

**A. Condensed interim statements of profit or loss and other comprehensive income for the 6 months & full year ending December 2023**

	Note	6 months ended 31.12.2023 S'000	6 months ended 31.12.2022 S'000	+ / (-) %	12 months ended 31.12.2023 S'000	12 months ended 31.12.2022 S'000	+ / (-) %
Revenue	6	43,216	44,794	-3.52	84,277	87,620	-3.82
Other income	7	2,708	2,316	16.93	5,526	4,393	25.79
Other (losses) / gains - net							
- Loss on fixed assets written off	8	(160)	-	N.M.	(160)	-	N.M.
- Impairment loss on financial assets	8	(57)	(2)	2,750.00	(77)	(24)	220.83
- Others	8	44	85	-48.24	44	85	-48.24
Expenses							
- Changes in inventories of finished goods		(152)	747	N.M.	(301)	802	N.M.
- Purchases of inventories and related costs		(15,518)	(16,365)	-5.18	(30,868)	(31,686)	-2.58
- Employee compensation	9	(7,418)	(7,869)	-5.73	(15,197)	(16,049)	-5.31
- Depreciation expense		(5,388)	(6,025)	-10.57	(11,095)	(11,725)	-5.37
- Rental expense		(801)	(670)	19.55	(1,675)	(1,444)	16.00
- Service charge expense		(2,688)	(2,523)	6.54	(5,377)	(5,439)	-1.14
- Interest expense		(639)	(829)	-22.92	(1,469)	(1,620)	-9.32
- Impairment loss on investment in an associate	15	-	-	N.M.	-	(1,753)	N.M.
- Impairment of right-of-use assets	11	(4,091)	(2,795)	46.37	(5,928)	(2,795)	112.09
- Impairment loss on property, plant and equipment	11	(2,358)	(965)	144.35	(3,095)	(965)	220.73
- Other expenses	10	(8,592)	(9,028)	-4.83	(17,180)	(17,785)	-3.40
Total expenses		(47,645)	(46,322)	2.86	(92,185)	(90,459)	1.91
Share of results of an associate		-	-	N.M.	-	(266)	N.M.
<b>(Loss) / Profit before income tax</b>		(1,894)	871	N.M.	(2,575)	1,349	N.M.
Income tax expense	24	-	-	N.M.	-	-	N.M.
<b>Net (loss) / profit after tax for the financial period</b>		(1,894)	871	N.M.	(2,575)	1,349	N.M.
<b>Attributable to :</b>							
Equity holders of the Company		(1,894)	871	N.M.	(2,575)	1,349	N.M.
(Loss) / Earnings per share for net profit attributable to the equity holders of the Company (cents per share)							
- Basic		-4.59 cents	2.11 cents		-6.24 cents	3.27 cents	
- Diluted		-4.59 cents	2.11 cents		-6.24 cents	3.27 cents	
		<b>6 months ended 31.12.2023 S'000</b>	<b>6 months ended 31.12.2022 S'000</b>	<b>+ / (-) %</b>	<b>12 months ended 31.12.2023 S'000</b>	<b>12 months ended 31.12.2022 S'000</b>	<b>+ / (-) %</b>
<b>Net (loss) / profit for the financial period</b>		(1,894)	871	N.M.	(2,575)	1,349	N.M.
<b>Other comprehensive (loss) / income</b>							
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation differences		-	-	N.M.	-	(41)	N.M.
Item that will not be reclassified subsequently to profit or loss:							
Financial assets, fair value through other comprehensive income							
- Fair value (loss) / gain		(362)	81	N.M.	(612)	(206)	197.09
Actuarial loss on retirement benefit obligation		-	(112)	N.M.	-	(112)	N.M.
<b>Other comprehensive (loss) / income, net of tax</b>		(362)	(31)	1,067.74	(612)	(359)	70.47
<b>Total comprehensive (loss) / income for the financial period</b>		(2,256)	840	N.M.	(3,187)	990	N.M.
<b>Total comprehensive (loss) / income attributable to :</b>							
Equity holders of the Company		(2,256)	840	N.M.	(3,187)	990	N.M.

**B. Condensed interim statements of financial position**

	Note	31.12.2023 \$'000	31.12.2022 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		69,833	74,542
Trade and other receivables	13 (a)	7,581	6,343
Other investments, at amortised cost		8,137	5,240
Inventories		6,141	6,442
Rental deposit		613	634
Other current assets		1,751	1,628
		<u>94,056</u>	<u>94,829</u>
<b>Non-current assets</b>			
Trade and other receivables	13 (b)	760	2,731
Financial assets, at FVOCI	14	3,388	4,000
Other investments, at amortised cost		18,246	22,086
Club memberships		170	170
Investment in an associate	15	-	-
Rental deposits		4,306	3,811
Investment properties	16	25,788	28,260
Property, plant and equipment	17	18,988	23,062
Right-of-use assets	18	5,803	18,960
		<u>77,449</u>	<u>103,080</u>
<b>Total assets</b>		<u>171,505</u>	<u>197,909</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		30,998	35,369
Lease liabilities		17,795	16,686
		<u>48,793</u>	<u>52,055</u>
<b>Non-current liabilities</b>			
Trade and other payables		4,082	5,217
Provisions		3,557	3,417
Lease liabilities		9,983	28,943
		<u>17,622</u>	<u>37,577</u>
<b>Total liabilities</b>		<u>66,415</u>	<u>89,632</u>
<b>NET ASSETS</b>		<u>105,090</u>	<u>108,277</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	19	91,710	91,710
General reserve		17,000	17,000
Fair value reserve		716	1,328
Currency translation reserve		79	79
Other reserves		(42)	(42)
Accumulated losses		(4,373)	(1,798)
<b>Total equity</b>		<u>105,090</u>	<u>108,277</u>

**C. Condensed interim statements of changes in equity**

	Share capital \$'000	General reserve \$'000	Fair value reserve \$'000	Currency translation reserve \$'000	Other reserves \$'000	Accumulated loss \$'000	Total \$'000
Balance at 1 January 2023	91,710	17,000	1,328	79	(42)	(1,798)	108,277
Total comprehensive loss for the year	-	-	(612)	-	-	(2,575)	(3,187)
Balance at 31 December 2023	<u>91,710</u>	<u>17,000</u>	<u>716</u>	<u>79</u>	<u>(42)</u>	<u>(4,373)</u>	<u>105,090</u>
Balance at 1 January 2022	91,710	17,000	1,534	120	70	(1,909)	108,525
Total comprehensive (loss) / income for the year	-	-	(206)	(41)	(112)	1,349	990
Dividend paid	-	-	-	-	-	(1,238)	(1,238)
Balance at 31 December 2022	<u>91,710</u>	<u>17,000</u>	<u>1,328</u>	<u>79</u>	<u>(42)</u>	<u>(1,798)</u>	<u>108,277</u>

**D. Condensed interim consolidated statement of cash flows**

	12 months ended 31.12.2023 S'000	12 months ended 31.12.2022 S'000
<b>Cash flows from operating activities</b>		
(Loss) / Profit before income tax	(2,575)	1,349
Adjustments for:		
Depreciation expense	11,095	11,725
Gain on disposal of other investments, at amortised cost	(47)	(85)
Loss on written off of property, plant and equipment	160	-
Interest income	(3,040)	(1,786)
Changes in provisions for other liabilities and charges	140	146
Interest expense	1,469	1,620
Impairment loss on financial assets	77	24
Impairment loss on investment in an associate	-	1,753
Impairment of right-of-use assets	5,928	2,795
Impairment loss on property, plant and equipment	3,095	965
Dividend income	(140)	(156)
Income from modification of ROU leases	(147)	-
Income from recognition of net investment in subleases	(280)	(304)
Share of loss of an associate	-	266
	<u>15,735</u>	<u>18,312</u>
Changes in working capital		
Trade and other receivables	994	2,346
Inventories	301	(802)
Other assets and rental deposits	(597)	1,189
Trade and other payables	(5,506)	2,077
Provisions	-	(836)
Cash generated from operations	<u>10,927</u>	<u>22,286</u>
Income taxes paid	-	-
<b>Net cash generated from operating activities</b>	<u>10,927</u>	<u>22,286</u>
<b>Cash flows from investing activities</b>		
Payment for investment property	(7)	(234)
Payment for property, plant and equipment	(1,676)	(1,672)
Purchases of other investments, at amortised cost	(6,595)	(7,240)
Proceeds from maturity / early redemption by issuers of other investments, at amortised cost	7,500	9,219
Proceeds from disposal of property, plant and equipment	-	52
Interest received	3,262	1,396
Dividend received	140	156
<b>Net cash provided by investing activities</b>	<u>2,624</u>	<u>1,677</u>
<b>Cash flows from financing activities</b>		
Interest paid	(1,469)	(1,620)
Dividend paid	-	(1,238)
Principal payment of lease liabilities	(16,791)	(16,713)
<b>Net cash used in financing activities</b>	<u>(18,260)</u>	<u>(19,571)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(4,709)</u>	<u>4,392</u>
Cash and cash equivalents at beginning of the financial period	<u>74,542</u>	<u>70,150</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u>69,833</u>	<u>74,542</u>

## **E. Notes to the condensed interim consolidated financial statements**

### **1. Corporate information**

Isetan (Singapore) Limited (the "Company") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These are condensed interim financial statements as at and for the six months ended 31 December 2023 of the Company. 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 properties.

### **2. Basis of preparation**

The condensed interim financial statements for the six months ended 31 December 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance of the Company since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

#### **2.1. New and amended standards adopted by the Company**

A number of amendments to Standards have become applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### **2.2. Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Management has considered the current market conditions and global issues in the areas of estimation. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 18 – Critical judgement over the lease terms

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

Note 11 – Impairment of property, plant and equipment ("PPE") and Right-of-use ("ROU") assets

### **3. Seasonal operations**

The Company is in the business of operating department stores, operating supermarkets, to trade in general merchandise and to earn rental income from its investment properties. Due to the seasonal nature of the department stores and supermarkets segments, higher revenues and operating profits are usually expected during the festive seasons such as Christmas and Chinese new year.

### **4. 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 and certain 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 organised 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 properties owned by the Company

Segment assets consist primarily of right-of-use assets, property, plant and equipment, inventories, receivables, investment properties and exclude cash and cash equivalents, investment in an associate, other investments at amortised cost, financial assets, at FVOCI and other assets. Segment liabilities comprise payables and provisions. Capital expenditures comprises additions to property, plant and equipment and investment properties.

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

#### 4.1. Reportable segments

##### 1 July 2023 to 31 December 2023

	Retail	Property	Total
<b>Segment revenue</b>			
Sales to external customers	37,781	-	37,781
Rental income - investment property	-	5,435	5,435
Other rental income	865	-	865
<b>Segment result</b>	(5,996)	2,432	(3,564)
Other income			1,843
Other losses - net			(173)
Net loss			(1,894)
<b>Other segment items</b>			
Capital expenditure	440	-	440
Depreciation	4,157	1,231	5,388
Impairment on property, plant and equipment	2,358	-	2,358
Impairment on right-of-use assets	4,091	-	4,091
<b>Assets and liabilities</b>			
Segment assets	44,506	27,395	71,901
Unallocated assets:			
- Cash and cash equivalents			69,833
- Other investments, at amortised costs			26,383
- Financial assets, at FVOCI			3,388
<b>Total assets</b>			171,505
Segment liabilities	63,603	2,812	66,415
<b>Total liabilities</b>			66,415

##### 1 July 2022 to 31 December 2022

	Retail	Property	Total
<b>Segment revenue</b>			
Sales to external customers	39,605	-	39,605
Rental income - investment property	-	5,189	5,189
Other rental income	972	-	972
Income from recognition of net investment in subleases	122	-	122
<b>Segment result</b>	(2,932)	2,498	(434)
Other income			1,222
Other gains - net			83
Net profit			871
<b>Other segment items</b>			
Capital expenditure	887	91	978
Additions to right-of-use assets	8,341	-	8,341
Depreciation	4,780	1,245	6,025
Impairment on property, plant and equipment	965	-	965
Impairment on right-of-use assets	2,795	-	2,795
<b>Assets and liabilities</b>			
Segment assets	62,157	29,884	92,041
Unallocated assets:			
- Cash and cash equivalents			74,542
- Other investments, at amortised costs			27,326
- Financial assets, at FVOCI			4,000
<b>Total assets</b>			197,909
Segment liabilities	86,909	2,723	89,632
<b>Total liabilities</b>			89,632

#### 4.1. Reportable segments (cont'd)

##### 1 January 2023 to 31 December 2023

	Retail	Property	Total
<b>Segment revenue</b>			
Sales to external customers	73,620	-	73,620
Rental income - investment property	-	10,657	10,657
Other rental income	1,710	-	1,710
Income from modification of ROU leases	147	-	147
Government grant income	1	-	1
Income from recognition of net investment in subleases	280	-	280
<b>Segment result</b>	(10,186)	4,416	(5,770)
Other income			3,388
Other losses - net			(193)
Net loss			(2,575)
<b>Other segment items</b>			
Capital expenditure	1,676	7	1,683
Depreciation	8,616	2,479	11,095
Impairment on property, plant and equipment	3,095	-	3,095
Impairment on right-of-use assets	5,928	-	5,928
<b>Assets and liabilities</b>			
Segment assets	44,506	27,395	71,901
Unallocated assets:			
- Cash and cash equivalents			69,833
- Other investments, at amortised costs			26,383
- Financial assets, at FVOCI			3,388
<b>Total assets</b>			171,505
Segment liabilities	63,603	2,812	66,415
<b>Total liabilities</b>			66,415

##### 1 January 2022 to 31 December 2022

	Retail	Property	Total
<b>Segment revenue</b>			
Sales to external customers	77,334	-	77,334
Rental income - investment property	-	10,286	10,286
Other rental income	1,841	-	1,841
Government grant income	66	-	66
Income from recognition of net investment in subleases	304	-	304
<b>Segment result</b>	(3,700)	4,825	1,125
Other income			2,182
Other gains - net			61
Share of loss of an associate			(266)
Impairment loss on investment in an associate			(1,753)
Net profit			1,349
<b>Other segment items</b>			
Capital expenditure	2,854	234	3,088
Addition to right-of-use assets	8,594	-	8,594
Depreciation	9,240	2,485	11,725
Impairment on property, plant and equipment	965	-	965
Impairment on right-of-use assets	2,795	-	2,795
<b>Assets and liabilities</b>			
Segment assets	62,157	29,884	92,041
Unallocated assets:			
- Cash and cash equivalents			74,542
- Other investments, at amortised costs			27,326
- Financial assets, at FVOCI			4,000
<b>Total assets</b>			197,909
Segment liabilities	86,909	2,723	89,632
<b>Total liabilities</b>			89,632

## 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Company as at 31 December 2023 and 31 December 2022:

	31.12.2023 \$'000	31.12.2022 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	69,833	74,542
Trade and other receivables	8,341	9,074
Financial assets, at FVOCI	3,388	4,000
Other investment, at amortised cost	26,383	27,326
Other financial assets	4,955	4,492
	<u>112,900</u>	<u>119,434</u>
<b>Financial liabilities</b>		
Trade and other payables	31,036	36,469
Lease liabilities	27,778	45,629
	<u>58,814</u>	<u>82,098</u>

## 6. Revenue

	6 months ended 31.12.2023 \$'000	6 months ended 31.12.2022 \$'000	12 months ended 31.12.2023 \$'000	12 months ended 31.12.2022 \$'000
<b>Revenue</b>				
- Sales of goods	21,599	22,456	41,901	43,493
- Consignment income	16,182	17,149	31,719	33,841
- Rental income	5,435	5,189	10,657	10,286
	<u>43,216</u>	<u>44,794</u>	<u>84,277</u>	<u>87,620</u>

### 6.1. Disaggregation of Revenue

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

A breakdown of sales:

	Financial year ended 31 December 2023 \$'000	Financial year ended 31 December 2022 \$'000	Increase/(Decrease) %
Sales reported for the first half year	41,061	42,826	-4.12
Operating (loss) / profit after tax reported for first half year	<u>(681)</u>	<u>478</u>	N.M.
Sales reported for second half year	43,216	44,794	-3.52
Operating (loss) / profit after tax reported for second half year	<u>(1,894)</u>	<u>871</u>	N.M.

## 7. Other income

	6 months ended 31.12.2023 \$'000	6 months ended 31.12.2022 \$'000	12 months ended 31.12.2023 \$'000	12 months ended 31.12.2022 \$'000
<b>Other income</b>				
- Rental income	865	972	1,710	1,841
- Government grant income	-	-	1	66
- Sundry income	104	137	208	240
- Dividend income from listed equity securities, at FVOCI	17	92	140	156
- Income from modification of ROU leases	-	-	147	-
- Interest income from financial assets measured at amortised cost	1,722	993	3,040	1,786
- Income from recognition of net investment in subleases	-	122	280	304
	<u>2,708</u>	<u>2,316</u>	<u>5,526</u>	<u>4,393</u>

## 8. Other (losses) / gains - net

	6 months ended 31.12.2023 \$'000	6 months ended 31.12.2022 \$'000	12 months ended 31.12.2023 \$'000	12 months ended 31.12.2022 \$'000
<b>Other (losses) / gains</b>				
- Loss on fixed assets written off	(160)	-	(160)	-
- Impairment loss on financial assets	(57)	(2)	(77)	(24)
- Gain on disposal of financial assets	47	85	47	85
- Others	(3)	-	(3)	-
	<u>(163)</u>	<u>83</u>	<u>(183)</u>	<u>61</u>

## 9. Employee compensation

	6 months ended 31.12.2023 \$'000	6 months ended 31.12.2022 \$'000	12 months ended 31.12.2023 \$'000	12 months ended 31.12.2022 \$'000
<b>Employee compensation</b>				
- Wages and salaries	6,703	7,242	14,084	14,824
- Employer's contribution to defined contribution plans including Central Provident Fund	795	781	1,639	1,519
- Retirement benefit scheme expense	63	38	115	77
	7,561	8,061	15,838	16,420
- Less: Government grants	(143)	(192)	(641)	(371)
	<u>7,418</u>	<u>7,869</u>	<u>15,197</u>	<u>16,049</u>

## 10. Other expenses

	6 months ended 31.12.2023 \$'000	6 months ended 31.12.2022 \$'000	12 months ended 31.12.2023 \$'000	12 months ended 31.12.2022 \$'000
<b>Other expenses mainly consist of</b>				
- Advertising and promotion	1,915	1,941	3,494	3,871
- Delivery	296	660	777	1,347
- License fees, property and miscellaneous taxes	567	504	1,114	1,102
- Credit card commissions	1,276	1,305	2,438	2,604
- Royalty	441	473	862	928
- Supplies, repair and maintenance	1,476	1,694	2,904	3,052
- Utilities	1,297	1,361	2,820	2,466
	<u>8,268</u>	<u>9,938</u>	<u>17,409</u>	<u>19,370</u>

## 11. Impairment

Continued losses in the Retail segment in the current financial period is an indicator of impairment of PPE and ROU assets and triggered the need for impairment assessment.

The recoverable amounts of the PPE and ROU assets in the loss-making retail stores are obtained based on the Value-in-use ("VIU") method and the discount rate used at 31 December 2023 was 8.50% (2022: 9.00%). The growth rates and rental income assumptions applied in the VIU computations are based on financial budgets prepared by management and the identification of CGU (retail store) is in line with the Company's strategic objective in managing the Retail segment.

The recoverable amount of the corporate assets under the Retail segment is based on the fair value less costs to sell ("FVLCTS") method. The fair values of these corporate assets at the balance sheet date were largely based on property valuations obtained from independent professional valuers, taking into account recently transacted values and capitalisation rates for similar properties. The fair values of the properties are classified as Level 3 fair value measurement.

For the six-months ended 31 December 2023, an impairment charge of \$2,358,000 and \$4,091,000 (six months ended 31 December 2022: \$965,000 and \$2,795,000) were recorded to reduce the carrying values of PPE and ROU assets respectively in each loss-making retail store under the Retail segment to their respective estimated recoverable amounts. For the financial year ended 31 December 2023, an impairment charge of \$3,095,000 and \$5,928,000 (financial year ended 31 December 2022: \$965,000 and \$2,795,000) were recorded to reduce the carrying values of PPE and ROU assets respectively in each loss-making retail store under the Retail segment to their respective estimated recoverable amounts. No impairment charge was recorded on the corporate assets (mainly comprising of land and buildings) in the Retail segment.

## 12. Net asset value

	31.12.2023	31.12.2022
	\$	\$
Net asset value per ordinary shares	2.55	2.62

## 13. Trade and other receivables

(a) Current	31.12.2023	31.12.2022
	\$'000	\$'000
Trade receivables		
- Immediate holding corporation	1	-
- Non-related parties	3,353	1,948
	3,354	1,948
Less: Allowance for impairment of receivables - non-related parties	(30)	(30)
	3,324	1,918
Interest receivable	286	640
Accrued receivables	1,464	1,425
Finance lease receivables	2,507	2,360
	7,581	6,343
(b) Non-Current		
Other receivables		
Finance lease receivables	388	2,583
Deposits	372	148
	760	2,731

## 14. Financial Assets, at fair value through other comprehensive income

Financial assets, at fair value through other comprehensive income comprise the following:

	31.12.2023	31.12.2022
	\$'000	\$'000
Singapore listed equity securities		
- CapitalLand Ascendas Reit	2,729	2,468
- Others	140	146
	2,869	2,614
Unquoted equity		
- Isetan of Japan Sdn. Bhd.	519	1,386
	3,388	4,000

During the six-months and twelve-months period ended 31 December 2023 and 31 December 2022, the Company did not dispose any of its investments.

### 14.1. Fair value measurement

The Company classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- Inputs for the assets or liability which are not based on observable market data (unobservable inputs) (Level 3).

The following table presented the assets measured at fair value:

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>31 December 2023</b>				
<b>Financial assets</b>				
FVOCI investments	2,869	-	519	3,388
<b>31 December 2022</b>				
<b>Financial assets</b>				
FVOCI investments	2,614	-	1,386	4,000

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 Company 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.



## 15. Investment in an associate

Based on the impairment assessment performed for financial year 2022, the carrying amount of the investment in an associate was determined to be higher than its recoverable amount, hence an impairment charge of \$1,753,000 equivalent to the net book value of the investment as at 30 June 2022 was recognised in financial period 1H 2022. Management has continued to assess that the investment in associate remains fully impaired as at 31 December 2023.

## 16. Investment properties

The Company's investment properties consist of both commercial and industrial properties, held for rental yields and/or capital appreciation and are not substantially occupied by the Company. They are leased to third parties under operating leases.

	2023 S'000	2022 S'000
<b>Cost</b>		
Beginning of financial period	88,167	87,933
Additions	7	234
End of interim period	88,174	88,167
<b>Accumulated depreciation</b>		
Beginning of financial period	59,907	57,422
Depreciation charge	2,479	2,485
End of interim period	62,386	59,907
<b>Net book value as at 31 December</b>	<b>25,788</b>	<b>28,260</b>

## 17. Property, plant and equipment

During the six months ended 31 December 2023, the Company acquired assets amounting to \$440,000 (six months ended 31 December 2022: \$887,000) and disposed of assets amounting to Nil (six months ended 31 December 2022: \$42,000). For the six-months ended 31 December 2023, an impairment loss of \$2,358,000 on property, plant and equipment ("PPE") (six months ended 31 December 2022: \$965,000) was recorded to reduce the carrying value of PPE.

For the financial year ended 31 December 2023, the Company acquired assets amounting to \$1,676,000 (financial year ended 31 December 2022: \$2,854,000) and disposed of assets amounting to Nil (financial year ended 31 December 2022: \$52,000). For the financial year ended 31 December 2023, an impairment loss of \$3,095,000 on property, plant and equipment ("PPE") (financial year ended 31 December 2022: \$965,000) was recorded to reduce the carrying value of PPE.

## 18. Right-of-Use assets

Extension option is included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option.

For the six-months ended 31 December 2023, an impairment loss of \$4,091,000 on right-of-use assets ("ROU") (six months ended 31 December 2022: \$2,795,000) was recorded to reduce the carrying value of ROU. For the financial year ended 31 December 2023, an impairment loss of \$5,928,000 on right-of-use assets ("ROU") (financial year ended 31 December 2022: \$2,795,000) was recorded to reduce the carrying value of ROU.

As at 31 December 2023, management has assessed that there were no changes in key judgements over the lease term as compared to 31 December 2022 except for the revision in lease term for the Tampines store due to the renewal of the lease agreement.

## 19. Share capital

The Company's share capital comprises fully paid-up 41,250,000 (31 December 2022: 41,250,000) ordinary shares with no par value, amounting to a total of \$91,710,000 (31 December 2022: \$91,710,000).

## 20. Related party transactions

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

	6 months ended 31.12.2023 S'000	6 months ended 31.12.2022 S'000	12 months ended 31.12.2023 S'000	12 months ended 31.12.2022 S'000
Royalty payable to immediate holding corporation	442	473	862	928
Purchases from immediate holding corporation	-	13	7	23
Purchases from fellow subsidiary	48	-	48	-

## 21. Commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, are as follows:

	31.12.2023 S'000	31.12.2022 S'000
Investment properties	471	489
Property, plant and equipment	-	982

## 22. Subsequent events

The Company performed a review of events subsequent to the balance sheet date and determined that there were no such events requiring recognition or disclosure in the financial statements.

## 23. Dividend

	Financial year 2023	Financial year 2022
Ordinary	\$ -	\$ -
Preference	\$ -	\$ -
Total:	\$ -	\$ -

The Company did not propose any interim and final dividends for the financial year ended 31 December 2023 and 31 December 2022.

## 24. Taxation

There is no income tax expense in the six months and twelve months ended 31 December 2023 and 31 December 2022 due to tax losses brought forward from prior years.

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**Other Information**

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**1. Review**

The condensed interim statement of financial position of Isetan (Singapore) Limited as at 31 December 2023 and the related condensed interim statements of profit or loss and other comprehensive income for the six-month period and full year then ended, condensed interim statement of changes in equity and condensed interim statement of cash flows for the full year then ended and certain explanatory notes have not been audited or reviewed.

**2. Review of performance of the Company****Income Statement****Overview**

The Company incurred a net loss of \$1,894,000 for the six months ended 31 December 2023 as compared to a profit of \$871,000 for the six months ended 31 December 2022 and incurred a net loss of \$2,575,000 for FY 2023 as compared to a net profit of \$1,349,000 for FY 2022 mainly due to the following:

**Revenue**

Revenue for the six months period ended 31 December 2023 ("2H 2023") was \$43,216,000, a decrease of 3.52% over the corresponding period ("2H 2022") and revenue for the year ended 31 December 2023 ("FY 2023") was \$84,277,000, a decrease of 3.82% over the corresponding period ("FY 2022"). The decrease in Company revenue for both 2H 2023 and FY 2023 was due to the lower sale of goods and consignment income from the retail segment, partly offset with higher rental income from the Isetan Wisma Atria investment property ("investment property").

Revenue from investment property for 2H 2023 and FY 2023 increased as compared to the same period last year due to new operating lease income from Isetan Wisma Atria.

**Other income**

Other income for 2H 2023 was \$2,708,000, an increase of 16.93% over the corresponding period ("2H 2022") and other income for the FY 2023 was \$5,526,000, an increase of 25.79% over the corresponding period ("FY 2022"). The increase in other income for 2H 2023 was mainly due to higher interest income from financial assets measured at amortised cost. These more than offset the lower operating lease income from Isetan Scotts, lower dividend income, and lower income from recognition of net investment in subleases. The increase in other income for the FY 2023 was mainly due to higher interest income from financial assets measured at amortised cost and income from modification of ROU leases. These more than offset the lower operating lease income from Isetan Scotts, lower grant income from the government, lower dividend income, and lower income from recognition of net investment in subleases.

**Other (losses) / gains - net**

Other losses for the 2H 2023 was \$173,000 and other losses for the FY 2023 was \$193,000. Other losses for both 2H 2023 and FY 2023 was mainly consist of losses from the fixed assets written off, impairment for other investments, at amortised cost and gain on disposal of financial assets.

**Changes in inventories of finished goods**

Changes in inventories of finished goods for the 2H 2023 was \$152,000, a decrease of \$899,000 over the corresponding period ("2H 2022") and changes in inventories of finished goods for the FY 2023 was \$301,000, a decrease of \$1,103,000 over the corresponding period ("FY 2022"). The decrease in 2H 2023 and FY 2023 was mainly due to less stock purchased during the period ended 31 December 2023 due to slower sales of goods in FY 2023.

**Purchases of inventories and related costs**

Purchases of inventories and related costs for the 2H 2023 was \$15,518,000, a decrease of 5.18% over the corresponding period ("2H 2022"). Purchases of inventories and related costs for FY 2023 was \$30,868,000, a decrease of 2.58% over the corresponding period ("FY 2022"). The decrease in both 2H 2023 and FY 2023 was mainly due to lower sale of goods from the retail segment.

**Employee compensation**

Employee compensation for the 2H 2023 was \$7,418,000, a decrease of 5.73% over the corresponding period ("2H 2022") and employee compensation for the FY 2023 was \$15,197,000, a decrease of 5.31% over the corresponding period ("FY 2022"). The decrease in 2H 2023 was mainly due to lower wages and salaries and lower government grants received in 2H 2023 as compared to 2H 2022. The decrease in FY 2023 was mainly due to lower wages and salaries and higher government grants received in FY 2023 as compared to FY 2022.

**Depreciation expense**

Depreciation expense for the 2H 2023 was \$5,388,000, a decrease of 10.57% over the corresponding period ("2H 2022") and depreciation expense for the FY 2023 was \$11,095,000, a decrease of 5.37% over the corresponding period ("FY 2022"). The decrease in both 2H 2023 and FY 2023 was mainly due to the impairment of right-of-use assets and property, plant and equipment provided in the financial year ended 31 December 2022 and financial period ended 30 June 2023 respectively.

**Rental expense**

Rental expense for the 2H 2023 was \$801,000, an increase of 19.55% over the corresponding period ("2H 2022") and rental expense for the FY 2023 was \$1,675,000, an increase of 16.00% over the corresponding period ("FY 2022"). The increase in both 2H 2023 and FY 2023 was mainly due to higher external sales rental and gross turnover rent payment. These more than offset the decrease in rental expense resulting from closure of the Katong store at the end of January 2022.

**Service charge expense**

Service charge expense for the 2H 2023 was \$2,688,000, an increase of 6.54% over the corresponding period ("2H 2022") and service charge expense for the FY 2023 was \$5,377,000, a decrease of 1.14% over the corresponding period ("FY 2022"). The increase in 2H 2023 was mainly due to higher service charge for Tampines store after lease renewal in the financial year 2023. The decrease in FY 2023 was mainly due to closure of the Katong store in end January 2022.

**Impairment losses**

Losses in the retail segment is reflective of the continuing challenges in the retail industry. Accordingly, an impairment charge of \$2,358,000 on property, plant and equipment ("PPE") and \$4,091,000 on right-of-use assets ("ROU") (2H 2022: Impairment loss of \$965,000 on PPE and \$2,795,000 on ROU) was recorded in the 2H 2023 to reduce the carrying value of these assets in the retail segment. An impairment charge of \$3,095,000 on property, plant and equipment ("PPE") and \$5,928,000 on right-of-use assets ("ROU") (FY 2022: Impairment loss of \$965,000 on PPE and \$2,795,000 on ROU) was recorded in the FY 2023 to reduce the carrying value of these assets in the retail segment.

In FY 2022, an impairment charge of \$1,753,000 was recorded for investment in an associate based on the impairment assessment performed.

**Other expenses**

Other expense for the 2H 2023 was \$8,592,000, a decrease of 4.83% over the corresponding period ("2H 2022") and other expense for the FY 2023 was \$17,180,000, a decrease of 3.40% over the corresponding period ("FY 2022"). The decrease in both 2H 2023 and FY 2023 was mainly due to the lower cost incurred for advertising and promotion, delivery, supplies, repair and maintenance, and credit cards commission.

**Balance Sheet**

The reduction in other investments, at amortised cost was mainly due to the bonds which had matured and were subsequently placed in fixed deposit.

The reduction in right-of-use ("ROU") assets were mainly due to the lease modification of the ROU leases, depreciation charges and impairment loss provided for the financial period ended 31 December 2023.

Trade and other payables as at 31 December 2023 decreased by \$5,506,000 compared with 31 December 2022, mainly due to repayment made to trade and other creditors.

The decrease in lease liabilities were mainly due to repayments made to the landlord.

## 2. Review of performance of the Company (cont'd)

### Statement of Cash Flows

There was a decrease in cash and cash equivalents amounting to \$4,709,000 in financial year 2023, compared to a net increase of \$4,392,000 in financial year 2022. This is mainly attributed to the net losses incurred and lesser cash generating from the operations in financial year 2023.

Net cash generated from operating activities was \$10,927,000 in financial year 2023 as compared to net cash generated of \$22,286,000 in financial year 2022. This was mainly the result of lower profit generated from operating activities, decrease in cash inflows from trade and other receivables, and increase in cash outflows for trade and other payables.

Net cash provided by investing activities for financial year 2023 was \$2,624,000 compared to net cash of \$1,677,000 generated in financial year 2022. This was mainly the result of lower payment for investment property, lower purchases of the other investments, at amortised cost, higher interest received, which is partially offset with lower cash inflows generated from maturity and early-redemption of investments.

### 3. 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.

### 4. 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 operating period and the next 12 months

According to the press release from the Ministry of Trade and Industry (MTI) on 15 February 2024, Singapore's economy expanded by 1.1 per cent in 2023, moderating from the 3.8 per cent expansion in 2022. Taking into account the global and domestic economic environment, MTI has forecast the GDP for 2024 to grow at 1.0 to 3.0 per cent, whilst private sector economists have cut Singapore's growth forecast to 2.3 per cent, down from the previous estimate of 2.5 per cent. Global growth is projected to be flat for 2024 at 3.1 per cent and rise to 3.2 percent in 2025. Central bank policy on interest rates to fight inflation will continue to weigh on economic activity. The ongoing war in Ukraine, the Israel-Hamas conflict and US-China tensions continue to dampen the economic outlook and pose significant risks to the global economy.

As mentioned in the announcement of our half-yearly results, any growth outlook to the economy at large will need to be tempered in the retail industry due to inflationary pressures faced by domestic consumers who may choose to reduce non-essential spending. There is also a need to monitor the impact of the increase in GST on the spending habits of consumers as they adjust to the 2024 increase. In addition, higher inflation-driven costs in rentals, logistics, labour and energy will continue to be the key factors weighing on retail business performance.

As for the Property Segment, a few tenancies will be up for renewal, and the Company aims to keep the premises fully tenanted and revenue stream stable. Similar to the retail segment, the segment is subjected to cost pressure mainly from increase in maintenance, utilities, asset replacement & compliance costs.

### 5. Dividend information

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

Any dividend recommended for the current financial year reported on? **No**

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

Any dividend declared for the corresponding period of the immediately preceding financial year? **No**

#### (c) Date payable

Not applicable.

#### (d) Books closure date

Not applicable.

### 6. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

No dividend has been declared or recommended for the financial year ended 31 December 2023 due to loss suffered during the current period.

### 7. Interested person transactions

The Company has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

### 8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

### 9. Review of performance of the Company – turnover and earnings

Please refer to "Note 4.1 Reportable segments" of the Company for the twelve months period ended 31 December 2023.

For the year ended 31 December 2023, the retail segment continued to be our core business segment, which accounted for approximately 87% of the total revenue. Revenue for this segment decreased by approximately 4.8% in FY 2023 as compared to FY 2022. Due to inflationary pressures faced by domestic consumers and global economic uncertainties, the Company's retail revenue has experiencing a slowdown from the post-pandemic recovery and recorded lower revenue of \$84.28 million for FY 2023, moderating from the revenue of \$87.62 million in FY 2022. The Company recorded a net loss of \$2.57 million in FY 2023 which was lower than the net profit of \$1.35 million in FY 2022 mainly due to higher impairment losses in FY 2023.

**10. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder.**

Pursuant to Rule 704(13) of the Listing Manual, Isetan (Singapore) Limited confirms that there are no persons occupying a managerial position in the Company who is a relative of a director, chief executive officer or substantial shareholder of the Company.

**Confirmation by the Board**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 31 December 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Shioji Hiramatsu  
Director

Richard Tan Chuan-Lye  
Director

Singapore  
28 February 2024