

Third Quarter Financial Statement and Dividend Announcement for the period ended 30 September 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 July 2014 to 30 September 2014

	Group		+ / (-) %
	30.09.2014	30.09.2013	
	\$'000	\$'000	
Sales	79,948	76,609	4.36
Other income	2,005	2,371	(15.44)
Expenses			
- Changes in inventories of finished goods	266	528	(49.62)
- Purchases of inventories and related costs	(59,460)	(56,563)	5.12
- Employee compensation	(5,514)	(5,093)	8.27
- Depreciation expense	(2,076)	(1,685)	23.20
- Rental expense - operating leases	(11,148)	(8,719)	27.86
- Other expenses	(6,951)	(6,546)	6.19
Total expenses	<u>(84,883)</u>	<u>(78,078)</u>	8.72
(Loss) / profit before income tax	(2,930)	902	n.m.
Income tax expense	<u>-</u>	<u>(140)</u>	<u>(100.00)</u>
Net (loss) / profit for the financial period	<u>(2,930)</u>	<u>762</u>	n.m.
Attributable to :			
Equity holders of the Company	<u>(2,930)</u>	<u>762</u>	<u>n.m.</u>

Consolidated Statement of Comprehensive Income for the period from 1 July 2014 to 30 September 2014

	30.09.2014	30.09.2013	+ / (-) %
	\$'000	\$'000	
Net (loss) / profit for the financial period	(2,930)	762	n.m.
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
- Fair value (loss) / gain	(39)	36	n.m.
Other comprehensive (loss) / gain, net of tax	<u>(39)</u>	<u>36</u>	<u>n.m.</u>
Total comprehensive (loss) / income for the financial period	<u>(2,969)</u>	<u>798</u>	n.m.
Total comprehensive (loss) / income attributable to :			
Equity holders of the Company	<u>(2,969)</u>	<u>798</u>	<u>n.m.</u>

n.m. - not meaningful

Additional Disclosure

(i)	Group		+ / (-) %
	30.09.2014	30.09.2013	
	\$'000	\$'000	
Dividend income	2	27	(92.59)
Gross rental income	1,383	1,710	(19.12)
Interest income	590	564	4.61

(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 September 2014

	Group		Company	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents	76,666	97,630	74,936	96,083
Trade and other receivables	9,235	13,457	9,201	13,422
Financial assets, held-to-maturity	23,500	7,000	23,500	7,000
Inventories	15,757	15,275	15,757	15,275
Other current assets	527	380	527	380
	125,685	133,742	123,921	132,160
Non-current assets				
Other receivables	324	393	324	393
Financial assets, available-for-sale	3,383	3,344	3,360	3,321
Financial assets, held-to-maturity	27,000	42,500	27,000	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	6,973	6,706	6,973	6,706
Investment property	2,686	2,731	-	-
Property, plant and equipment	84,108	88,940	84,086	88,916
	125,130	145,270	128,305	148,398
Total assets	250,815	279,012	252,226	280,558

LIABILITIES**Current liabilities**

Trade and other payables	46,710	66,821	46,575	66,685
Current income tax liabilities	55	1,480	55	1,480
	46,765	68,301	46,630	68,165

Non-current liabilities

Other payables	2,282	2,020	2,282	2,020
Provisions for other liabilities and charges	1,545	1,534	1,545	1,534
Deferred income tax liabilities	71	71	71	71
	3,898	3,625	3,898	3,625

Total liabilities

	50,663	71,926	50,528	71,790
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NET ASSETS

	200,152	207,086	201,698	208,768
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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	1,266	1,227	1,245	1,207
Currency translation reserve	(228)	(228)	-	-
Retained earnings	90,404	97,377	91,743	98,851
Shareholders' equity	200,152	207,086	201,698	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 30.09.2014		As at 30.09.2013	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.09.2014		As at 30.09.2013	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Not applicable.

I(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 July 2014 to 30 September 2014

	Group	
	30.09.2014	30.09.2013
	\$'000	\$'000
Cash flows from operating activities		
(Loss)/Profit before income tax	(2,930)	902
Adjustments for:		
Depreciation	2,076	1,685
Property, plant and equipment written off	70	-
Gain on disposal of property, plant and equipment	-	(10)
Interest income	(590)	(564)
Increase in provisions for other liabilities and charges	3	4
Dividend income	(2)	(27)
	<u>(1,373)</u>	<u>1,990</u>
Changes in working capital		
Trade and other receivables	202	135
Inventories	(266)	(528)
Other assets	(193)	29
Trade and other payables	(1,613)	(1,725)
Cash used in operations	<u>(3,243)</u>	<u>(99)</u>
Income taxes paid	(560)	(1,001)
Loan repayments from directors	5	4
Net cash used in operating activities	<u>(3,798)</u>	<u>(1,096)</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	120
Proceeds from early redemption of financial assets, held-to-maturity	-	250
Payments for property, plant and equipment	(780)	(4,292)
Purchase of financial assets, held-to-maturity	(1,000)	-
Interest received	391	380
Dividend received	2	27
Net cash used in investing activities	<u>(1,387)</u>	<u>(3,515)</u>
Net decrease in cash and cash equivalents	(5,185)	(4,611)
Cash and cash equivalents at beginning of the financial period	<u>81,851</u>	<u>91,865</u>
Cash and cash equivalents at end of the financial period	<u>76,666</u>	<u>87,254</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 July 2014 to 30 September 2014

	<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 July 2014	91,710	17,000	1,305	(228)	93,334	203,121
Total comprehensive loss for the period	-	-	(39)	-	(2,930)	(2,969)
Balance at 30 September 2014	91,710	17,000	1,266	(228)	90,404	200,152
Balance at 1 July 2013	91,710	17,000	1,247	(228)	94,377	204,106
Total comprehensive income for the period	-	-	36	-	762	798
Balance at 30 September 2013	91,710	17,000	1,283	(228)	95,139	204,904
	<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 July 2014	91,710	17,000	1,281	-	94,721	204,712
Total comprehensive loss for the period	-	-	(36)	-	(2,978)	(3,014)
Balance at 30 September 2014	91,710	17,000	1,245	-	91,743	201,698
Balance at 1 July 2013	91,710	17,000	1,226	-	95,939	205,875
Total comprehensive income for the period	-	-	37	-	719	756
Balance at 30 September 2013	91,710	17,000	1,263	-	96,658	206,631

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 September 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 are 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>	30.09.2013
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)+	(7.10)	1.85
(ii) On a fully diluted basis (cents)++	(7.10)	1.85

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

++ The fully diluted (loss)/earnings per share are calculated based on the issued ordinary shares of 41,250,000 (30 September 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>		<u>Company</u>	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
Net asset value per ordinary share based on issued share capital at the end of financial period	\$4.85	\$5.02	\$4.89	\$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 September 2014 ("Q3 2014") was \$79.948 million, an increase of 4.36% over the corresponding period ("Q3 2013"). Although the renovations at the basement of Shaw House and Shaw Centre have been completed, the sales for the Scotts store in Q3 2014 only showed a gradual improvement over the preceding quarter and have not fully recovered to pre-renovation levels. Other than the new store at Jurong East ("New Store"), the other outlets also registered lower sales in Q3 2014 as compared to Q3 2013 due to the competitive and challenging retail environment. However, the sales contribution from the New Store helped the Group to register a net increase in sales during this financial period.

For Q3 2014, the Group incurred a loss before tax of \$2.930 million as compared to a profit before tax of \$0.902 million in Q3 2013. The operating conditions of the flagship store remained challenging due to the sales situation as well as a recent upward rental adjustment. The start-up nature of the New Store and lower rental income due to two tenants having vacated the premises at Isetan Orchard store have also contributed to the Group's loss in Q3 2014.

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, payments for property, plant and equipment and dividends as well as purchase of Financial Assets, held-to-maturity ("HTMs"). Under current assets, trade and other receivables had decreased due to the settlement of outstanding amounts owing by trade and other debtors. Financial Assets, held-to-maturity ("HTMs") had increased due to the reclassification of certain HTMs from non-current assets as they are due to mature within one year. Under current liabilities, Trade and other payables had decreased due to the settlement of amounts owing to Trade and other creditors.

Cash flows from operating activities in Q3 2014 was mainly affected by the losses incurred during this financial period. Under cash flows from investing activities, the purchase of HTMs was offset by the lower payments for property, plant and equipment which resulted in a lower net outflow of cash in Q3 2014 as compared to Q3 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.

Some tenants at Shaw Centre have started operations in Q3 2014 and more are expected to do so in the coming months. This will help to generate a higher level of customer traffic in the vicinity, which in turn will benefit the Scotts store. At the Isetan Orchard store, the previously tenanted area on level 4 has been converted into a promotional retail space operated by the Group. In the meantime, plans to rent out all or part of the existing store space are still in the process of being worked out.

The retail environment in Singapore is anticipated to remain challenging. While the Group is hopeful that its efforts to improve its financial performance will bear fruit, it is unlikely that FY 2014 will be profitable.

(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 confirms that, to the best of their knowledge, nothing has come to their attention which may render the third 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
13 November 2014