

**ISETAN (SINGAPORE) LIMITED**

Co. Reg. No. 197001177H

**Second Quarter Financial Statement and Dividend Announcement for the period ended 30 June 2017****PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

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

**Consolidated Income Statement for the financial period ended 30 June 2017**

	<b>Group</b>		
	<b>30.06.2017</b>	<b>30.06.2016</b>	<b>+ / (-)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Revenue	66,539	68,606	(3.01)
Other income	1,485	1,354	9.68
Other gains	-	20	(100.00)
Expenses			
- Changes in inventories of finished goods	(80)	410	(119.51)
- Purchases of inventories and related costs	(47,203)	(50,442)	(6.42)
- Employee compensation	(4,555)	(5,192)	(12.27)
- Depreciation expense	(1,838)	(1,783)	3.08
- Rental expense	(10,733)	(11,323)	(5.21)
- Other expenses	(5,130)	(5,156)	(0.50)
Total expenses	<u>(69,539)</u>	<u>(73,486)</u>	(5.37)
Share of profit / (loss) of an associated company	<u>41</u>	<u>(17)</u>	(341.18)
<b>Loss before income tax</b>	<b>(1,474)</b>	<b>(3,523)</b>	<b>(58.16)</b>
Income tax expense	-	-	-
<b>Net loss after tax for the financial period</b>	<b><u>(1,474)</u></b>	<b><u>(3,523)</u></b>	<b>(58.16)</b>
<b>Attributable to :</b>			
Equity holders of the Company	<b><u>(1,474)</u></b>	<b><u>(3,523)</u></b>	<b>(58.16)</b>

**Consolidated Statement of Comprehensive Income for the financial period ended 30 June 2017**

	<b>30.06.2017</b>	<b>30.06.2016</b>	<b>+ / (-)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Loss for the financial period	(1,474)	(3,523)	(58.16)
<b>Other comprehensive gain</b>			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
- Fair value gain	70	67	4.48
Currency translation differences arising from consolidation			
- Loss	-	(2)	(100.00)
<b>Other comprehensive gain, net of tax</b>	<u>70</u>	<u>65</u>	7.69
<b>Total comprehensive loss for the financial period</b>	<b><u>(1,404)</u></b>	<b><u>(3,458)</u></b>	<b>(59.40)</b>
<b>Total comprehensive loss attributable to :</b>			
Equity holders of the Company	<b><u>(1,404)</u></b>	<b><u>(3,458)</u></b>	<b>(59.40)</b>

**Additional Disclosure**

	<b>Group</b>		+ / (-) %
	30.06.2017 \$'000	30.06.2016 \$'000	
Revenue			
- Sale of goods	63,533	66,557	(4.54)
- Rental income	3,006	2,049	46.71
	<u>66,539</u>	<u>68,606</u>	(3.01)
Other income:			
- Dividend income	15	33	(54.55)
- Other rental income	760	644	18.01
- Interest income	668	640	4.38
- Sundry income	42	37	13.51

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

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

**Balance Sheets as at 30 June 2017**

	<b>Group</b>		<b>Company</b>	
	30.06.2017 \$'000	31.12.2016 \$'000	30.06.2017 \$'000	31.12.2016 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	54,768	54,688	42,687	42,660
Trade and other receivables	7,325	12,293	7,324	12,292
Financial assets, held-to-maturity	5,765	11,753	5,765	11,753
Inventories	11,691	11,489	11,691	11,489
Other current assets	4,352	709	4,351	709
	<u>83,901</u>	<u>90,932</u>	<u>71,818</u>	<u>78,903</u>
<b>Non-current assets</b>				
Other receivables	205	246	205	246
Financial assets, available-for-sale	3,718	3,455	3,688	3,429
Financial assets, held-to-maturity	44,525	44,534	44,525	44,534
Club memberships	235	235	235	235
Investment in an associated company	214	124	2,598	2,598
Investment in a subsidiary	-	-	5,000	5,000
Rental deposits	6,440	7,692	6,440	7,692
Investment property	30,395	31,486	30,395	31,486
Property, plant and equipment	45,597	48,045	45,597	48,045
	<u>131,329</u>	<u>135,817</u>	<u>138,683</u>	<u>143,265</u>
<b>Total assets</b>	<u>215,230</u>	<u>226,749</u>	<u>210,501</u>	<u>222,168</u>

**LIABILITIES****Current liabilities**

Trade and other payables	37,195	47,186	37,186	47,177
	<b>37,195</b>	<b>47,186</b>	<b>37,186</b>	<b>47,177</b>

**Non-current liabilities**

Trade and other payables	5,158	5,245	5,158	5,245
Provisions for other liabilities and charges	1,974	1,938	1,974	1,938
	<b>7,132</b>	<b>7,183</b>	<b>7,132</b>	<b>7,183</b>

<b>Total liabilities</b>	<b>44,327</b>	<b>54,369</b>	<b>44,318</b>	<b>54,360</b>
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<b>NET ASSETS</b>	<b>170,903</b>	<b>172,380</b>	<b>166,183</b>	<b>167,808</b>
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**EQUITY**

Share capital	91,710	91,710	91,710	91,710
General reserve	17,000	17,000	17,000	17,000
Fair value reserve	1,541	1,278	1,513	1,255
Currency translation reserve	(215)	(203)	-	-
Other reserves	(140)	(140)	(140)	(140)
Retained earnings	61,007	62,735	56,100	57,983
<b>Total equity</b>	<b>170,903</b>	<b>172,380</b>	<b>166,183</b>	<b>167,808</b>

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

As at 30.06.17		As at 30.06.16	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Amount repayable after one year**

As at 30.06.17		As at 30.06.16	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Details of any collateral**

Not applicable.

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

**Consolidated Statement of Cash Flows for the financial period ended 30 June 2017**

	<b>Group</b>	
	<b>30.06.2017</b>	30.06.2016
	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>		
Loss before income tax	(1,474)	(3,523)
Adjustments for:		
Depreciation expense	1,838	1,783
Amortisation of capitalised letting fees	18	-
Property, plant and equipment written off	14	-
Gain on disposal of property, plant and equipment	-	(31)
Loss due to disposal of club memberships	-	11
Interest income	(668)	(640)
Increase in provisions for other liabilities and charges	18	21
Provision for doubtful debts	118	-
Dividend income	(15)	(33)
Share of (profit) / loss of an associated company	(41)	17
	<u>(192)</u>	<u>(2,395)</u>
Changes in working capital:		
Trade and other receivables	2,480	(537)
Inventories	80	(410)
Other assets and rental deposits	(2,162)	107
Trade and other payables	(531)	91
Cash used in operations	<u>(325)</u>	<u>(3,144)</u>
<b>Net cash used in operating activities</b>	<u>(325)</u>	<u>(3,144)</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	-	31
Payments for property, plant and equipment and investment property	(110)	(2,639)
Purchases of financial assets, held-to-maturity	(842)	(2,403)
Proceeds from maturity / early redemption of financial assets, held-to-maturity	5,842	2,251
Payments for letting fees	(9)	-
Payments for non current assets classified as held-for sale	-	(9)
Interest received	904	865
Dividend received	15	33
Net repayments from / (loan to) employee	1	(99)
<b>Net cash provided by / (used in) investing activities</b>	<u>5,801</u>	<u>(1,970)</u>
<b>Cash flows from financing activities</b>		
Dividend paid	(2,063)	(2,063)
<b>Net cash used in financing activities</b>	<u>(2,063)</u>	<u>(2,063)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>3,413</b>	<b>(7,177)</b>
Cash and cash equivalents at beginning of the financial period	<u>51,355</u>	<u>47,868</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u>54,768</u>	<u>40,691</u>

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

**Statement of Changes in Equity for the financial period ended 30 June 2017**

	<u>Share capital</u> \$'000	<u>General reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Currency translation reserve</u> \$'000	<u>Other reserves</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
<b>Group</b>							
Balance at 1 April 2017	91,710	17,000	1,471	(215)	(140)	64,544	174,370
Total comprehensive loss for the period	-	-	70	-	-	(1,474)	(1,404)
Dividend for year ended 31 December 2016	-	-	-	-	-	(2,063)	(2,063)
<b>Balance at 30 June 2017</b>	<b>91,710</b>	<b>17,000</b>	<b>1,541</b>	<b>(215)</b>	<b>(140)</b>	<b>61,007</b>	<b>170,903</b>
<hr/>							
Balance at 1 April 2016	91,710	17,000	1,360	(199)	-	59,068	168,939
Total comprehensive loss for the period	-	-	67	(2)	-	(3,523)	(3,458)
Dividend for year ended 31 December 2015	-	-	-	-	-	(2,063)	(2,063)
<b>Balance at 30 June 2016</b>	<b>91,710</b>	<b>17,000</b>	<b>1,427</b>	<b>(201)</b>	<b>-</b>	<b>53,482</b>	<b>163,418</b>
<hr/>							
	<u>Share capital</u> \$'000	<u>General reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Currency translation reserve</u> \$'000	<u>Other reserves</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
<b>Company</b>							
Balance at 1 April 2017	91,710	17,000	1,443	-	(140)	59,704	169,717
Total comprehensive loss for the period	-	-	70	-	-	(1,541)	(1,471)
Dividend for year ended 31 December 2016	-	-	-	-	-	(2,063)	(2,063)
<b>Balance at 30 June 2017</b>	<b>91,710</b>	<b>17,000</b>	<b>1,513</b>	<b>-</b>	<b>(140)</b>	<b>56,100</b>	<b>166,183</b>
<hr/>							
Balance at 1 April 2016	91,710	17,000	1,339	-	-	61,503	171,552
Total comprehensive loss for the period	-	-	65	-	-	(3,546)	(3,481)
Dividend for year ended 31 December 2015	-	-	-	-	-	(2,063)	(2,063)
<b>Balance at 30 June 2016</b>	<b>91,710</b>	<b>17,000</b>	<b>1,404</b>	<b>-</b>	<b>-</b>	<b>55,894</b>	<b>166,008</b>

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

Not applicable.

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

	As at the end of current financial period ended 30 June 2017	As at the end of financial year ended 31 December 2016
Total number of ordinary shares issued	41,250,000	41,250,000

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

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in preparing this financial statement for the current accounting year compared with the most recently audited financial statements for the year ended 31 December 2016.

**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.**

Not applicable.

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

	<u>Group</u>	
	30.06.2017	30.06.2016
Loss per ordinary share for the financial period based on net loss attributable to shareholders :-		
(i) Based on weighted average number of ordinary shares in issue (cents)+	(3.57)	(8.54)
(ii) On a fully diluted basis (cents)++	(3.57)	(8.54)

+ The loss per share are calculated based on the issued ordinary shares of 41,250,000 (30 June 2016: 41,250,000)

++ The fully diluted loss per share are calculated based on the issued ordinary shares of 41,250,000 (30 June 2016: 41,250,000)

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

**(a) current financial period reported on; and**

**(b) immediately preceding financial year.**

	<u>Group</u>		<u>Company</u>	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Net asset value per ordinary share based on issued share capital at the end of financial period / year	\$4.14	\$4.18	\$4.03	\$4.07

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial year reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial year reported on.**

#### **Review of Group Performance**

Group revenue for the period ended 30 June 2017 ("Q2 2017") was \$66.539 million, a decrease of 3.01% over the corresponding period ("Q2 2016"). The retail segment registered lower sales due to weaker consumer sentiments. Rental revenue from Isetan Wisma investment property in Q2 2017 was higher than in Q2 2016 due to more tenants operating at the premises and this helped to mitigate the decrease in retail sales.

For Q2 2017, the Group incurred a loss of \$1.474 million as compared to a loss of \$3.523 million in Q2 2016. The reduction in loss was attributed mainly to higher rental revenue from Isetan Wisma investment property and reduction in expenses.

Under current assets, trade and other receivables decreased mainly due to the discontinuation of the credit facility of the in-house Isetan Credit Card from 1 April 2017. Financial assets, held-to-maturity ("HTMs") under current assets decreased due to the maturity of certain HTMs. Other current assets increased due to higher prepaid expenses. Under non-current assets, rental deposits decreased due to lower rental upon rental revision. Under current liabilities, trade and other payables decreased due to the settlement of amount owing to trade and other creditors.

Under cash flows from operating activities, the lower net cash outflow in Q2 2017 as compared to Q2 2016 was mainly due to the lower losses incurred. Under cash flow from investing activities, the net cash inflow in Q2 2017 as opposed to a net cash outflow in Q2 2016 was mainly due to the proceeds from the maturity of certain HTMs.

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

No forecast was made previously.

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

The government has revised its 2017 economic growth forecast range to 2% to 3% from an earlier estimate of 1% to 3%. However, growth remains uneven and coupled with the weak labour market conditions, the Group does not expect significant uplift in consumer sentiment. Hence, the retail sector is expected to remain highly competitive and challenging.

#### **11. Dividend**

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

Any dividend recommended for the current financial period reported on?

**None**

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

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

**None**

##### **(c) Date payable**

Not applicable.

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

Not applicable.

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

No dividend has been declared.

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

No IPT mandate has been obtained.

#### **14. Negative confirmation pursuant to Rule 705(5)**

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the second quarter of 2017 financial results to be false or misleading in any material respect.

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

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

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

16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

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

Not applicable.

18. A breakdown of sales.

Not applicable.

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

**Total Annual Dividend**

	Latest full year	Previous full year
Ordinary	-	-
Preference	-	-
Total:	-	-

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

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

**BY ORDER OF THE BOARD**

Lun Chee Leong  
Company Secretary  
14 August 2017