The investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The fair value of the investment property at 31 December 2018 is $290,669,000 (2017: $290,682,000) as determined by an independent professional valuer and after deducting any estimated cost to completion. The fair value of the investment property is classified as Level 3 fair value measurement (definition of Level 3 is in Note 24(b)). Valuation is made annually using the income method and/or direct comparison method, based on the property's highest-and-best use.

(c) The following amounts are recognised in profit or loss.

	The Group	
	2018	2017
	$'000	$'000
Rental income from investment properties	**9,905**	11,460
Direct operating expenses arising from investment properties that generated rental income	**5,456**	5,522

24. Property, plant and equipment

	Freehold land and buildings $'000	Leasehold land, buildings and improvements $'000	Shop renovations, furniture, fixtures and fittings $'000	Office and shop equipment $'000	Motor vehicles $'000	Total $'000
<u>The Group and The Company</u>						
2018						
<u>Cost</u>						
Beginning of financial year	27,971	4,548	45,469	43,960	425	122,373
Additions	–	50	68	311	–	429
Disposal/write-off	–	–	(131)	–	–	(131)
End of financial year	27,971	4,598	45,406	44,271	425	122,671
<u>Accumulated depreciation and impairment</u>						
Beginning of financial year	4,128	3,256	33,927	36,812	324	78,447
Depreciation charge	215	216	2,083	1,865	53	4,432
Impairment charge	–	132	7,331	4,424	–	11,887
Disposal/write-off	–	–	(79)	–	–	(79)
End of financial year	4,343	3,604	43,262	43,101	377	94,687
Net book value						
End of financial year	**23,628**	**994**	**2,144**	**1,170**	**48**	**27,984**

24. Property, plant and equipment (continued)

	Freehold land and buildings $'000	Leasehold land, buildings and improvements $'000	Shop renovations, furniture, fixtures and fittings $'000	Office and shop equipment $'000	Motor vehicles $'000	Total $'000
The Group and The Company						
2017						
Cost						
Beginning of financial year	27,971	4,500	46,047	44,261	425	123,204
Additions	–	48	1,204	144	–	1,396
Disposal/write-off	–	–	(1,782)	(445)	–	(2,227)
End of financial year	27,971	4,548	45,469	43,960	425	122,373
Accumulated depreciation and impairment						
Beginning of financial year	3,913	2,995	32,911	35,072	268	75,159
Depreciation charge	215	261	2,502	2,093	56	5,127
Disposal/write-off	–	–	(1,486)	(353)	–	(1,839)
End of financial year	4,128	3,256	33,927	36,812	324	78,447
Net book value						
End of financial year	**23,843**	**1,292**	**11,542**	**7,148**	**101**	**43,926**

(a) Continued losses in the Retail segment in the current financial year is an indicator of impairment of PPE and triggered the need for impairment assessment.

In 2018, an impairment charge of $11,887,000 was recorded to reduce the carrying values of PPE in each loss-making retail stores under the Retail segment to their estimated recoverable amounts. No impairment charge was recorded on the corporate assets (land and buildings) in the Retail segment.

The recoverable amounts of the PPE in the loss making retail stores are obtained based on the VIU method (Note 3(i)) and the discount rate used at 31 December 2018 was 9%. The growth rates applied in the VIU computation are based on financial budgets prepared by management and the identification of CGU (2018: retail store; 2017: Retail segment) is in line with the Company's strategic objective in managing the Retail segment.

The recoverable amount of the freehold land and buildings under the Retail segment is based on the FVLCTS method (Note 3(i)). The fair values of these properties at the balance sheet date were determined by independent professional valuers, taking into account recently transacted values and capitalisation rates for similar properties (see Note 24(b)). The fair values of the properties are classified as Level 3 fair value measurement.

24. Property, plant and equipment (continued)

(b) Fair value hierarchy

Fair value measurement hierarchy is defined as follows:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Level 3 fair values of the properties have been derived using one or more of the following valuation approach:

(i) the Direct Comparison Method where properties are valued using transacted prices for comparable properties in the vicinity and elsewhere with necessary adjustments made for differences in location, tenure, size, shape, design, layout, age and condition of the buildings, availability of car parking facilities, date of transactions and the prevailing market conditions. The most significant input to the valuation approach would be the selling price per square foot.

(ii) the Income Method where the net rental income after property tax is capitalised at a rate which reflects the present and potential income growth and over the unexpired lease term. The most significant input to the valuation approach would be the capitalisation rate.

24. Property, plant and equipment (continued)

(b) Fair value hierarchy (continued)

The following table presents the valuation techniques and key inputs that were used to determine the fair values of properties categorised under Level 3 of the fair value hierarchy:

Description	Fair value $'000 2018	Valuation techniques	Unobservable inputs	Range of Unobservable inputs	Relationship of unobservable inputs to fair value	Valuation determined by
Isetan Office Building	**25,800** (31 December 2017: 23,400; 1 January 2017: 23,400)	Direct Comparison Method	- Adopted value per square foot ("psf")	2018: $1,441 psf (31 December 2017: $1,411 psf; 1 January 2017: $1,411 psf)	The higher the adopted value, the higher the fair value.	Independent professional valuer
		Income Method	- Capitalisation rate	2018: 2.65% (31 December 2017: 2.85%; 1 January 2017: 3%)	The lower the capitalisation rate, the higher the fair value.	
Kallang Pudding Warehouse	**28,000** (31 December 2017: 26,700; 1 January 2017: 27,200)	Direct Comparison Method	- Adopted value per square foot ("psf")	2018: $532 psf (31 December 2017: $486 psf; 1 January 2017: $495 psf)	The higher the adopted value, the higher the fair value.	Independent professional valuer
		Income Method	- Capitalisation rate	2018: 3.5% (31 December 2017: 3.5%; 1 January 2017: 3.5%)	The lower the capitalisation rate, the higher the fair value.	
Valley Park Condominium	**2,400** (31 December 2017: 2,160; 1 January 2017: 2,000)	Direct Comparison Method	- Adopted value per square foot ("psf")	2018: $1,770 psf (31 December 2017: $1,593 psf; 1 January 2017: $1,475 psf)	The higher the adopted value, the higher the fair value.	Independent professional valuer

25. Trade and other payables

	The Group			The Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Current						
Trade payables	**30,871**	31,047	34,344	**30,871**	31,047	34,344
Rental deposits received	**1,168**	1,036	571	**1,168**	1,036	571
Rental in advance	**1,231**	1,152	1,229	**1,231**	1,152	1,229
Provision for unutilised leave [Note 25(a)]	**264**	163	513	**264**	163	513
Provision for retirement benefits (Note 26)	**217**	51	97	**217**	51	97
Other creditors	**822**	803	728	**822**	803	728
Deferred revenue – loyalty programme	**496**	623	833	**496**	623	833
Deferred revenue – gift voucher sales	**2,106**	2,180	3,524	**2,106**	2,180	3,524
Accrued royalty payable to immediate holding corporation	**1,302**	1,348	1,454	**1,302**	1,348	1,454
Accruals and other liabilities	**4,549**	6,077	3,893	**4,549**	6,077	3,884
	43,026	44,480	47,186	**43,026**	44,480	47,177
Non-current						
Rental deposits received	**2,892**	2,655	3,312	**2,892**	2,655	3,312
Provision for retirement benefits (Note 26)	**992**	1,585	1,933	**992**	1,585	1,933
	3,884	4,240	5,245	**3,884**	4,240	5,245

The exposure of trade and other payables to currency risk is disclosed in Note 36(a).

(a) Provision for unutilised leave

	The Group and The Company	
	2018	2017
	$'000	$'000
Beginning of financial year	**163**	513
Utilised during the year	**(60)**	(56)
Charged to profit or loss/(Write back during the year)	**161**	(294)
End of financial year	**264**	163

26. Provision for retirement benefits

	The Group and The Company	
	2018	2017
	$'000	$'000
Beginning of financial year	**1,636**	2,030
Utilised during the year	**(153)**	(103)
(Credited)/charged to profit or loss as employee compensation	**(263)**	129
Actuarial gain on retirement benefit obligation	**(11)**	(420)
End of financial year	**1,209**	1,636
Not later than one year	**217**	51
Later than one year	**992**	1,585
	1,209	1,636

The Company engaged an independent qualified actuary to calculate the defined benefit obligation using the Projected Unit Credit Method in 2016, 2017 and 2018 respectively. The present value of obligation calculated by the qualified actuary approximates the carrying amount of the liabilities recorded by the Company.

The key assumptions used were as follows:

	The Group and The Company		
	31 December		1 January
	2018	2017	2017
	%	%	%
Discount rate	**2.30**	1.80	1.45
Salary growth rate	**0.50 – 3.00***	0.50 – 3.00**	3.00
Turnover and early retirement rates by age groups	**0.00 – 35.00**	0.00 – 40.00	0.00 – 40.00

* 0.50% per annum for first two years and 3% thereafter

** 0.50% per annum for the first three years and 3% thereafter

27. Provisions for other liabilities and charges

	The Group and The Company		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Current			
Provision for onerous rental contract (Note (a))	**1,754**	–	–
Provisions for other liabilities (Note (b))	**281**	–	–
	2,035	–	–
Non-current			
Provision for onerous rental contract (Note (a))	**626**	–	–
Provisions for other liabilities (Note (b))	**1,722**	1,930	1,938
	2,348	1,930	1,938

(a) Provision for onerous rental contracts

The Company leases various retail stores under non-cancellable rental contracts. As at 31 December 2018, certain rental contracts are onerous as the unavoidable costs exceed the expected economic benefits arising from the contracts. Accordingly, provision for onerous contracts of $2,380,000 was recognised in the current financial year (2017: nil).

(b) Provisions for other liabilities

Provisions for other liabilities 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.

Movements in these provisions were as follows:

	The Group and The Company	
	2018	2017
	$'000	$'000
Beginning of financial year	**1,930**	1,938
Utilised during the year	**–**	(98)
Increase in provisions for other liabilities and charges	**73**	90
End of financial year	**2,003**	1,930

28. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

The Group and The Company

Deferred income tax liabilities

	Accelerated tax depreciation $'000	Others $'000	Total $'000
At 1 January 2018	**–**	**353**	**353**
Charged/(credited) to profit or loss	638	(232)	406
At 31 December 2018	**638**	**121**	**759**
At 1 January 2017	**51**	**292**	**343**
(Credited)/charged to profit or loss	(51)	61	10
At 31 December 2017	**–**	**353**	**353**

Deferred income tax assets

	Provisions $'000
At 1 January 2018	**(353)**
Credited to profit or loss	(406)
At 31 December 2018	**(759)**
At 1 January 2017	**(343)**
Credited to profit or loss	(10)
At 31 December 2017	**(353)**

29. Share capital

The Company's share capital comprises fully paid-up 41,250,000 (31 December 2017: 41,250,000; 1 January 2017: 41,250,000) ordinary shares with no par value, amounting to a total of $91,710,000 (31 December 2017: $91,710,000; 1 January 2017: $91,710,000).

30. General reserve

The general reserve of the Group and the Company is distributable. The general reserve is to meet contingencies or for such other purposes as the Directors shall determine to be conducive to the interests of the Company.

31. Fair value reserve

	The Group		The Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**1,608**	1,278	**1,608**	1,255
Financial assets, at FVOCI/available-for-sale				
- Fair value (loss)/gain (Note 13) (2017: Note 14)	**(125)**	358	**(125)**	353
- Reclassification to profit or loss (Note 6)	**–**	(28)	**–**	–
End of financial year	**1,483**	1,608	1,483	1,608

32. Retained earnings

(a) Retained earnings of the Group and the Company are distributable.

(b) Movements in retained earnings for the Company are as follows:

	The Company	
	2018	2017
	$'000	$'000
Beginning of financial year	**64,714**	57,983
Net (loss)/profit for the financial year	**(13,843)**	8,794
Dividend paid (Note 33)	**(2,063)**	(2,063)
End of financial year	**48,808**	64,714

Movements in retained earnings for the Group are shown in the Consolidated Statement of Changes in Equity.

33. Dividend

	The Group and The Company	
	2018	2017
	$'000	$'000
Ordinary dividend paid		
Final dividend of 5.0 cents (2017: final dividend of 5.0 cents) per share, in respect of the financial year ended 2017 (2017: financial year ended 2016)	**2,063**	2,063

The Directors have proposed a final dividend for the financial year ended 31 December 2018 of 5.0 cents per share amounting to $2,062,500 (2017: 5.0 cents per share amounting to $2,062,500). These financial statements do not reflect this proposed dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

34. Immediate and ultimate holding corporation

The Company's immediate holding corporation is Isetan Mitsukoshi Ltd, incorporated in Japan. The ultimate holding corporation is Isetan Mitsukoshi Holdings Ltd, incorporated in Japan.

35. Commitments

(a) Operating lease commitments – where the Group is a lessee

The Group has various operating lease agreements with non-related parties for its store outlets. Most leases contain renewal options. Certain leases contain escalation clauses and provide for contingent rentals based on percentage of sales derived from the relevant outlets. The lease agreements do not contain any restriction on the Group's activities concerning dividend, additional debt or further leasing.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	The Group and The Company		
	31 December		**1 January**
	2018	2017	2017
	$'000	$'000	$'000
Not later than one year	**35,583**	38,581	38,381
Later than one year but not later than five years	**14,685**	54,803	87,319
	50,268	93,384	125,700

(b) Operating lease commitments – where the Group is a lessor

The Group leases out certain shop, warehouse and office building spaces to non-related parties. The future aggregate minimum lease receivable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	The Group and The Company		
	31 December		**1 January**
	2018	2017	2017
	$'000	$'000	$'000
Not later than one year	**12,600**	12,770	13,584
Later than one year but not later than five years	**16,946**	18,792	27,829
More than five years	**–**	–	1,699
	29,546	31,562	43,112

35. Commitments (continued)

(c) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	The Group and The Company		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Investment property	**531**	1,118	2,120

36. Financial risk management

The Board of Directors provides guidelines for overall risk management as well as policies covering specific areas.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department under policies approved by the Board of Directors.

36. Financial risk management (continued)

(a) Market risk

(i) *Currency risk*

The Group operates locally and has limited exposure to currency risk arising from sales and purchases transactions denominated in Japanese Yen ("Yen") and investment denominated in Malaysia Ringgit ("MYR"). The cash flows of the Group and its financial assets and liabilities are mainly denominated in Singapore Dollars ("SGD").

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	Yen $'000	MYR $'000	Others $'000	Total $'000
At 31 December 2018					
Financial assets:					
Cash and cash equivalents	50,500	206	–	–	50,706
Trade and other receivables	7,735	139	–	119	7,993
Financial assets, at FVOCI	2,047	–	1,697	–	3,744
Other investment at amortised cost	68,475	–	–	–	68,475
Other financial assets	6,401	–	–	–	6,401
	135,158	345	1,697	119	137,319
Financial liabilities:					
Trade and other payables	41,575	8	–	21	41,604
Net financial assets	**93,583**	**337**	**1,697**	**98**	**95,715**
Less: Net financial assets denominated in the respective entities' functional currencies	(93,583)	–	–	–	(93,583)
Currency exposure	**–**	**337**	**1,697**	**98**	**2,132**
At 31 December 2017					
Financial assets:					
Cash and cash equivalents	57,409	315	–	3	57,727
Trade and other receivables	10,998	4	–	108	11,110
Financial assets, available-for-sale	2,167	–	1,697	–	3,864
Financial assets, held-to-maturity	57,689	–	–	–	57,689
Other financial assets	6,397	–	–	–	6,397
	134,660	319	1,697	111	136,787
Financial liabilities:					
Trade and other payables	42,945	21	–	–	42,966
Net financial assets	**91,715**	**298**	**1,697**	**111**	**93,821**
Less: Net financial assets denominated in the respective entities' functional currencies	(91,715)	–	–	–	(91,715)
Currency exposure	**–**	**298**	**1,697**	**111**	**2,106**

36. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

	SGD $'000	Yen $'000	MYR $'000	Others $'000	Total $'000
At 1 January 2017					
Financial assets:					
Cash and cash equivalents	54,356	328	–	4	54,688
Trade and other receivables	12,464	4	–	71	12,539
Financial assets, available-for-sale	1,758	–	1,697	–	3,455
Financial assets, held-to-maturity	56,287	–	–	–	56,287
Other financial assets	7,763	–	–	–	7,763
	132,628	332	1,697	75	134,732
Financial liabilities:					
Trade and other payables	44,286	–	–	16	44,302
Net financial assets	**88,342**	**332**	**1,697**	**59**	**90,430**
Less: Net financial assets denominated in the respective entities' functional currencies	(88,342)	–	–	–	(88,342)
Currency exposure	**–**	**332**	**1,697**	**59**	**2,088**

The Company's currency exposure based on the information provided to key management is as follows:

	SGD $'000	Yen $'000	MYR $'000	Others $'000	Total $'000
At 31 December 2018					
Financial assets:					
Cash and cash equivalents	50,500	206	–	–	50,706
Trade and other receivables	7,735	139	–	119	7,993
Financial assets, at FVOCI	2,047	–	1,697	–	3,744
Other investment at amortised cost	68,475	–	–	–	68,475
Other financial assets	6,401	–	–	–	6,401
	135,158	345	1,697	119	137,319
Financial liabilities:					
Trade and other payables	41,575	8	–	21	41,604
Net financial assets	**93,583**	**337**	**1,697**	**98**	**95,715**
Less: Net financial assets denominated in the entity's functional currency	(93,583)	–	–	–	(93,583)
Currency exposure	**–**	**337**	**1,697**	**98**	**2,132**

36. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

	SGD $'000	Yen $'000	MYR $'000	Others $'000	Total $'000
At 31 December 2017					
Financial assets:					
Cash and cash equivalents	57,278	315	–	3	57,596
Trade and other receivables	10,998	4	–	108	11,110
Financial assets, available-for-sale	2,167	–	1,697	–	3,864
Financial assets, held-to-maturity	57,689	–	–	–	57,689
Other financial assets	6,397	–	–	–	6,397
	134,529	319	1,697	111	136,656
Financial liabilities:					
Trade and other payables	42,945	21	–	–	42,966
Net financial assets	**91,584**	**298**	**1,697**	**111**	**93,690**
Less: Net financial assets denominated in the entity's functional currency	(91,584)	–	–	–	(91,584)
Currency exposure	**–**	**298**	**1,697**	**111**	**2,106**

	SGD $'000	Yen $'000	MYR $'000	Others $'000	Total $'000
At 1 January 2017					
Financial assets:					
Cash and cash equivalents	42,328	328	–	4	42,660
Trade and other receivables	12,463	4	–	71	12,538
Financial assets, available-for-sale	1,732	–	1,697	–	3,429
Financial assets, held-to-maturity	56,287	–	–	–	56,287
Other financial assets	7,763	–	–	–	7,763
	120,573	332	1,697	75	122,677
Financial liabilities:					
Trade and other payables	44,277	–	–	16	44,293
Net financial assets	**76,296**	**332**	**1,697**	**59**	**78,384**
Less: Net financial assets denominated in the entity's functional currency	(76,296)	–	–	–	(76,296)
Currency exposure	**–**	**332**	**1,697**	**59**	**2,088**

The Group's and Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

36. Financial risk management (continued)

(a) Market risk (continued)

(ii) *Price risk*

The Group is exposed to equity securities price risk because of the quoted and unquoted investments held by the Group which are classified on the consolidated balance sheet as either financial assets, at FVOCI or available-for-sale. The quoted equity securities are listed in Singapore. The Group monitors its investment in equity securities regularly to manage its price risk.

If prices for equity securities listed in Singapore change by 5% (31 December 2017: 5%; 1 January 2017: 5%) with all other variables, including the tax rate, being held constant, other comprehensive income will:

	Increase/(decrease)		
	31 December		**1 January**
	2018	2017	2017
	$'000	$'000	$'000
The Group			
- increase by	**102**	108	88
- decrease by	**(102)**	(108)	(88)
The Company			
- increase by	**102**	108	87
- decrease by	**(102)**	(108)	(87)

If the market multiples for the investment in equity securities not traded in an active market were to change by 5%, (31 December 2017: 5%) the impact on other comprehensive income would be approximately $56,000 (31 December 2017: $49,000). As at 1 January 2017, if the estimated discount cash flows from investment in equity securities not traded in an active market were to change by 5%, the impact on other comprehensive income would be $85,000.

(iii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has significant interest-bearing assets in the form of short-term fixed deposits with fixed interest rates ranging from 1.48% to 2.02% (31 December 2017: 0.80% to 1.39%; 1 January 2017: 0.80% to 1.11%) per annum and investments in bonds and notes issued by recognised financial institutions and local companies with fixed interest rates ranging from 2.22% to 7.15% (31 December 2017: 2.22% to 7.00%; 1 January 2017: 2.625% to 7.20%) per annum. As the interest-bearing assets are at fixed rates, the Group's income is substantially independent of changes in cash flow interest rate risk.

The Group has insignificant financial liabilities that are exposed to interest rate risks.

36. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has policies in place to ensure that sales are made only to customers of appropriate credit standing and history, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality financial institutions.

Credit exposure to tenants is monitored on an on-going basis. Outstanding receivables will be identified with follow up actions being monitored closely by the respective management at the Company and the Group level. Rental deposits are obtained to mitigate credit risks arising from tenants. Accordingly, the Group's exposure to bad debts in relation to tenants is not significant.

Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. Except for the other recoverable from a non-related party, there are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

Except for the rental deposits received from tenants (Note 25), the Group and the Company do not hold collateral and the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheets.

The movements in credit loss allowance are as follows:

	Trade receivables[a] $'000	Other investments at amortised cost[b] $'000	Total $'000
The Group and the Company			
Balance at 1 January 2018	30	–	30
Loss allowance recognised in profit or loss during the year on:			
- Assets acquired/originated or changes in credit risk	–	273	273
- Bonds for which principal and coupon payments are past due	–	1,000	1,000
Balance at 31 December 2018	**30**	**1,273**	**1,303**

(a) Loss allowance measured at lifetime ECL

(b) Loss allowance measured at 12-month ECL except for a particular investment for which lifetime expected credit losses was recognised

36. Financial risk management (continued)

(b) Credit risk (continued)

Cash and cash equivalents, trade receivables relating to sale of goods and rental income and other receivables are subject to immaterial credit loss.

(i) Other investments at amortised cost

Other investments at amortised cost (Note 15) comprise listed and unlisted notes. Except for a particular investment for which lifetime expected credit losses were recognised, the remaining investments are considered "low credit risk" as they are of investment grade credit rating with at least one major rating agency and/or have low risk of default as the coupon payments have been received in accordance with the promised timeframe.

Hence, the loss allowance computed for these assets are measured at the 12-month expected credit losses.

Credit risk exposure and significant credit risk concentration

The Group and Company uses the following categories of internal credit risk rating for its investment in unlisted notes. The internal credit ratings have been mapped to external credit ratings determined by credit rating agencies such as Standard & Poor, Moody's and Fitch, so as to determine the appropriate expected credit loss rates.

<table>
<tr><th>Category of internal credit rating</th><th colspan="6">Performing</th><th>Under-performing</th><th>Non-performing</th><th>Write-off</th></tr>
<tr><td>Definition of category</td><td colspan="6">Issuers have a low risk of default and a strong capacity to meet contractual cash flows.

Coupon payments for bonds have been received in accordance with promised timeframe.</td><td>Issuers for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayment are 30 days past due</td><td>Interest and/or principal payments are 90 days past due</td><td>Interest and/or principal repayments are past due and there is no reasonable expectation of recovery</td></tr>
<tr><td>Basis of recognition of expected credit loss</td><td colspan="6">12-month expected credit losses</td><td>Lifetime expected credit losses</td><td>Lifetime expected credit losses</td><td>Asset is written off</td></tr>
<tr><td rowspan="2">Equivalent external credit rating</td><td colspan="3">Investment grade</td><td colspan="2">Non-investment grade</td><td rowspan="2">Unrated</td><td rowspan="2">–</td><td rowspan="2">–</td><td rowspan="2">–</td></tr>
<tr><td>Aaa/Aa1/ Aa2/Aa3</td><td>A1/A2/ A3</td><td>Baa1/ Baa2/ Baa3</td><td>Ba1/ Ba2/Ba3</td><td>B1/B2/ B3</td></tr>
<tr><td>Gross carrying amount ($'000)</td><td>4,769</td><td>8,800</td><td>34,125</td><td>12,818</td><td>2,014</td><td>6,222</td><td>–</td><td>1,000</td><td>–</td></tr>
<tr><td>Loss allowance</td><td>–</td><td>(3)</td><td>(35)</td><td>(64)</td><td>(28)</td><td>(143)</td><td>–</td><td>(1,000)</td><td>–</td></tr>
</table>

36. Financial risk management (continued)

(b) Credit risk (continued)

Previous accounting policy for impairment of trade receivables

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments for a period of time.

The Group's and the Company's credit risk exposure in relation to trade receivables under SFRS 39 as at 31 December 2017 and 1 January 2017 are set out in the provision matrix as follows:

	Past due	
31 December 2017	**1–3 months $'000**	**More than 3 months $'000**
The Group and the Company		
Trade receivables		
– Past due but not impaired	702	217
1 January 2017		
The Group and the Company		
Trade receivables		
– Past due but not impaired	862	610

36. Financial risk management (continued)

(b) Credit risk (continued)

Previous accounting policy for impairment of trade receivables (continued)

The carrying amount of trade and receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	The Group and The Company	
	31 December 2017 $'000	**1 January** 2017 $'000
Gross amount	30	80
Less: Allowance for impairment	(30)	(80)
	–	–
Beginning of financial year	80	80
Allowance made	–	15
Allowance utilised/written back	(50)	(15)
End of financial year	30	80

The impaired trade receivables arise mainly from sales to individual customers who have significant financial difficulties to pay.

Financial assets that are neither past due nor impaired

Financial assets that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group and Company. Other financial assets that are neither past due nor impaired are mainly investment in fixed rate corporate bonds.

Other than the above, there was no credit loss allowance for other financial assets at amortised cost as at 31 December 2017 and 1 January 2017.

(c) Liquidity risk

The Group and Company manage liquidity risk by maintaining sufficient cash and marketable securities to enable them to meet their normal operating commitments, having an adequate amount of committed credit facilities and the ability to close out market positions at short notice.

The Group and Company manage liquidity risk by maintaining sufficient cash and marketable securities to enable them to meet their normal operating commitments, having an adequate amount of committed credit facilities and the ability to close out market positions at short notice.

36. Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows:

	Less than 1 year $'000	Between 1 and 2 years $'000
The Group		
At 31 December 2018		
Trade and other payables	**38,712**	**2,892**
At 31 December 2017		
Trade and other payables	40,311	2,655
At 1 January 2017		
Trade and other payables	40,990	3,312
The Company		
At 31 December 2018		
Trade and other payables	**38,712**	**2,892**
At 31 December 2017		
Trade and other payables	40,311	2,655
At 1 January 2017		
Trade and other payables	40,981	3,312

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base to secure its future success. To achieve the Group's planned capital structure, it may take certain actions like adjusting the amount of dividend payment and issuing new shares.

As part of the Group's capital management process, the long term strategic planning and annual budgeting processes will determine if there are any new capital requirements to support the Group's business plans. If so, the Group's capital plan will be prepared for discussion and further deliberation by the Board.

Total capital is represented by "Total equity" on the balance sheet.

The Group and the Company are not subjected to any externally imposed capital requirements for the financial years ended 31 December 2017 and 2018.

36. Financial risk management (continued)

(e) Fair value measurements

The following table presents financial assets measured at fair value and classified by level of the fair value measurement hierarchy, definition of which is in Note 24(b).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
The Group				
31 December 2018				
Assets				
Financial assets, at FVOCI	**2,047**	**–**	**1,697**	**3,744**
31 December 2017				
Assets				
Financial assets, available-for-sale	2,167	–	1,697	3,864
1 January 2017				
Assets				
Financial assets, available-for-sale	1,758	–	1,697	3,455
The Company				
31 December 2018				
Assets				
Financial assets, at FVOCI	**2,047**	**–**	**1,697**	**3,744**
31 December 2017				
Assets				
Financial assets, available-for-sale	2,167	–	1,697	3,864
1 January 2017				
Assets				
Financial assets, available-for-sale	1,732	–	1,697	3,429

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The financial instrument included in Level 3 comprises of an investment that does not have quoted prices from active markets for the fair value to be based on. Instead, the fair value is measured using the estimated EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) multiplied by the EBITDA Multiple. The estimated EBITDA incorporates assumptions based on market conditions existing at the balance sheet date, and the EBITDA Multiple is derived from a set of comparable entities. The selection of the appropriate EBITDA Multiple requires judgement, considering qualitative and quantitative factors specific to the measurement at the balance sheet date. As at 1 January 2017, the fair value is measured using estimated cash flows that incorporated assumptions based on market conditions existing at that date. The effect of a change in management's estimate on the market multiples (31 December 2017: market multiples; 1 January 2017: discounted cash flows) for the unquoted equity securities is disclosed in Note 36(a)(ii).

36. Financial risk management (continued)

(e) Fair value measurements (continued)

The following table presents, the changes in Level 3 instruments:

	The Group and The Company 2018 $'000	2017 $'000
Unquoted equity securities		
Beginning and end of financial year	**1,697**	1,697
Total gains included in the comprehensive income for assets held at the end of financial year	**–**	–

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Notes 13, 14, 15 and 16 to the financial statements, except for the following:

	Group $'000	Company $'000
31 December 2018		
Financial assets, at amortised cost	**65,100**	**65,100**
Financial liabilities, at amortised cost	**41,604**	**41,604**
31 December 2017		
Loans and receivables	75,234	75,103
Financial liabilities, at amortised cost	42,966	42,966
1 January 2017		
Loans and receivables	74,990	62,961
Financial liabilities, at amortised cost	44,302	44,293

37. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related corporations during the financial year:

(a) Sales and purchases of goods and services

	The Group	
	2018	2017
	$'000	$'000
Royalty payable to immediate holding corporation	**1,302**	1,348
Purchases from immediate holding corporation	**59**	38
Purchases from a fellow subsidiary	**–**	231
Technical fee receivable from an associated company	**113**	99

Outstanding balances with the immediate holding corporation and associated company as at 31 December 2018 arising from the sale/purchase of goods and services, are unsecured, interest-free and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 25, respectively.

(b) Key management's remuneration

The key management's remuneration is analysed as follows:

	The Group	
	2018	2017
	$'000	$'000
Key management of the Group		
– directors of the Company		
Wages and salaries	**405**	406
Directors' fees	**178**	178
Other benefits	**133**	119
	716	703

38. Segment information

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Managing Director, an executive director and key executives in charge of the various functional areas. Operating segments that have similar economic characteristics and similar nature of products and services are aggregated into a single reportable segment.

The Exco sees the business being organized into two reportable segments:

- The Retail segment is involved in the business of retailing and operating of department stores and supermarkets.

- The Property segment is mainly involved in the leasing of property owned by the Group.

38. Segment information (continued)

Segment assets consist primarily of property, plant and equipment, inventories, receivables, investment property and exclude cash and cash equivalents, investment in an associated company, other investments at amortised cost, financial assets, at FVOCI, financial assets, held-to-maturity, financial assets, available-for-sale and other assets. Segment liabilities comprise payables and provisions. Capital expenditure comprises additions to property, plant and equipment and investment property.

There are no sales or other transactions between the reportable segments.

	Retail $'000	Property $'000	Total consolidated $'000
The Group			
2018			
Segment revenue			
Sales to external customers	**112,266**	**–**	**112,266**
Rental income – Investment property	**–**	**9,905**	**9,905**
Other rental income	**4,052**	**–**	**4,052**
Segment result	**(21,227)**	**4,449**	**(16,778)**
Other income			**4,051**
Other losses			**(1,246)**
Share of profit of an associated company			**258**
Net loss			**(13,715)**
Other segment items			
Capital expenditure	**429**	**1,447**	**1,876**
Depreciation	**4,432**	**2,245**	**6,677**
Impairment charge on property, plant and equipment	**11,887**	**–**	**11,887**
Provision for onerous contracts	**2,380**	**–**	**2,380**
Assets and liabilities			
Segment assets	**53,023**	**31,103**	**84,126**
Unallocated assets:			
– Investment in an associated company			**1,512**
– Cash and cash equivalents			**50,706**
– Other investments at amortised costs			**68,475**
– Financial assets, fair value through other comprehensive income			**3,744**
– Others			**17**
Total consolidated assets			**208,580**
Segment liabilities	**47,368**	**3,925**	**51,293**
Total consolidated liabilities			**51,293**

38. Segment information (continued)

	Retail $'000	Property $'000	Total consolidated $'000
The Group			
2017			
Segment revenue			
Sales to external customers	117,415	–	117,415
Rental income – Investment property	–	11,460	11,460
Other rental income	2,966	–	2,966
Segment result	(9,375)	5,938	(3,437)
Other income			5,295
Other gains			29
Share of profit of an associated company			225
Profit before taxation			2,112
Income tax credit			15
Net profit			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
– Others			17
Total consolidated assets			223,835
Segment liabilities	45,386	5,264	50,650
Total consolidated liabilities			50,650

Geographical information

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

39. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2019 and which the Group has not early adopted:

(a) SFRS(I) 16 *Leases* (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

As at 31 December 2018, the Group has non-cancellable operating lease commitments of $50,268,000 (Note 35(a)). The Group expects to recognise right-of-use assets of approximately $35,427,000 (net of provision for onerous rental contracts of $2,380,000) on 1 January 2019 and lease liabilities of $37,807,000 (after adjustments for prepayments and accrued lease payments recognised).

The Group does not expect any significant change in the classification and measurement of leases for which the Group acts as the lessor.

(b) SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

(i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;

(ii) that the entity should assume a tax authority will examine, the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;

(iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;

(iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and

(v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group does not expect additional tax liability to be recognised arising from the uncertain tax positions on the adoption of the interpretation on 1 January 2019.

40. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Isetan (Singapore) Limited on 22 March 2019.

(a) Material contracts

Other than as disclosed in the financial statements and in this report, there were no material contracts of the Company and its subsidiary, involving the interests of the managing director, any director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

(b) Directors' and Key Executives' Remuneration

(i) Breakdown of Directors' remuneration (in percentage terms) for the period from 1 January 2018 to 31 December 2018:

	Directors	Fees/ Salary %	Bonus %	Share options %	Other benefits %	Total %
		Remuneration band from S$250,000 to $499,999				
1	Toshifumi Hashizume (Managing Director)	80.00	–	–	20.00	100
		Remuneration band below S$250,000				
2	Toshihiko Nakagome (Chairman)	–	–	–	–	–
3	Koay Bee Fong	61.83	7.73	–	30.44	100
4	Chey Chor Wai	100.00	–	–	–	100
5	Lim Bee Choo	100.00	–	–	–	100
6	Victor Yeo Chuan Seng	100.00	–	–	–	100

(ii) Remuneration bands of directors and key executives of the Company

Number of directors of the Company in remuneration bands:

	2018	2017
$0 - $249,999	**5**	6
$250,000 and above	**1**	1
Total	**6**	7*

* Includes 1 person who ceased to be a director of the Company during the financial year.

Key executives of the Company in remuneration band:

	2018	2017
Below $250,000	**11**	10
Total	**11**	10

The names of the key executives are set out on page 14 under "Key Executives' Profiles".

(c) Auditor's remuneration

The following information relates to remuneration of the independent auditor of the Company during the financial year.

	The Group	
	2018	2017
	$'000	$'000
Auditor's remuneration paid/payable		
– current year	**207**	177
Other fees paid/payable for non-audit services rendered	**58**	94

(d) Appointment of auditors

The Group has complied with Rules 712 and 715 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

(e) Review of the provision of non-audit services by the auditors

The Audit and Risk Committee has undertaken a review of non-audit services provided by the auditors and they would not, in the opinion of the Audit and Risk Committee, affect their independence.

(f) Internal controls

Based on the work carried out by the internal auditors, the review undertaken by the external auditors as part of their statutory audit, the existing management controls in place and the written representation by management, the Audit and Risk Committee and Board are of the opinion that there are adequate internal controls in place to address risks relating to financial, operational and compliance matters.

(g) Property, plant and equipment

Details of the Group's freehold and leasehold land and buildings are as follows:

Location – Singapore	Tenure	Use of property	
593, Havelock Road, Isetan Office Building	Freehold	Office building	Lettable Floor Area – 16,582ft^2
5, Kallang Pudding Road	Freehold	Warehouse	Lettable Floor Area – 54,917ft^2
Apartment in Valley Park	Leasehold – 999 years	Residential apartment	Strata Area 1,356ft^2

(h) Investment property

Location – Singapore	Tenure	Use of property	
435, Orchard Road, Podium Block Wisma Atria	Leasehold – 99 years from 1 April 1962	Rental	Strata Area 104,732ft^2

(i) Treasury shares

There were no treasury shares held as at 31 December 2018 and 31 December 2017.

(j) Dealing in Securities

Please refer to information disclosed in the Corporate Governance Report under Principle 1, on page 20.

(k) Interested person transactions

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 each)			
	Transactions not conducted under shareholders' mandate pursuant to Rule 920		Transactions conducted under shareholders' mandate pursuant to Rule 920	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
<u>Name of interested person</u>				
Isetan Mitsukoshi Ltd	**1,302**	1,348	**–**	–
Isetan Mitsukoshi Italia SRL	**259**	231	**–**	–
Chengdu Isetan Company Limited	**113**	99	**–**	–

(l) Sustainability Reporting

Isetan Singapore Limited is committed towards embedding sustainable business practices and being a responsible corporate citizen. We believe in creating shared value for our stakeholders and improving the impact of our business on society and the environment. The Company is preparing the Sustainability Reporting (SR) for the financial year ended 31 December 2018 with reference to the Global Reporting Initiative Standards and in accordance to the SGX Sustainability Reporting Guide. The report will cover the Company's policies, practices, initiatives, performance and goals in relation to Material, Environmental, Social and Governance factors. The Company expects to issue the SR by 31 May 2019.

STATISTICS OF **SHAREHOLDINGS**

As at 15 March 2019

Class of shares : Fully paid ordinary shares
Voting rights : One vote per share
The Company cannot exercise any voting rights in respect of shares held by it as treasury shares.

The Company does not have any treasury shares, preference shares or convertible equity securities. The Company has no subsidiaries and there are thus no subsidiary holdings[1].

Subject to the Companies Act, subsidiaries cannot exercise any voting rights in respect of shares held by them as subsidiary holdings.

ANALYSIS OF SHAREHOLDINGS BY RANGE AS AT 15 MARCH 2019

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1 to 99	32	3.28	743	0.00
100 to 1,000	198	20.31	149,260	0.36
1,001 to 10,000	624	64.00	1,912,885	4.64
10,001 to 1,000,000	116	11.90	9,689,332	23.49
1,000,001 AND ABOVE	5	0.51	29,497,780	71.51
TOTAL	975	100.00	41,250,000	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2019

	NO. OF SHARES			
NAME	DIRECT INTEREST	% OF ISSUED SHARE CAPITAL	DEEMED INTEREST	% OF ISSUED SHARE CAPITAL
ISETAN MITSUKOSHI LTD	21,750,000	52.73	–	–
ISETAN FOUNDATION	3,437,500	8.33	–	–
ISETAN MITSUKOSHI HOLDINGS LTD	–	–	21,750,000	52.73

1 "subsidiary holdings" is defined in the SGX-ST Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act.

STATISTICS OF
SHAREHOLDINGS

As at 15 March 2019

By virtue of section 7 of the Companies Act (Cap 50), Isetan Mitsukoshi Holdings Ltd, the holding corporation of Isetan Mitsukoshi Ltd, is deemed to have an interest in the 21,750,000 shares held by Isetan Mitsukoshi Ltd in the Company.

TOP 20 SHAREHOLDERS AS AT 15 MARCH 2019

NO.	NAME	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1	ISETAN MITSUKOSHI LTD	21,750,000	52.73
2	ISETAN FOUNDATION	3,437,500	8.33
3	MORPH INVESTMENTS LTD	1,712,900	4.15
4	YAP BOH SIM	1,560,000	3.78
5	DBS NOMINEES PTE LTD	1,037,380	2.51
6	CITIBANK NOMINEES SINGAPORE PTE LTD	976,250	2.37
7	MUFG BANK LTD, SINGAPORE BRANCH	850,000	2.06
8	PHILLIP SECURITIES PTE LTD	766,349	1.86
9	LEONG WAH KHEONG	528,000	1.28
10	CHEONG FOONG YIM CHRISTINA	520,000	1.26
11	LEE YUEN SHIH	367,250	0.89
12	WEE AIK KOON PTE LTD	316,250	0.77
13	LEONG CHAO SEONG	313,900	0.76
14	UNITED OVERSEAS BANK NOMINEES PTE LTD	251,970	0.61
15	LEONG JULIA (MRS HOW JULIA)	210,000	0.51
16	CGS- CIMB SECURITIES (SINGAPORE) PTE LTD	201,040	0.49
17	CHUA KUAN LIM CHARLES	185,900	0.45
18	THIA CHENG SONG	175,000	0.42
19	CHENG GOOD HIANG	157,000	0.38
20	YONG MEE FAH STEPHANIE	130,000	0.32
	TOTAL	35,446,689	85.93

The percentage of shareholding held in the hands of the public is 38.94% which is more than 10% of the issued share capital of the Company.

Therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 48th Annual General Meeting ("**AGM**") of the Company will be held at the Furama RiverFront, Venus 1, Level 3, 405 Havelock Road, Singapore 169633 on Friday, 26 April 2019 at 10.00 a.m. for the following purposes: -

1. To receive and adopt the Directors' Statement and Accounts for the financial year ended 31 December 2018 together with Auditor's Report thereon. **Resolution 1**

2. To re-elect Mr. Toshifumi Hashizume as a Director who will be retiring pursuant to Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and who, being eligible, has offered himself for re-election. **Resolution 2**

   (Note: Under the new Rule 720(5), with effect from 1 January 2019, an issuer must have all Directors submit themselves for re-nomination and re-appointment at least once every three years. Pursuant to Transitional Practice Note 3 issued by the SGX-ST, an existing director appointed or re-appointed before 1 January 2019 must submit himself for re-nomination and re-appointment to the board within three years of the effective date of Rule 720(5) at a general meeting (i.e. no later than 31 December 2021). Notwithstanding that Mr. Hashizume is not currently required to submit himself for re-election at the AGM, it was decided that Mr. Hashizume will nonetheless do so for good corporate governance. Mr. Hashizume will upon his re-election as a Director of the Company, remain as the Managing Director).

3. To re-elect Ms. Koay Bee Fong as a Director who will be retiring under Regulation 96 of the Company's Constitution, and who, being eligible, has offered herself for re-election. **Resolution 3**

   (Note: Ms. Koay Bee Fong will upon her re-election as a Director of the Company, remain as an Executive Director.)

4. To re-elect Mr. Richard Tan Chuan-Lye as a Director who will be retiring under Regulation 103 of the Company's Constitution, and who, being eligible, has offered himself for re-election. **Resolution 4**

   (Note: Mr. Richard Tan Chuan-Lye will, upon his re-election as a Director of the Company, remain a member of the Audit and Risk, Nominating and Remuneration Committees. Mr. Tan is considered as an Independent Director for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.)

5. To declare a final dividend of 5.0 cents per share in respect of the financial year ended 31 December 2018. **Resolution 5**

6. To approve the payment of Directors' fees of up to S$227,000/- for the financial year ending 31 December 2019 (payable quarterly in arrears) (for the financial year ended 31 December 2018: S$180,000). **Resolution 6**

7. To re-appoint PricewaterhouseCoopers LLP, the existing auditors of the Company, as Auditors to hold office until the conclusion of the next general meeting of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

8. To transact any other business that may be transacted at the Annual General Meeting.

BY ORDER OF THE BOARD

LUN CHEE LEONG
Company Secretary

Singapore
10 April 2019

Notes:

(1) A member of the Company who is entitled to attend and vote at the above Meeting ("**Member**"), and who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote in his/her stead. Such proxy need not be a member of the Company. Where a Member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the instrument or form appointing the proxies, failing which such appointments shall be invalid. For the purpose of Notes 1 and 2, "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50 ("**Companies Act**").

(2) A Member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Meeting in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the instrument or form appointing the proxies.

(3) The instrument or form appointing a proxy must be deposited at the Company's Registered Office at 593 Havelock Road #04-01, Isetan Office Building, Singapore 169641 not less than 72 hours before the time set for holding the above Meeting.

(4) By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend and vote at the Annual General Meeting and/or any adjournment thereof, a Member (i) consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Member discloses the personal data of the Member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Member's breach of warranty.

CORPORATE **DIRECTORY**

OUR STORES

Isetan Scotts
Shaw House
350 Orchard Road
Singapore 238868
Tel: 6733 1111
Fax: 6734 7083

Isetan Katong
Parkway Parade
80 Marine Parade Road
Singapore 449269
Tel: 6345 5555
Fax: 6345 1864

Isetan Tampines
Tampines Mall
4 Tampines Central 5
Singapore 529510
Tel: 6788 7777
Fax: 6781 7773

Isetan Serangoon Central
nex Mall
23 Serangoon Central
Singapore 556083
Tel: 6363 7777
Fax: 6634 9959

Isetan Jurong East
Westgate
3 Gateway Drive
Singapore 608532
Tel: 6896 7777
Fax: 6465 9659

INVESTMENT PROPERTY

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Wisma Atria
435 Orchard Road
Singapore 238877
Tel: 6733 7777
Fax: 6733 9438

HEADQUARTERS

Isetan (Singapore) Limited

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593 Havelock Road
#04-01 Isetan Office Building
Singapore 169641
Tel: 6732 8866
Fax: 6736 0913

Warehouse
5 Kallang Pudding Road #01-03
Singapore 349309
Tel: 6746 7552
Fax: 6746 9220

ASSOCIATED COMPANY

Chengdu Isetan Company Limited
Isetan Chengdu Office
6 Da Ke Jia Lane
Block B, Lido Plaza, 8th Floor
Chengdu, Sichuan Province
People's Republic of China

ISETAN (SINGAPORE) LIMITED

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy shares in Isetan (Singapore) Limited, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/ SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2019.

PROXY FORM

Annual General Meeting to be held on 26 April 2019 at 10.00 a.m.
(Venue: Furama Riverfront, Singapore, Venus 1, Level 3, 405 Havelock Road, Singapore 169633)
(Before completing this form please see notes overleaf)

I/We, ______________________________ (NRIC No./Passport No: ______________)

of ____

being a member/members of the above named Company hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 26 April 2019 and at any adjournment thereof in the manner indicated below:

No.	Resolution	For	Against
1	Adoption of Directors' Statement and Accounts		
2	Re-election of Mr. Toshifumi Hashizume as Director		
3	Re-election of Ms. Koay Bee Fong as Director		
4	Re-election of Mr. Richard Tan Chuan-Lye as Director		
5	Declaration of Final Dividend of 5.0 cents per share		
6	Approval of Directors' Fees for the financial year ending 31 December 2019 of up to S$227,000/-		
7	Re-appointment of PricewaterhouseCoopers LLP as Auditors and authorise the Directors to fix their remuneration		

Signed this ________ day of ______________ 2019

Total Number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Shareholder(s)

(Please see overleaf for Notes)

Notes:

1. Please insert the total number of Isetan (Singapore) Limited shares ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289) you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company who is entitled to attend and vote at the above Meeting ("**Member**"), and who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote in his/her stead. Such proxy need not be a member of the Company. Where a Member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing the proxies, failing which such appointments shall be invalid. For the purpose of Notes 2 and 3, "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50 ("**Companies Act**") as follows:-

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. A Member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Meeting in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing the proxies.

4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 593 Havelock Road #04-01, Isetan Office Building, Singapore 169641, not less than 72 hours before the time set for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his 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 seal or under the hand of any officer or attorney duly authorised.

6. 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 meeting, in accordance with Section 179 of the Companies Act.

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 appointer are not ascertainable from the instructions of the appointer specified in the instruments appointing a proxy or proxies.

8. In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

9. Please refer to the notes set out in the Notice of Annual General Meeting dated 10 April 2019 ("**Notice of AGM**"). By submitting an instrument appointing a proxy or proxies, the Member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

Company Registration No: 197001177H

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Additional information on Directors seeking re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST

Mr. Toshifumi Hashizume , Ms. Koay Bee Fong and Mr. Richard Tan Chuan-Lye are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 26 April 2019 ("**AGM**") under Ordinary Resolutions 2, 3 and 4 as set out in the Notice of AGM dated 10 April 2019 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

Name of Director	**Toshifumi Hashizume**	**Koay Bee Fong**	**Richard Tan Chuan-Lye**
Date of Appointment	29 April 2016	29 April 2016	1 February 2019
Date of Last Re-appointment (if applicable)	–	–	–
Age	58	62	61
Country of principal residence	Japan	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors has accepted the recommendation of the Nominating Committee of the Company which has reviewed Mr. Hashizume's credentials and experience, and approved the appointment of Mr. Hashizume as Managing Director of the Company.	The Board of Directors has accepted the recommendation of the Nominating Committee of the Company which has reviewed Ms. Koay's credentials and experience, and approved the appointment of Ms. Koay as Executive Director and General Manager (Administration).	The Board of Directors has accepted the recommendation of the Nominating Committee of the Company which has reviewed Mr. Tan's credentials and experience, and approved the appointment of Mr. Tan as a Non-Executive Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Yes, Mr. Hashizume is responsible for the overall operational management of the Company.	Yes, Ms. Koay is the General Manager (Administration).	No.
Job Title (e.g. Lead ID, AC Chairman, AC Member, etc)	Managing Director.	Executive Director and General Manager (Administration).	Independent Non-Executive Director of the Company.
Professional qualifications	Please refer to Mr. Hashizume's profile on page 10 of the Annual Report.	Please refer to Ms. Koay's profile on page 11 of the Annual Report.	Please refer to Mr. Tan's profile on page 13 of the Annual Report.

APPENDIX TO THE ANNUAL REPORT

Name of Director	Toshifumi Hashizume	Koay Bee Fong	Richard Tan Chuan-Lye
Working experience and occupation(s) during the last 10 years	<u>2005 to 2009</u>: General Manager, Shizuoka Isetan Co., Ltd. <u>2009 to 2011</u>: General Manager, Children's Wear, Baby Items, Isetan Mitsukoshi Ltd. <u>2011-2015</u>: Senior Director, Tokyu Department Store <u>2015 to 2016</u>: General Manager, Specialty Stores Division, Isetan Mitsukoshi Ltd. <u>2016 to present</u>: Managing Director, Isetan (Singapore) Ltd.	<u>2004 to 2008</u>: Executive Director, Human Resource Department of Isetan Japan Sdn. Bhd. (Malaysia). <u>2008 to 2014</u>: Executive Director cum General Manager (Administration) of Isetan Japan Sdn. Bhd. (Malaysia). <u>2014 to 2016</u>: Managing Director, Isetan (China) Co Ltd. <u>2016 to present</u>: Executive Director and General Manager (Administration).	<u>2000 to 2008</u> – Senior Vice President of DBS Bank. <u>2008 to 2015</u> – Risk Consulting Partner with KPMG Singapore. <u>2016 to Present</u> – Adjunct Associate Professor, NUS Business School, National University of Singapore.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	Nil
Any relationship (including immediate family relationship) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries.	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other principal commitments including directorships:			
Past (for the last 5 years)	Nil	Nil	Nil
Present	Nil	Nil	Independent Director and Audit Committee member at First Real Estate Investment Trust, a Singapore listed healthcare real estate investment trust.

Name of Director	Toshifumi Hashizume	Koay Bee Fong	Richard Tan Chuan-Lye
General Statutory Disclosures (items (a) to (k) of Appendix 7.4.1)	No change in the information of Mr. Hashizume as previously announced on 29 April 2016.	No change in the information of Ms. Koay as previously announced on 29 April 2016.	No change in the information of Mr. Tan as previously announced on 31 January 2019.
Any Prior experience as a Director of a Listed Company on the Exchange?	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.
Attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange?	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.

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