

Second Quarter Financial Statement and Dividend Announcement for the period ended 30 June 2014

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 period from 1 April 2014 to 30 June 2014

	Group		
	30.06.2014	30.06.2013	+ / (-)
	\$'000	\$'000	%
Sales	82,286	80,039	2.81
Other income	2,489	2,460	1.18
Expenses			
- Changes in inventories of finished goods	19	(255)	n.m.
- Purchases of inventories and related costs	(61,097)	(58,603)	4.26
- Employee compensation	(5,501)	(4,859)	13.21
- Depreciation expense	(2,120)	(1,678)	26.34
- Rental expense - operating leases	(10,732)	(9,048)	18.61
- Other expenses	(6,558)	(6,955)	(5.71)
Total expenses	(85,989)	(81,398)	5.64
(Loss) / profit before income tax	(1,214)	1,101	n.m.
Income tax expense	-	(231)	(100.00)
Net (loss) / profit for the financial period	(1,214)	870	n.m.
Attributable to :			
Equity holders of the Company	(1,214)	870	n.m.

Consolidated Statement of Comprehensive Income for the period from 1 April 2014 to 30 June 2014

	30.06.2014	30.06.2013	+ / (-)
	\$'000	\$'000	%
Net (loss) / profit for the financial period	(1,214)	870	n.m.
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
- Fair value gain / (loss)	35	(264)	n.m.
Other comprehensive gain / (loss), net of tax	35	(264)	n.m.
Total comprehensive (loss) / income for the financial period	(1,179)	606	n.m.
Total comprehensive (loss) / income attributable to :			
Equity holders of the Company	(1,179)	606	n.m.

n.m. - not meaningful

Additional Disclosure

(i)

	Group		
	30.06.2014	30.06.2013	+ / (-)
	\$'000	\$'000	%
Dividend income	93	61	52.46
Gross rental income	1,737	1,799	(3.45)
Interest income	544	550	(1.09)

(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 2014**

	Group		Company	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents	81,851	97,630	80,186	96,083
Trade and other receivables	9,224	13,457	9,193	13,422
Financial assets, held-to-maturity	20,000	7,000	20,000	7,000
Inventories	15,491	15,275	15,491	15,275
Other current assets	582	380	582	380
	127,148	133,742	125,452	132,160
Non-current assets				
Other receivables	343	393	343	393
Financial assets, available-for-sale	3,422	3,344	3,396	3,321
Financial assets, held-to-maturity	29,500	42,500	29,500	42,500
Club memberships	656	656	656	656
Investment in an associated company	-	-	2,598	2,598
Investment in a subsidiary	-	-	3,308	3,308
Rental deposits	6,725	6,706	6,725	6,706
Investment property	2,701	2,731	-	-
Property, plant and equipment	84,857	88,940	84,835	88,916
	128,204	145,270	131,361	148,398
Total assets	255,352	279,012	256,813	280,558

LIABILITIES**Current liabilities**

Trade and other payables	47,796	66,821	47,666	66,685
Current income tax liabilities	616	1,480	616	1,480
	48,412	68,301	48,282	68,165

Non-current liabilities

Other payables	2,206	2,020	2,206	2,020
Provisions for other liabilities and charges	1,542	1,534	1,542	1,534
Deferred income tax liabilities	71	71	71	71
	3,819	3,625	3,819	3,625

Total liabilities

	52,231	71,926	52,101	71,790
--	---------------	---------------	---------------	---------------

NET ASSETS

	203,121	207,086	204,712	208,768
--	----------------	----------------	----------------	----------------

EQUITY

Share capital	91,710	91,710	91,710	91,710
General reserve	17,000	17,000	17,000	17,000
Fair value reserve	1,305	1,227	1,281	1,207
Currency translation reserve	(228)	(228)	-	-
Retained earnings	93,334	97,377	94,721	98,851
Shareholders' equity	203,121	207,086	204,712	208,768

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

As at 30.06.2014		As at 30.06.2013	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.06.2014		As at 30.06.2013	
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 from 1 April 2014 to 30 June 2014

	Group	
	30.06.2014	30.06.2013
	\$'000	\$'000
Cash flows from operating activities		
(Loss)/Profit before income tax	(1,214)	1,101
Adjustments for:		
Depreciation	2,120	1,678
Property, plant and equipment written off	-	1
Loss on disposal of property, plant and equipment	-	2
Interest income	(544)	(550)
Increase in provisions for other liabilities and charges	4	4
Dividend income	(93)	(61)
	<u>273</u>	<u>2,175</u>
Changes in working capital		
Trade and other receivables	522	1,543
Inventories	(19)	255
Other assets	(54)	178
Trade and other payables	865	(2,247)
Cash generated from operations	<u>1,587</u>	<u>1,904</u>
Income taxes paid	(560)	(1,001)
Loan repayments from directors	5	2
Net cash provided by operating activities	<u>1,032</u>	<u>905</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	1
Payments for property, plant and equipment	(3,501)	(516)
Interest received	718	792
Dividend received	93	61
Net cash (used in) / provided by investing activities	<u>(2,690)</u>	<u>338</u>
Cash flows from financing activities		
Dividends paid	(3,094)	(3,094)
Net cash used in financing activities	<u>(3,094)</u>	<u>(3,094)</u>
Net decrease in cash and cash equivalents	<u>(4,752)</u>	<u>(1,851)</u>
Cash and cash equivalents at beginning of the financial period	<u>86,603</u>	<u>93,716</u>
Cash and cash equivalents at end of the financial period	<u>81,851</u>	<u>91,865</u>

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

Consolidated Statement of Changes in Equity for the financial period from 1 April 2014 to 30 June 2014

	Share capital \$'000	General reserve \$'000	Fair value reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000
Group						
Balance at 1 April 2014	91,710	17,000	1,270	(228)	97,642	207,394
Total comprehensive loss for the period	-	-	35	-	(1,214)	(1,179)
Dividend for year ended 31 December 2013	-	-	-	-	(3,094)	(3,094)
Balance at 30 June 2014	91,710	17,000	1,305	(228)	93,334	203,121
Balance at 1 April 2013	91,710	17,000	1,511	(228)	96,601	206,594
Total comprehensive income for the period	-	-	(264)	-	870	606
Dividend for year ended 31 December 2012	-	-	-	-	(3,094)	(3,094)
Balance at 30 June 2013	91,710	17,000	1,247	(228)	94,377	204,106
	Share capital \$'000	General reserve \$'000	Fair value reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000
Company						
Balance at 1 April 2014	91,710	17,000	1,250	-	99,072	209,032
Total comprehensive loss for the period	-	-	31	-	(1,257)	(1,226)
Dividend for year ended 31 December 2013	-	-	-	-	(3,094)	(3,094)
Balance at 30 June 2014	91,710	17,000	1,281	-	94,721	204,712
Balance at 1 April 2013	91,710	17,000	1,490	-	98,209	208,409
Total comprehensive income for the period	-	-	(264)	-	824	560
Dividend for year ended 31 December 2012	-	-	-	-	(3,094)	(3,094)
Balance at 30 June 2013	91,710	17,000	1,226	-	95,939	205,875

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 year 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 2014	As at the end of financial year ended 31 December 2013
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 period compared with the most recently audited financial statements for the year ended 31 December 2013, 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 2014, the Group adopted the revised Singapore Financial Reporting Standards (FRS) that is effective in this financial year as set out below:

(a) *FRS 110 - Consolidated Financial Statement*

The Group has applied FRS 110 from 1 January 2014, but this has no significant impact on the financial statements of the Group.

(b) *FRS 111 - Joint Arrangements*

The Group has applied FRS 111 from 1 January 2014, but this has no impact on the financial statements of the Group.

(c) *FRS 112 - Disclosure of Interests in Other Entities*

The Group has applied FRS 112 prospectively from 1 January 2014. FRS 112 has no impact on the Group's accounting policies but will require more disclosures in the financial statements.

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> 30.06.2014	30.06.2013
Earnings per ordinary share for the period based on net (loss) / profit attributable to		
(i) Based on weighted average number of ordinary shares in issue (cents)+	(2.94)	2.11
(ii) On a fully diluted basis (cents)++	(2.94)	2.11

+ The (loss)/earnings per share are calculated based on the issued ordinary shares of 41,250,000 (30 June 2013: 41,250,000)

++ The fully diluted (loss)/earnings per share are calculated based on the issued ordinary shares of 41,250,000 (30 June 2013: 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> 30.06.2014	31.12.2013	<u>Company</u> 30.06.2014	31.12.2013
Net asset value per ordinary share based on issued share capital at the end of financial period	\$4.92	\$5.02	\$4.96	\$5.06

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

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

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

Review of Group Performance

Group sales for the quarter ended 30 June 2014 ("Q2 2014") was \$82.286 million, an increase of 2.81% over the corresponding period ("Q2 2013"). The renovations at Shaw House and Shaw Centre continued to affect the sales at the flagship Scotts store in Q2 2014. However, the sales contribution from the new store at Jurong East ("New Store") helped the Group to register a net increase in sales during this financial period.

For Q2 2014, the Group incurred a loss before tax of \$1.214 million as compared to a profit before tax of \$1.101 million in Q2 2013. The loss was mainly due to higher rental expense, decline in sales at the flagship store and the start-up nature of the New Store.

As compared to 31 December 2013, cash and cash equivalents had decreased mainly due to the settlement of amounts relating to trade and other payables as well as payments for property, plant and equipment and dividends. Under current assets, trade and other receivables had decreased due to the settlement of outstanding amounts owing by debtors. Financial Assets, held-to-maturity ("HTMs") under current assets had increased due to the reclassification of certain HTMs from non-current assets as they are due to mature within one year.

Under cash flows from investing activities, the higher payments for property, plant and equipment in Q2 2014 relating to the New Store led to a net cash outflow as compared to a net cash inflow in Q2 2013.

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 renovations at the basement of Shaw House and Shaw Centre have been completed recently and a foodcourt has started operations in the basement of Shaw House in early June 2014. The Group expects customer traffic at the flagship Scotts store to improve progressively as amenities are restored and more tenants move into Shaw Centre. The Group will continue to introduce more promotions and activities at the flagship store to draw back customers. At the Isetan Orchard store, rental income is expected to fall due to two tenants vacating the premises in Quarter 3 of 2014. This will adversely affect the overall profitability for Quarter 3 of 2014. The Company is presently in discussions with interested parties on leasing out space at the Isetan Orchard store but there is nothing conclusive yet.

(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/recommended, 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 2014 financial results to be false or misleading in any material respect.

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

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

Not applicable.

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

Not applicable.

17. A breakdown of sales.

Not applicable.

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

Total Annual Dividend

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

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) 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
Not applicable	-	-	-	-

BY ORDER OF THE BOARD

Lun Chee Leong
Company Secretary
14 August 2014