

First Quarter Financial Statement and Dividend Announcement for the period ended 31 March 2016

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 31 March 2016

	Group		+ / (-) %
	31.03.2016	31.03.2015	
	\$'000	\$'000	
Revenue*	74,276	82,094	(9.52)
Other income	1,446	1,720	(15.93)
Expenses			
- Changes in inventories of finished goods	(87)	63	(238.10)
- Purchases of inventories and related costs	(54,473)	(60,273)	(9.62)
- Employee compensation	(5,360)	(5,681)	(5.65)
- Depreciation expense	(1,891)	(2,053)	(7.89)
- Rental expense	(11,516)	(11,700)	(1.57)
- Other expenses	(5,595)	(6,466)	(13.47)
Total expenses	(78,922)	(86,110)	(8.35)
Share of profit of an associated company	39	30	30.00
Loss before income tax	(3,161)	(2,266)	39.50
Income tax expense	-	-	N.M.
Net loss after tax for the financial period	(3,161)	(2,266)	39.50
Attributable to :			
Equity holders of the Company	(3,161)	(2,266)	39.50

N.M. not meaningful

Consolidated Statement of Comprehensive Income for the financial period ended 31 March 2016

	Group		+ / (-) %
	31.03.2016	31.03.2015	
	\$'000	\$'000	
Loss for the financial period	(3,161)	(2,266)	39.50
Other comprehensive gain			
Financial assets, available-for-sale			
- Fair value gain	82	146	(43.84)
Currency translation differences arising from consolidation			
- (Loss) /gains	(2)	23	(108.70)
Other comprehensive gain, net of tax	80	169	(52.66)
Total comprehensive loss for the financial period	(3,081)	(2,097)	46.92
Total comprehensive loss attributable to :			
Equity holders of the Company	(3,081)	(2,097)	46.92

Additional Disclosure

	Group		+ / (-) %
	31.03.2016	31.03.2015	
	\$'000	\$'000	
Revenue			
- Sale of goods	73,509	82,094	(10.46)
- Rental income	767	-	N.M.
	<u>74,276</u>	<u>82,094</u>	(9.52)
Dividend income	88	28	214.29
Other rental income	648	1,049	(38.23)
Interest income	658	580	13.45

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

N.M. not meaningful

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

Balance Sheets as at 31 March 2016

	Group		Company	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents	47,868	63,328	45,808	61,308
Trade and other receivables	8,047	10,870	8,010	10,837
Financial assets, held-to-maturity	1,724	-	1,724	-
Inventories	12,440	12,526	12,440	12,526
Non-current assets classified as held for sale	209	110	209	110
Other current assets	1,022	1,000	1,019	1,000
	<u>71,310</u>	<u>87,834</u>	<u>69,210</u>	<u>85,781</u>
Non-current assets				
Other receivables	255	252	255	252
Financial assets, available-for-sale	3,538	3,395	3,513	3,372
Financial assets, held-to-maturity	53,755	51,625	53,755	51,625
Club memberships	94	94	94	94
Investment in an associated company	88	51	2,598	2,598
Investment in a subsidiary	-	-	5,000	5,000
Rental deposits	7,724	7,711	7,724	7,711
Investment properties	32,247	32,325	29,647	29,710
Property, plant and equipment	48,817	50,263	48,802	50,247
Deferred income tax asset	294	294	-	-
	<u>146,812</u>	<u>146,010</u>	<u>151,388</u>	<u>150,609</u>
Total assets	<u>218,122</u>	<u>233,844</u>	<u>220,598</u>	<u>236,390</u>

LIABILITIES**Current liabilities**

Trade and other payables	43,330	56,227	43,281	56,177
Current income tax liabilities	-	-	-	-
	43,330	56,227	43,281	56,177

Non-current liabilities

Trade and other payables	3,965	3,731	3,877	3,643
Provisions for other liabilities and charges	1,888	1,866	1,888	1,866
Deferred income tax liabilities	-	-	-	-
	5,853	5,597	5,765	5,509

Total liabilities

	49,183	61,824	49,046	61,686
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NET ASSETS

	168,939	172,020	171,552	174,704
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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	1,360	1,278	1,339	1,258
Currency translation reserve	(199)	(197)	-	-
Retained earnings	59,068	62,229	61,503	64,736
Shareholders' equity	168,939	172,020	171,552	174,704

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

As at 31.03.2016		As at 31.03.2015	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.03.2016		As at 31.03.2015	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Not applicable.

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

Consolidated Statement of Cash Flows for the financial year period 31 March 2016

	Group	
	31.03.2016	31.03.2015
	\$'000	\$'000
Cash flows from operating activities		
Loss before income tax	(3,161)	(2,266)
Adjustments for:		
Depreciation expense	1,891	2,053
Property, plant and equipment written off	50	260
Gain on disposal of property, plant and equipment	(13)	-
Interest income	(658)	(580)
Increase in provisions for other liabilities and charges	22	4
Dividend income	(88)	(28)
Share of profit of an associated company	(39)	(30)
	<u>(1,996)</u>	<u>(587)</u>
Changes in working capital		
Trade and other receivables	3,044	2,325
Inventories	86	(63)
Other assets	(35)	(58)
Trade and other payables	(11,834)	(10,319)
Cash used in operations	<u>(10,735)</u>	<u>(8,702)</u>
Loan repayments from staff	(18)	5
Net cash used in operating activities	<u>(10,753)</u>	<u>(8,697)</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	13	-
Payments for property, plant and equipment and investment property	(1,249)	(1,198)
Purchases of financial assets, available-for-sale	(59)	-
Proceeds from early redemption / maturity of financial assets, held-to-maturity	251	2,000
Purchases of financial assets, held-to-maturity	(4,104)	(3,988)
Payments for non current assets classified as held-for sale	(99)	-
Interest received	452	405
Dividend received	88	28
Net cash used in investing activities	<u>(4,707)</u>	<u>(2,753)</u>
Net decrease in cash and cash equivalents	(15,460)	(11,450)
Cash and cash equivalents at beginning of the financial period	<u>63,328</u>	<u>87,976</u>
Cash and cash equivalents at end of the financial period	<u>47,868</u>	<u>76,526</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 31 March 2016

	<u>Share capital</u> \$'000	<u>General reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Currency translation reserve</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Group						
Balance at 1 January 2016	91,710	17,000	1,278	(197)	62,229	172,020
Total comprehensive loss for the year	-	-	82	(2)	(3,161)	(3,081)
Balance at 31 March 2016	91,710	17,000	1,360	(199)	59,068	168,939
Balance at 1 January 2015	91,710	17,000	1,365	(228)	91,147	200,994
Total comprehensive income for the year	-	-	146	23	(2,266)	(2,097)
Balance at 31 March 2015	91,710	17,000	1,511	(205)	88,881	198,897
	<u>Share capital</u> \$'000	<u>General reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Currency translation reserve</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Company						
Balance at 1 January 2016	91,710	17,000	1,258	-	64,736	174,704
Total comprehensive loss for the year	-	-	81	-	(3,233)	(3,152)
Balance at 31 March 2016	91,710	17,000	1,339	-	61,503	171,552
Balance at 1 January 2015	91,710	17,000	1,344	-	93,801	203,855
Total comprehensive income for the year	-	-	145	-	(2,339)	(2,194)
Balance at 31 March 2015	91,710	17,000	1,489	-	91,462	201,661

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 31 March 2016	As at the end of financial year ended 31 December 2015
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 2015, except for those as disclosed under paragraph 5.

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

On 1 January 2016, the Group adopted the revised Singapore Financial Reporting Standards (FRS) that are effective in this financial year as set out below:

- (a) FRS 110 Consolidated financial statements and FRS 28 Investment in associates and joint ventures
(effective for annual periods beginning on or after 1 January 2016)

These amendments address an inconsistency between FRS 110 and FRS 28 in the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction assets that do not constitute a business, even if those assets are in a subsidiary.

This amendment is not expected to have any significant impact on the financial statements of the Group.

In August 2015, the IASB has published an Exposure Draft to propose deferring the effective date of the amendment indefinitely. Earlier application of the amendment continues to be permitted. No deferral has been made for similar amendment to FRS 110 and FRS 28 as at the date of this publication.

- (b) FRS 1 Presentation of financial statements
(effective for annual periods beginning on or after 1 January 2016)

This amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

This amendment is not expected to have any significant impact on the financial statements of the Group.

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

	<u>Group</u>	
	31.03.2016	31.03.2015
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)+	(7.66)	(5.49)
(ii) On a fully diluted basis (cents)++	(7.66)	(5.49)

+ The loss per share are calculated based on the issued ordinary shares of 41,250,000 (31 March 2015: 41,250,000)

++ The fully diluted loss per share are calculated based on the issued ordinary shares of 41,250,000 (31 March 2015: 41,250,000)

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

(a) current financial period reported on; and

(b) immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
Net asset value per ordinary share based on issued share capital at the end of financial period / year	\$4.10	\$4.17	\$4.16	\$4.24

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 31 March 2016 ("Q1 2016") was \$74.276 million, a decrease of 9.52% over the corresponding period ("Q1 2015"). As Isetan Orchard has already been converted to an investment property since the second quarter of 2015, there was no sales contribution from this store in Q1 2016. This together with the negative impact on sales due to the renovation being carried out in Isetan Scotts supermarket were the main reasons for the decrease in sales.

For Q1 2016, the Group incurred a loss after tax of \$3.161 million as compared to a loss after tax of \$ 2.266 million in Q1 2015. The higher loss was mainly contributed by the decrease in sales but this was mitigated by decreases in employee compensation, depreciation expense, rental expenses and other expenses. For the associated company, the Group recorded a share of gain of \$39,000 in Q1 2016.

As compared to 31 December 2015, cash and cash equivalents decreased mainly due to the losses incurred, settlement of amounts relating to trade and other payables, payments for property, plant and equipment and investment property and purchases of financial assets held-to-maturity ("HTMs"). Under current assets, trade and other receivables had decreased mainly due to the settlement by debtors. HTMs under current assets had increased due to new purchases of bonds as well as the reclassification of HTMs from non-current assets. Under non-current assets, the purchase of new bonds led to the increase in HTMs. Under current liabilities, trade and other payables decreased due to settlement of amounts owing to trade and other creditors. Under non-current liabilities, trade and other payables increased mainly due to the increase in rental deposits and provisions for retirement benefits.

Under cash flows from operating activities, the larger net cash outflow in Q1 2016 as compared to Q1 2015 was mainly due to the higher losses incurred and higher amounts used to settle trade and other payables. Under cash flows from investing activities, net cash outflow was larger in Q1 2016 as compared to Q1 2015 mainly to the lower proceeds from the maturity of HTMs and purchases of higher amounts of 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.

Renovation at Isetan Scotts supermarket has been fully completed and we expect to see an improvement in supermarket sales. At the Isetan Orchard investment property, rental revenue will progressively increase as more tenants commence their operations at the premises. However, the outlook in the retail industry remains challenging given the weak economic conditions and continued keen competition among retailers.

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 first quarter of 2016 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
13 May 2016