

A. Condensed interim statements of profit or loss and other comprehensive income

		6 months ended 30.06.2023 S'000	6 months ended 30.06.2022 S'000	+/(%)
Revenue	6	41,061	42,826	-4.12
Other income	7	2,818	2,077	35.68
Other losses - net				
- Impairment loss on financial assets	8	(20)	(22)	-9.09
Expenses				
- Changes in inventories of finished goods		(149)	55	N.M.
- Purchases of inventories and related costs		(15,350)	(15,321)	0.19
- Employee compensation	9	(7,779)	(8,180)	-4.90
- Depreciation expense		(5,707)	(5,700)	0.12
- Rental expense		(874)	(774)	12.92
- Service charge expense		(2,689)	(2,916)	-7.78
- Interest expense		(830)	(791)	4.93
- Impairment loss on investment in an associate	15	-	(1,753)	N.M.
- Impairment of right-of-use assets	11	(1,837)	-	N.M.
- Impairment loss on property, plant and equipment	11	(737)	-	N.M.
- Other expenses	10	(8,588)	(8,757)	-1.93
Total expenses		(44,540)	(44,137)	0.91
Share of loss of an associate		-	(266)	N.M.
(Loss) / Profit before income tax		(681)	478	N.M.
Income tax expense	24	-	-	
Net (loss) / profit after tax for the financial period		(681)	478	N.M.
Attributable to :				
Equity holders of the Company		(681)	478	N.M.
(Loss) / Earnings per share for net profit attributable to the equity holders of the Company (cents per share)				
- Basic		-1.65 cents	1.15 cents	
- Diluted		-1.65 cents	1.15 cents	
		6 months ended 30.06.2023 S'000	6 months ended 30.06.2022 S'000	+/(%)
Net (loss) / profit for the financial period		(681)	478	N.M.
Other comprehensive (loss) / income				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences		-	(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		(250)	(287)	-12.89
Other comprehensive (loss) / income, net of tax		(250)	(328)	-23.78
Total comprehensive (loss) / income for the financial period		(931)	150	N.M.
Total comprehensive (loss) / income attributable to :				
Equity holders of the Company		(931)	150	N.M.

B. Condensed interim statements of financial position

	Note	30.06.2023 \$'000	31.12.2022 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		63,120	74,542
Trade and other receivables	13 (a)	7,777	6,343
Other investments, at amortised cost		2,727	5,240
Inventories		6,293	6,442
Rental deposit		613	634
Other current assets		2,188	1,628
		<u>82,718</u>	<u>94,829</u>
Non-current assets			
Trade and other receivables	13 (b)	2,010	2,731
Financial assets, at FVOCI	14	3,750	4,000
Other investments, at amortised cost		23,685	22,086
Club memberships		170	170
Investment in an associate	15	-	-
Rental deposits		4,306	3,811
Investment properties	16	27,019	28,260
Property, plant and equipment	17	22,325	23,062
Right-of-use assets	18	12,792	18,960
		<u>96,057</u>	<u>103,080</u>
Total assets		<u>178,775</u>	<u>197,909</u>
LIABILITIES			
Current liabilities			
Trade and other payables		26,507	35,369
Lease liabilities		17,321	16,686
		<u>43,828</u>	<u>52,055</u>
Non-current liabilities			
Trade and other payables		5,136	5,217
Provisions		3,496	3,417
Lease liabilities		18,969	28,943
		<u>27,601</u>	<u>37,577</u>
Total liabilities		<u>71,429</u>	<u>89,632</u>
NET ASSETS		<u>107,346</u>	<u>108,277</u>
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	19	91,710	91,710
General reserve		17,000	17,000
Fair value reserve		1,078	1,328
Currency translation reserve		79	79
Other reserves		(42)	(42)
Accumulated losses		(2,479)	(1,798)
Total equity		<u>107,346</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) / income for the period	-	-	(250)	-	-	(681)	(931)
Balance at 30 June 2023	<u>91,710</u>	<u>17,000</u>	<u>1,078</u>	<u>79</u>	<u>(42)</u>	<u>(2,479)</u>	<u>107,346</u>
Balance at 1 January 2022	91,710	17,000	1,534	120	70	(1,909)	108,525
Total comprehensive (loss) / income for the period	-	-	(287)	(41)	-	478	150
Dividend paid	-	-	-	-	-	(1,238)	(1,238)
Balance at 30 June 2022	<u>91,710</u>	<u>17,000</u>	<u>1,247</u>	<u>79</u>	<u>70</u>	<u>(2,669)</u>	<u>107,437</u>

D. Condensed interim consolidated statement of cash flows

	6 months ended 30.06.2023 S'000	6 months ended 30.06.2022 S'000
Cash flows from operating activities		
(Loss) / Profit before income tax	(681)	478
Adjustments for:		
Depreciation expense	5,707	5,700
Interest income	(1,318)	(793)
Changes in provisions for other liabilities and charges	79	74
Interest expense	830	791
Impairment loss on financial assets	20	22
Impairment loss on investment in an associate	-	1,753
Impairment of right-of-use assets	1,837	-
Impairment loss on property, plant and equipment	737	-
Dividend income	(123)	(64)
Income from modification of ROU leases	(147)	-
Income from recognition of net investment in subleases	(280)	(182)
Share of loss of an associate	-	266
	<u>6,661</u>	<u>8,045</u>
Changes in working capital		
Trade and other receivables	(498)	561
Inventories	149	(55)
Other assets and rental deposits	(1,034)	786
Trade and other payables	(8,943)	(5,576)
Provisions	-	(836)
Cash (used in) / generated from operations	<u>(3,665)</u>	<u>2,925</u>
Income taxes paid	-	-
Net cash (used in) / generated from operating activities	<u>(3,665)</u>	<u>2,925</u>
Cash flows from investing activities		
Payment for investment property	(7)	(143)
Payment for property, plant and equipment	(1,236)	(241)
Purchases of other investments, at amortised cost	(5,115)	(2,253)
Proceeds from maturity / early redemption by issuers of other investments, at amortised cost	6,000	3,000
Proceeds from disposal of property, plant and equipment	-	10
Interest received	1,587	631
Dividend received	123	64
Net cash provided by investing activities	<u>1,352</u>	<u>1,068</u>
Cash flows from financing activities		
Interest paid	(830)	(791)
Dividend paid	-	(1,238)
Principal payment of lease liabilities	(8,279)	(8,221)
Net cash used in financing activities	<u>(9,109)</u>	<u>(10,250)</u>
Net decrease in cash and cash equivalents	<u>(11,422)</u>	<u>(6,257)</u>
Cash and cash equivalents at beginning of the financial period	<u>74,542</u>	<u>70,150</u>
Cash and cash equivalents at end of the financial period	<u>63,120</u>	<u>63,893</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 30 June 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 30 June 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 January 2023 to 30 June 2023

	Retail	Property	Total
Segment revenue			
Sales to external customers	35,839	-	35,839
Rental income - investment property	-	5,222	5,222
Other rental income	845	-	845
Income from modification of ROU leases	147	-	147
Government grant income	1	-	1
Income from recognition of net investment in subleases	280	-	280
Segment result	(4,190)	1,984	(2,206)
Other income			1,545
Other losses			(20)
Net loss			(681)
Other segment items			
Capital expenditure	1,236	7	1,243
Depreciation	4,459	1,248	5,707
Impairment on property, plant and equipment	737	-	737
Impairment on right-of-use assets	1,837	-	1,837
Assets and liabilities			
Segment assets	56,338	29,155	85,493
Unallocated assets:			
- Cash and cash equivalents			63,120
- Other investments, at amortised costs			26,412
- Financial assets, at FVOCI			3,750
Total assets			178,775
Segment liabilities	67,779	3,650	71,429
Total liabilities			71,429

1 January 2022 to 30 June 2022

	Retail	Property	Total
Segment revenue			
Sales to external customers	37,729	-	37,729
Rental income - investment property	-	5,097	5,097
Other rental income	869	-	869
Government grant income	66	-	66
Income from recognition of net investment in subleases	182	-	182
Segment result	(768)	2,327	1,559
Other income			960
Other losses			(22)
Share of loss of an associate			(266)
Impairment loss on investment in an associate			(1,753)
Net profit			478
Other segment items			
Capital expenditure	1,967	143	2,110
Additions to right-of-use assets	253	-	253
Depreciation	4,460	1,240	5,700
Assets and liabilities			
Segment assets	61,858	31,370	93,228
Unallocated assets:			
- Cash and cash equivalents			63,893
- Other investments, at amortised costs			28,634
- Financial assets, at FVOCI			3,919
Total assets			189,674
Segment liabilities	78,727	3,510	82,237
Total liabilities			82,237

4.2. 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.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Company as at 30 June 2023 and 31 December 2022:

	30.06.2023	31.12.2022
	S'000	S'000
Financial assets		
Cash and cash equivalents	63,120	74,542
Trade and other receivables	9,787	9,074
Financial assets, at FVOCI	3,750	4,000
Other investment, at amortised cost	26,412	27,326
Other financial assets	4,950	4,492
	<u>108,019</u>	<u>119,434</u>
Financial liabilities		
Trade and other payables	26,266	36,468
Lease liabilities	36,290	45,629
	<u>62,556</u>	<u>82,097</u>

6. Revenue

	6 months ended	6 months ended
	30.06.2023	30.06.2022
	S'000	S'000
Revenue		
- Sales of goods	20,302	21,037
- Consignment income	15,537	16,692
- Rental income	5,222	5,097
	<u>41,061</u>	<u>42,826</u>

7. Other income

	6 months ended	6 months ended
	30.06.2023	30.06.2022
	S'000	S'000
Other income		
- Rental income	845	869
- Government grant income	1	66
- Sundry income	104	103
- Dividend income from listed equity securities, at FVOCI	123	64
- Income from modification of ROU leases	147	-
- Interest income from financial assets measured at amortised cost	1,318	793
- Income from recognition of net investment in subleases	280	182
	<u>2,818</u>	<u>2,077</u>

8. Other losses - net

	6 months ended	6 months ended
	30.06.2023	30.06.2022
	S'000	S'000
Other losses		
- Impairment loss on financial assets	(20)	(22)

9. Employee compensation

	6 months ended	6 months ended
	30.06.2023	30.06.2022
	S'000	S'000
Employee compensation		
- Wages and salaries	7,381	7,582
- Employer's contribution to defined contribution plans including Central Provident Fund	844	738
- Retirement benefit scheme expense	52	39
	<u>8,277</u>	<u>8,359</u>
- Less: Government grants	(498)	(179)
	<u>7,779</u>	<u>8,180</u>

10. Other expenses

	6 months ended 30.06.2023 S'000	6 months ended 30.06.2022 S'000
Other expenses		
- Advertising and promotion	1,580	1,930
- Delivery	481	687
- License fees, property and miscellaneous taxes	546	598
- Credit card commissions	1,163	1,299
- Royalty	420	455
- Supplies, repair and maintenance	1,428	1,358
- Utilities	1,523	1,031

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 30 June 2023 was 9.00% (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 30 June 2023, an impairment charge of \$737,000 and \$1,837,000 (six months ended 30 June 2022: Nil) 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

	30.06.2023 \$	31.12.2022 \$
Net asset value per ordinary shares	2.60	2.62

13. Trade and other receivables

	30.06.2023 S'000	31.12.2022 S'000
(a) Current		
Trade receivables		
- Immediate holding corporation	126	-
- Non-related parties	3,284	1,948
	3,410	1,948
Less: Allowance for impairment of receivables - non-related parties	(30)	(30)
	3,380	1,918
Interest receivable	299	640
Accrued receivables	1,489	1,425
Finance lease receivables	2,609	2,360
	7,777	6,343
(b) Non-Current		
Other receivables		
Finance lease receivables	1,584	2,583
Deposits	426	148
	2,010	2,731

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

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

	30.06.2023 S'000	31.12.2022 S'000
Singapore listed equity securities		
- CapitaLand Ascendas Reit	2,450	2,468
- Others	144	146
	2,594	2,614
Unquoted equity		
- Isetan of Japan Sdn. Bhd.	1,156	1,386
	3,750	4,000

During the six-month period ended 30 June 2023, 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 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2023				
Financial assets				
FVOCI investments	2,594	-	1,156	3,750
31 December 2022				
Financial assets				
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.

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 \$'000	2022 \$'000
Cost		
Beginning of financial period	88,167	87,933
Additions	7	143
End of interim period	88,174	88,076
Accumulated depreciation		
Beginning of financial period	59,907	57,422
Depreciation charge	1,248	1,240
End of interim period	61,155	58,662
Net book value as at 30 June	27,019	29,414

17. Property, plant and equipment

During the six months ended 30 June 2023, the Company acquired assets amounting to \$1,236,000 (30 June 2022: \$1,967,000) and disposed of assets amounting to Nil (30 June 2022: \$10,000). For the six-months ended 30 June 2023, an impairment loss of \$737,000 on property, plant and equipment ("PPE") (six months ended 30 June 2022: Nil) 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 30 June 2023, an impairment loss of \$1,837,000 on right-of-use assets ("ROU") (six months ended 30 June 2022: Nil) was recorded to reduce the carrying value of ROU.

As at 30 June 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 Tampines store where the Company entered into a new lease contract, resulting in a lease modification.

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 30.06.2023 S'000	6 months ended 30.06.2022 S'000
Royalty payable to immediate holding corporation	420	455
Purchases from immediate holding corporation	7	10

21. Commitments

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

	30.06.2023 S'000	31.12.2022 S'000
Investment properties	489	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

The Company did not propose any interim dividends for the period ended 30 June 2023.

24. Taxation

The Company calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. There is no income tax expense in the six months ended 30 June 2023 and 30 June 2022 due to tax losses brought forward from prior years.

Other Information

1. Review

The condensed interim balance sheet of Isetan (Singapore) Limited as at 30 June 2023 and the related condensed interim income statement and condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

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

The Company suffered a net loss of \$681,000 for the six months ended 30 June 2023 as compared to a net profit of \$478,000 generated for the six months ended 30 June 2022 mainly due to the following:

Revenue

Revenue for the period ended 30 June 2023 ("1H 2023") was \$41,061,000, a decrease of 4.12% over the corresponding period ("1H 2022"). The overall decrease in Company revenue was due to lower sales of goods from our retail segment, and lower consignment income which was partly offset by higher rental income from Isetan Wisma Atria investment property ("investment property"). The decrease in retail sales in 1H 2023 was affected by the discontinued operations of Katong store on 30 January 2022.

Revenue from investment property was slightly increased as compared to the same period last year mainly due to new operating lease income from Isetan Wisma Atria.

Other income

Other income for 1H 2023 was \$2,818,000, an increase of 35.68% over the corresponding period ("1H 2022"). The increase in other income was mainly due to higher interest income from financial assets measured at amortised cost, higher income from recognition of net investment in subleases, higher income from modification of ROU leases, higher dividend income and offset with lower grant income from the government and lower operating rental income from Isetan Scotts. However, this was insufficient to offset the effect of the lower revenue on the Company's net income.

Other losses - net

Other losses for 1H 2023 was \$20,000, a decrease over the corresponding period ("1H 2022"). The decrease in other losses was mainly due to decrease in impairment for other investments, at amortised cost as the result of lower bonds portfolio for 1H 2023.

Changes in inventories of finished goods

Changes in inventories of finished goods for 1H 2023 was \$149,000, a decrease of \$204,000 as compared to the corresponding period ("1H 2022"). The decrease was mainly due to lesser stock purchased in 1H 2023 as compared to 1H 2022.

Purchases of inventories and related costs

Purchases of inventories and related costs for 1H 2023 was \$15,350,000, an increase of 0.19% over the corresponding period ("1H 2022"). The increase was mainly due to higher stock loss provision provided in 1H 2023 as compared to 1H 2022.

Employee compensation

Employee compensation for 1H 2023 was \$7,779,000, a decrease of 4.90% over the corresponding period ("1H 2022"). The decrease in 1H 2023 was mainly due to lower bonus provision and higher government grants received in 1H 2023 as compared to 1H 2022.

Depreciation expense

Depreciation expense for 1H 2023 was \$5,707,000, an increase of 0.12% over the corresponding period ("1H 2022"). No significant fluctuation noted for 1H 2023 as compared to 1H 2022.

Rental expense

Rental expense for 1H 2023 was \$874,000, an increase of 12.92% over the corresponding period ("1H 2022"). The increase 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 in end January 2022.

Service charge expense

Service charge expense for 1H 2023 was \$2,689,000, a decrease of 7.78% over the corresponding period ("1H 2022"). The decrease 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 \$737,000 on property, plant and equipment ("PPE") and \$1,837,000 on right-of-use assets ("ROU") (1H 2022: Nil) was recorded in 1H 2023 to reduce the carrying value of these assets in the retail segment. This need for impairment was the main contributing factor to the Company reporting a net loss for 1H 2023.

Other expenses

Other expenses for 1H 2023 was \$8,588,000, a decrease of 1.93% over the corresponding period ("1H 2022"). The decrease was mainly due to the lower cost incurred for sales promotion, delivery cost, credit card commission and royalty fee which was partly offset by higher cost incurred for supplies, repair and maintenance and utilities expense.

Balance Sheet

The reduction in other investments, at amortised cost were 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 30 June 2023.

Trade and other payables as at 30 June 2023 decreased by \$8,943,000 compared with 31 December 2022, mainly due to repayment made to trade creditors.

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

Statement of Cash Flows

There was a decrease in cash and cash equivalents amounting to \$11,422,000 in 1H 2023, compared to a net decrease of \$6,257,000 in 1H 2022. This is mainly attributed to the net loss suffered and increase of cash used in the operations in 1H 2023.

Net cash used in operating activities was \$3,665,000 in 1H 2023 as compared to net cash generated of \$2,925,000 in 1H 2022. This was mainly the result of increase in cash outflows for trade and other payables.

Net cash provided by investing activities for 1H 2023 was \$1,352,000 compared to net cash of \$1,068,000 generated in 1H 2022. This was mainly the result of higher proceeds from maturity of other investments, at amortised cost and higher interest received, which was higher than cash used for payment for property, plant and equipment and purchases of other investments, at amortised cost.

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

Global economic activity is experiencing a broad-based and sharper-than-expected slowdown¹ due to the ongoing war in Ukraine, US-China tensions, elevated inflation as well as the recent banking turmoil which could further dampen the economic outlook and continue to pose significant risks to the global economy. US' and Eurozone's GDP growth is also projected to slow more significantly in the remaining quarters of the year due to elevated interest rates, sluggish external demand and the effects of tight financial conditions on domestic demand².

Domestically, Ministry of Trade and Industry (MTI) has narrowed the 2023 GDP growth forecast for Singapore from "0.5 to 2.5 per cent" to "0.5 to 1.5 per cent", according to the press release from the Ministry of Trade and Industry (MTI) on 11 August 2023. For the second quarter of 2023, Singapore retail trade sector grew by 2.6 per cent on a year-on-year basis, picking up slightly from the 2.3 per cent growth in the preceding quarter.

Although the ongoing recovery in tourism demand after China's border reopening could offer a boost to retail sales, any growth outlook will need to be tempered due to inflationary pressures faced by domestic consumers who may choose to reduce non-essential spending. Moving forward, the higher inflation-driven costs in rentals, logistics, labour and energy will continue to be the key factors weighing on retail business performance.

Reference

- ¹ Extracted from International Monetary Fund (IMF) publication regarding World Economic Outlook
- ² Extracted from Ministry of Trade and Industry (MTI) press release on 11 August 2023

5. Dividend information

(a) Current Financial Year Reported On

The Company did not propose any interim dividends for the period ended 30 June 2023.

(b) Corresponding Period of the Immediately Preceding Financial Year

The Company did not propose any interim dividends for the corresponding period of the immediately preceding financial year.

(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 six months ended 30 June 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. 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 30 June 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
11 August 2023