

**First Quarter Financial Statement and Dividend Announcement  
for the period ended 31 March 2019 (“1QFY2019”)**

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 and Q3), HALF-YEAR AND FULL YEAR RESULTS.**

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

**Unaudited Income Statement for the financial period ended 31 March 2019**

	31.03.2019	31.03.2018**	+ / (-)
	\$'000	\$'000	%
		(Restated)	
Revenue	29,205	31,346	(6.83)
Other Income	1,917	1,858	3.18
Expenses			
-Changes in Inventories of finished goods	(97)	32	NM
-Purchases of Inventories and related costs	(10,645)	(11,974)	(11.10)
-Employee compensation	(4,543)	(4,390)	3.49
-Depreciation expense*	(6,577)	(1,642)	300.55
-Rental expense*	(1,365)	(8,205)	(83.36)
-Service charge expense	(1,575)	(1,575)	-
-Interest expense*	(247)	-	NM
-Other expenses	(4,644)	(4,401)	5.52
Total expenses	(29,693)	(32,155)	(7.66)
Share of profit of an associated company	106	135	(21.48)
<b>Profit before income tax</b>	<b>1,535</b>	<b>1,184</b>	29.65
Income tax expense	-	-	NM
<b>Net profit after tax for the financial period</b>	<b>1,535</b>	<b>1,184</b>	29.65
<b>Attributable to :</b>			
Equity holders of the Company	<b>1,535</b>	<b>1,184</b>	29.65

NM-Not meaningful

\* The new standard SFRS(I) 16 takes effect from 1 January 2019, in which the Company has elected the simplified transition approach from 1 January 2019. Comparatives for 2018 have not been restated. Please refer to Note 5 for more information.

\*\* Following the completion of the strike-off of a subsidiary on 7 May 2018, the Company ceased to hold any investment in subsidiary. Accordingly, the investment in an associated company is accounted using the equity method of accounting less impairment in the Company's financial statements for the period ended 31 March 2019, to reflect the Company's economic interests in the associated company. Please refer to Note 5 for more information on the change in accounting policy for the Company's investment in the associated company.

**Unaudited Statement of Comprehensive Income for the financial period ended 31 March 2019**

	31.03.2019	31.03.2018	+ / (-)
	\$'000	\$'000	%
		(Restated)	
Profit for the financial period	1,535	1,184	29.65
<b>Other Comprehensive Income/(loss)</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
-Gain	19	17	11.76
Items that will not be reclassified subsequently to profit or loss:			
Financial assets, fair value through other comprehensive Income			
-Fair value gain/(loss)	264	(68)	NM
<b>Other Comprehensive Income/(loss), net of tax</b>	283	(51)	NM
<b>Total comprehensive Income attributable to:</b>			
Equity holders of the Company	1,818	1,133	60.46

NM-Not meaningful

**Additional Disclosure**

(i)

	31.03.2019	31.03.2018	+ / (-)
	\$'000	\$'000	%
Revenue			
-Sale of goods	15,001	16,642	(9.86)
-Consignment Income	11,528	12,356	(6.70)
-Rental Income	2,676	2,348	13.97
	29,205	31,346	(6.83)
Other Income			
-Other rental Income	969	884	9.62
-Interest Income	846	686	23.32
-Sundry Income	102	288	(64.58)
	1,917	1,858	3.18

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

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

**Unaudited Balance Sheets as at 31 March 2019**

	31.03.2019 \$'000	31.12.2018 \$'000 (Restated)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	45,386	50,706
Trade and other receivables	8,233	7,874
Other Investments at amortised cost	4,263	4,007
Inventories	9,712	9,809
Other current assets	3,283	2,945
	<u>70,877</u>	<u>75,341</u>
<b>Non-current assets</b>		
Other receivables	112	119
Financial assets, FVOCI	4,008	3,744
Other Investments at amortised cost	65,687	64,468
Club memberships	205	235
Investment in a subsidiary	-	*
Investment in an associated company**	1,637	1,512
Rental deposits	6,379	6,357
Investment property	28,777	28,820
Property, plant and equipment	28,648	27,984
Right-of-use assets**	26,907	-
	<u>162,360</u>	<u>133,239</u>
<b>Total assets</b>	<u>233,237</u>	<u>208,580</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	37,513	43,026
Provisions for other liabilities and charges	2,110	2,035
Lease liabilities**	22,009	-
	<u>61,632</u>	<u>45,061</u>
<b>Non-current liabilities</b>		
Trade and other payables	4,751	3,884
Provisions for other liabilities and charges	1,420	2,348
Lease liabilities**	6,329	-
	<u>12,500</u>	<u>6,232</u>
<b>Total liabilities</b>	<u>74,132</u>	<u>51,293</u>
<b>NET ASSETS</b>	<u>159,105</u>	<u>157,287</u>
<b>EQUITY</b>		
Share capital	91,710	91,710
General reserve	17,000	17,000
Fair value reserve	1,747	1,483
Currency translation reserve	4	(15)
Other reserves	291	291
Retained earnings	48,353	46,818
<b>Total equity</b>	<u>159,105</u>	<u>157,287</u>

\*Amount is less than \$1,000

\*\* Please refer to Note 5 for more details

**1(b)(ii) Aggregate amount of company's borrowings and debt securities**

**Amount repayable in 1 year or less, or on demand**

As at 31.03.19		As at 31.12.18	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Amount repayable after 1 year**

As at 31.03.19		As at 31.12.18	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Details of any collateral**

Not applicable.

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

**Unaudited Statement of Cash Flows for the financial period ended 31 March 2019**

	31.03.2019	31.03.2018
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit before Income tax	1,535	1,184
Adjustments for:		
Depreciation expense	6,577	1,642
Amortisation of capitalised letting fees	3	49
Interest Income	(846)	(686)
Increase in provision for other liabilities and charges	31	18
Interest expense*	247	-
Impairment loss on other investments, at amortised cost	25	33
Impairment loss on club memberships	30	-
Share of profit of an associated company	(106)	(135)
	<u>7,496</u>	<u>2,105</u>
Changes in working capital		
Trade and other receivables	(148)	1,623
Inventories	97	(32)
Other assets and rental deposits	(360)	(1,183)
Trade and other payables	(3,921)	(9,206)
Provisions for other liabilities and charges	(264)	-
<b>Net cash generated from/(used in) operating activities</b>	<u>2,900</u>	<u>(6,693)</u>
<b>Cash flow from investing activities</b>		
Payment for investment in an associated company	-	(919)
Payments for investment property	(793)	(413)
Payments for property, plant and equipment	(631)	(61)
Payments for letting fees	-	(61)
Purchases of other investments at amortised cost	(1,750)	(6,025)
Proceeds from maturity/ early redemption by issuers of other investments at amortised cost	250	750
Interest received	632	424
Repayments from employee	9	23
<b>Net cash used in investing activities</b>	<u>(2,283)</u>	<u>(6,282)</u>
<b>Cash flow from financing activities</b>		
Interest element of lease payments*	(247)	-
Principal element of lease payments	(5,690)	-
<b>Net cash used in financing activities</b>	<u>(5,937)</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>	(5,320)	(12,975)
<b>Cash and cash equivalents at beginning of the financial period</b>	50,706	57,727
<b>Cash and cash equivalents at end of the financial period</b>	<u>45,386</u>	<u>44,752</u>

\*Interest expense relating to lease liabilities under SFRS(I) 16

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

**Unaudited Statement of Changes in Equity for the financial period ended 31 March 2019**

	Share Capital	General Reserve	Fair Value Reserve	Currency Translation Reserve	Other Reserves	Retained Earnings	Total
<b>Balance as at 1 January 2019</b>	91,710	17,000	1,483	(15)	291	46,818	157,287
Total comprehensive Income for the period	-	-	264	19	-	1,535	1,818
<b>Balance as at 31 March 2019</b>	91,710	17,000	1,747	4	291	48,353	159,105
<b>Balance as at 1 January 2018 (As previously reported)</b>	91,710	17,000	1,608	-	280	64,714	175,312
Adjustments (Pls see note 5, Change in accounting policy)	-	-	-	(9)	-	(2,118)	(2,127)
<b>Restated balance as at 1 January 2018</b>	91,710	17,000	1,608	(9)	280	62,596	173,185
Total comprehensive (loss)/Income for the period	-	-	(68)	17	-	1,184	1,133
<b>Balance as at 31 March 2018</b>	91,710	17,000	1,540	8	280	63,780	174,318

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

Not applicable.

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

	As at the end of current financial period ended 31 March 2019	As at the end of financial year ended 31 December 2018
Total number of ordinary shares issued	41,250,000	41,250,000

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

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

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

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

Not applicable.

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

Except as disclosed in Note 5 below, the company has applied the same accounting policies and methods of computation in preparing this financial statement for the current accounting period compared with the most recently audited financial statements for the year ended 31 December 2018.

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

The Company adopted the mandatory standards, amendments and interpretations to existing standards that are relevant to the Company for annual accounting periods beginning on or after 1 January 2019 and which the Company did not previously opt to adopt earlier.

The adoption of the new/revised Singapore Financial Reporting Standards (International) ("SFRS(I)s"), SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Company except for the following.

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

The Company has elected the simplified transition approach for transition to the new standard on leases. In accordance with the transition provisions in SFRS(I) 16, the new rules have been adopted with any effect of initially applying the new standard recognised on 1 January 2019. Comparatives for the 2018 financial year have not been restated.

In accordance with SFRS(I) 16, the Company has accounted for one property lease ending before 31 December 2019 as a short-term lease and continue to be recognised on a straight-line basis as an expense item in the income statement.

For the remaining property leases, right-of-use assets are measured on transition at the amount of lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

On 1 January 2019, the Company recognised right-of-use assets of approximately \$32,524,000 (net of provision for onerous rental contracts of \$1,350,000 and accrued lease expense of \$154,000) and lease liabilities of \$34,028,000 (after adjustments for prepayments and accrued lease payments recognised). The Company's activities as a lessor have no significant impact on the quarterly results.

***Change in accounting policy for the Company's investment in an associated company***

Following the completion of strike-off of a subsidiary on 7 May 2018, the Company ceased to hold any investment in subsidiary and the Company level financial statements will be prepared for the financial year ending 31 December 2019. Accordingly, from 1 January 2019, as the Company is no longer able to qualify for exemption from applying the equity method of accounting to its investment in an associated company, the Company accounted for its investment in an associated company in the financial statements using the equity method of accounting less impairment losses, if any.

Before 1 January 2019, the Company applied the exemption from equity accounting for its investment in an associated company as consolidated financial statements were prepared. As such, the investment in associated company was carried at cost less accumulated impairment losses in the Company's balance sheet.

In accordance with SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the Company has accounted for the change in accounting policy retrospectively. The changes and modifications to comparative financial statements presentation are summarised below:

	<u>As previously reported</u> (\$'000)	<u>Adjustments</u> (\$'000)	<u>As restated</u> (\$'000)
<b>Balance sheet</b>			
<b>31 December 2018</b>			
Investment in an associated company	3,517	(2,005)	1,512
Currency translation reserve	-	(15)	(15)
Retained earnings	48,808	(1,990)	46,818
<b>Income statement</b>			
<b>Period ended 31 March 2018</b>			
Share of profit	-	135	135
<b>Statement of comprehensive Income</b>			
<b>Period ended 31 March 2018</b>			
Currency translation difference	-	17	17

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

	31.03.2019	31.03.2018
Earnings per ordinary share for the financial period based on net profits attributable to shareholders :-		
(i) Based on weighted average number of ordinary shares in issue (cents)#	3.72	2.87
(ii) On a fully diluted basis (cents)##	3.72	2.87

# The earnings per share are calculated based on the issued ordinary shares of 41,250,000 (31 March 2018:41,250,000)

## The fully diluted earnings per share are calculated based on the issued ordinary shares of 41,250,000 (31 March 2018:41,250,000)

**7. Net asset value per ordinary share based on issued share capital of the issuer at the end of the:-**

- (a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	31.03.2019	31.12.2018
Net asset value per ordinary share based on issued share capital at the end of the financial period/year :-	3.86	3.81



8. **A review of the performance of the company, to the extent necessary for a reasonable understanding of the company's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the company for the current financial period reported on, including (where applicable) seasonal or cyclical factors;**
  - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the company during the current financial period reported on.**

#### **Review of Company Performance**

##### **Unaudited income Statement**

Profit before Income tax increased by 29.65% from \$1,184,000 in the period ended 31 March 2018 ("1QFY2018") to \$1,535,000 in the period ended 31 March 2019 ("1QFY2019").

##### ***Revenue***

Revenue for 1QFY2019 was \$29,205,000, a decrease of 6.83% over 1QFY2018. The decrease in revenue was due to the lower sale of goods and consignment income from the retail segment.

However, the decrease was partially offset by higher rental income from the property segment.

##### ***Employee compensation***

The increase in employee compensation in 1QFY2019 was the result of a drop in the Government's special employment credit given to the company in the current quarter due to lower qualifying headcounts.

##### ***Depreciation expense***

Depreciation expense for 1QFY2019 was higher than 1QFY2018 due to the adoption of SFRS(I) 16 (Please refer to note 5). The capitalisation of leases as right-of-use assets and the consequent depreciation of this asset resulted in higher depreciation. Without this adoption, depreciation expense is estimated to be \$882,000 for 1QFY2019 as compared to \$1,642,000 in 1QFY2018 and it is lower due to the impairment of property, plant and equipment ("PPE") in the previous year, resulting in lower PPE depreciation in 1QFY2019.

##### ***Rental expense***

Rental expense for 1QFY2019 was lower than 1QFY2018 due to the adoption of SFRS(I) 16 (Please refer to note 5). Without this adoption, the rental expense is estimated to be \$7,479,000 for 1QFY2019 as compared to \$8,205,000 for 1QFY2018. The Company has accounted for one property lease ending before 31 December 2019 as a short-term lease

and continue to be recognised on a straight-line basis as an expense item in the income statement.

### **Unaudited Balance sheet**

#### ***Right-of-use asset***

Due to the adoption of SFRS(I) 16 from 1 January 2019, a right of use asset of \$26,907,000 is recognised on the balance sheet as at 31 March 2019 (Please refer to note 5 for more details).

#### ***Lease liabilities***

Due to the adoption of SFRS(I) 16 from 1 January 2019, lease liabilities of \$28,338,000 (of which \$22,009,000 are current liabilities and \$6,329,000 are non-current liabilities) has been recognised on the balance sheet as at 31 March 2019 (Please refer to note 5 for more details).

### **Unaudited Statement of Cash Flows**

There was a net decrease in cash and cash equivalents amounting to \$5,320,000 in 1QFY2019, compared to a net decrease of \$12,975,000 in 1QFY2018.

Net cash used in operating activities changed from \$6,693,000 in 1QFY2018 to net cash generated of \$2,900,000 in 1QFY2019 due to lesser amounts paid for Trade and other payables in 1QFY2019 and reclassification of rental expenses under operating activities as “principal element of lease payments” and “Interest element of lease payments” under financing activities. This reclassification, which followed the adoption of SFRS(I) 16 (please see note 5) also resulted in a net increase in cash used in financing activities of \$5,937,000 in 1QFY2019.

Net cash used in investing activities for 1QFY2019 was \$2,283,000 compared to \$6,282,000 in 1QFY2018 due to lesser amounts spent in purchases of financial assets.

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

No forecast was made previously.

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

The Singapore economy’s growth rate for 2019 is forecast at 1.5%-3.5% for 2019, with the growth expected to come in slightly below the mid-point of the forecast range. The Board continuously reassesses and redeploys existing resources to navigate the highly competitive retail environment.

The Flagship Isetan Scotts store will undergo a major renovation that will be carried out in phases from around the middle of the year and is targeted to be completed in 2020. The

Company plans to invest an estimated amount of \$12 million to rejuvenate Isetan Scotts and to convert it into a lifestyle destination store. This renovation will be pivotal to our long-term plan to turn around the retail segment.

The Company had also decided not to renew the lease with JG Trustee Pte. Ltd, in respect of the Company's store in Westgate as both parties could not reach an agreement on the renewal of the lease. The lease shall expire on 22 December 2019.

**11. Dividend**

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

Any dividend recommended for the current financial period reported on? **None.**

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

Any dividend declared for the corresponding period of the immediately preceding financial year? **None.**

***(c) Date payable***

Not applicable

***(d) Books closure date***

Not applicable

**12. If no dividend has been declared/recommendeded, a statement to that effect and the reason for the decision.**

No interim dividend has been declared during this quarter as the Company's policy is to pay final dividend once a year at the year end.

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

No IPT mandate has been obtained.

**14. Negative confirmation pursuant to rule 705(5)**

The Board of Directors hereby confirm that to the best of their knowledge, nothing has come to their attention which may render the first quarter of 2019 financial results to be false or misleading in any material aspect.

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

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

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

- 16. Segmental revenue and results for business or geographical segments in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable.

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

Not applicable.

- 18. A breakdown of sales.**

Not applicable.

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

Not applicable.

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

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

**BY ORDER OF THE BOARD**

Lun Chee Leong  
Company Secretary  
14 May 2019