#_this is japan

ISETAN
SINGAPORE

ANNUAL REPORT 2015

CONTENTS

OUR CORPORATE VISION

To become the indispensable department store for each individual customer throughout his or her life by continually creating high quality, new lifestyles and being of use to our customers in the many different aspects of their lives.

By doing so, we aim to become the world's foremost retail services group with high profitability and sustained growth.

MILESTONES

STORES & SPECIALTY SHOP DEVELOPMENT

1972 Isetan Havelock made history by being the first Japanese department store in Singapore.

1979 Isetan Orchard opened at Liat Towers. This store established Isetan's presence along Singapore's tourist shopping belt.

1983 Isetan Katong opened at Parkway Parade marking the Company's penetration into suburban Singapore.

1986 Isetan Orchard was relocated to Wisma Atria at a cost of $100 million amidst the economic downturn and recession.

1993 Flagship store at Havelock was relocated to Isetan Scotts which opened at Shaw House.

1995 Isetan Tampines opened at Tampines Mall. This store is situated in Singapore's first regional centre.

1999 Isetan opened its first stand-alone Mango shop at Shaw Centre. Another successful designer label introduced into Singapore by Isetan.

1999 Isetan began operation of its full scale supermarket at its flagship store, Isetan Scotts.

2006 Isetan invested in Chengdu Isetan, Sichuan Province, People's Republic of China.

2009 Isetan commenced its online business with the launch of its revamped website.

2010 Isetan Serangoon Central opened at nex Mall, our first foray into the north-east part of Singapore.

2013 Isetan Jurong East opened at Westgate Mall, our first department store with a supermarket in the western part of Singapore.

2015 The Company's own retailing activities at Isetan Orchard ceased in end March and the space was converted for rental purposes.

CORPORATE & FINANCIAL DEVELOPMENT

1970 Isetan Emporium (Singapore) Private Limited was incorporated.

1981 Isetan became the first Japanese department store to offer its share to the public. Name was changed to Isetan (Singapore) Limited.

1988 Isetan offered a 1 for 2 Rights issue of 10 million shares.

1989 Isetan made a private placement of 3 million shares.

2002 Isetan made a 1 for 4 bonus issue of 8.25 million shares.

CHAIRMAN'S STATEMENT

JUN YOKOYAMA
CHAIRMAN

Dear Shareholders,

BUSINESS PERFORMANCE

2015 was one of the toughest years that the Group has encountered. Group Revenue came in at $302.178 million, a decrease of 11.21% as compared to the previous year. This was attributable to the ceasing of our own retailing activities at Isetan Orchard at the end of March 2015 to prepare the store space for renting out, the competitive retail environment and the impact of our stores' renovations.

The Group incurred a loss after tax of $25.824 million in 2015, compared to a loss after tax of $3.136 million in 2014. Besides gross profits being lower from the decline in sales, higher rental expenses mainly from Isetan Scotts, lower other income and the impairment of property, plant and equipment have affected the Group's performance.

BUSINESS OUTLOOK

Retail business

The Group is committed to keeping its retail business as its core business. In recent years, retailers in Singapore have been operating in an environment characterized by high rental expenses, tight labour and intense competition. This is unlikely to change in the near future and the Group recognizes that it has to make changes and build a sustainable model to survive in this business. As such, we continue to search for ways to differentiate ourselves from our competitors. Our focus has been to identify departments that we have a competitive advantage in and invest adequately in them to defend our position. For example, our supermarket in Isetan Scotts has recently undergone two phases of renovations that has transformed it into a more sophisticated level in terms of merchandise, design and service. So far, customer feedback and sales performance have been very encouraging and this gives us the confidence and assurance that we are moving in the right direction.

Over at Isetan Jurong East, customer traffic continues to grow with more office tenants moving in as well as the opening of the nearby Ng Teng Fong Hospital in June 2015. We have leveraged on this by working with the landlord to open another access point into the store on basement level 1 since November 2015. We are optimistic that there will be room to grow for the store as Jurong East moves towards becoming a Regional Centre in the future.

Our other suburban stores are Isetan Tampines and Isetan Katong in the east and Isetan Serangoon Central in the north-east. Although they are our older and more established stores, we nevertheless continue to monitor their performance and look at ways and means to improve the results at these stores.

Isetan Property at Wisma Atria

Since the ceasing of our own retailing activities at Wisma Atria at the end of March last year, we have taken active steps to find tenants for the property. I would like to update shareholders that the tenant occupying the entire basement 1 of the Isetan property at Wisma Atria has already started operations since early September while level 4 is on target to open in the second quarter of 2016, housing food and beverage outlets and restaurants with a Japanese theme. We have also managed to secure a few other tenants on the other floors who are in the business of jewellery, watches and beauty care. We are currently in talks with other potential tenants to occupy the balance of the space that we have yet to lease out.

ASSOCIATED COMPANY

With the Chinese economy slowing down, the sales growth that our associated company has achieved in the past two years has been interrupted, with sales coming in flat at 100.5% as compared to the previous year. Net profit was $0.332 million as compared to $1.01 million in the previous year. As the previously unrecognized share of losses has been fully recovered, there was a share of gain of $20,000 registered in 2015.

DIVIDEND

For the financial year ended 31 December 2015, the Board of Directors has proposed a final dividend of 5.0 cents per ordinary share. The proposed dividend will be subject to shareholders' approval at the forthcoming Annual General Meeting.

APPRECIATION

On behalf of the Board of Directors, I would like to express my heartfelt appreciation to our customers, suppliers and shareholders for their unwavering support during these tough times. I would also like to thank our management and staff for their hard work and dedication and whom the board recognizes as a tremendous resource of the Company.

I would also like to welcome on board our new independent director, Associate Professor Victor Yeo Chuan Seng, who was appointed on 1 July 2015. I am confident that Professor Yeo, who has many years in the legal field both as an academic and practitioner, will be able to contribute and give good guidance to the Company in these challenging times.

Last but not least, I would like to inform shareholders that our Managing Director, Mr. Lim Tien Chun, our Deputy Managing Director, Mr. Phua Puey Joy, and our Human Resource and Sales & Merchandising Support Director, Mr. Gerard Cheng, will be retiring at the forthcoming Annual General Meeting as directors. Mr. Lim and Mr. Phua will also be retiring from their executive positions. On behalf of the Board, I would like to extend my gratitude and appreciation to Mr. Lim and Mr. Phua for their many years of loyal service and contributions to the Group as well as to Mr. Cheng for his contributions during his tenure as a board member. In place of the aforementioned persons who will be retiring from the board, two incoming persons, namely Mr. Toshifumi Hashizume and Ms. Koay Bee Fong, will be standing for election to be Directors of the Company at the forthcoming Annual General Meeting. Details of their qualifications and work experience can be found on page 15 of this annual report.

Thank you.

JUN YOKOYAMA
Chairman

13 April 2016

MANAGEMENT DISCUSSION OF
RESULTS OF OPERATIONS AND FINANCIAL POSITION
For the year ended 31 December 2015

Isetan Scotts
(Flagship Store)

Isetan Katong

Isetan Tampines

Isetan Serangoon Central

Isetan Jurong East

Isetan Orchard
(Investment Property)

The Isetan Group started trading in Singapore on 31 January 1972 catering to a wide spectrum of customers. Our stores are strategically located across the island.

ORCHARD SHOPPING BELT

Our Flagship Store (Isetan Scotts)

Our flagship Scotts store is located at Shaw House. The store boasts a wide collection of international fashion designer lines, cosmetics and family-oriented merchandise catering to the local and tourist markets. The supermarket at the basement level with its emphasis on high quality Japanese products is especially popular with our customers, offering Japanese lifestyle concepts to the Singapore market through various food festivals and promotional activities.

Isetan Orchard

Our other store within the Orchard shopping belt was located at Wisma Atria, next to the busy Orchard MRT station. A change in our strategic direction has led to the ceasing of our own retailing activities at our Isetan Orchard store at the end of March 2015 to convert it to an investment property for rental income. Our presence in the Orchard Road shopping belt will be maintained via our Isetan Scotts store.

As at the end of 2015, the tenant at basement one of Isetan Orchard has started operations while several other tenants are due to commence their leases in 2016.

SUBURBAN REACH

(Isetan Tampines, Isetan Katong, Isetan Serangoon Central and Isetan Jurong East)

Our venture into the suburban area started with our Katong Store in Parkway Parade in 1983. The store, which has enjoyed the patronage of our customers for many years, led us to open another store in Tampines Mall in 1995. Situated in a regional centre, the Tampines store is a popular shopping destination, especially for the residents living in and around Tampines.

Our retail footprint in the suburban areas increased further with the opening of our Isetan Serangoon Central store on 25 November 2010. Spanning three floors in “nex” shopping mall, it offers a wide variety of merchandise ranging from cosmetics, fashion wear to other family-oriented items.

The opening of our store at Westgate next to Jurong East MRT station on 2 December 2013 marked the beginning of our presence in the western part of Singapore. This store is situated in a designated regional centre and incorporates our first ever Isetan supermarket in a suburban area.

OUR SERVICE

In a changing environment where there is increasing competition such as foreign fast fashion brands and e-commerce retailers, the need to deliver good service levels has become imperative to our survival. As such, our “company promise” initiative where we incorporate our customers’ feedback and make continuous improvements to our processes and systems remains an essential part of our corporate mission. We also recognize that proper staff training can contribute towards raising service level; in this respect, we have started sending some of our new management trainees to Japan for short stints to expose them to the service culture in Isetan Mitsukoshi stores and for them to bring back new and creative ideas to improve our service.

MANAGEMENT DISCUSSION OF
RESULTS OF OPERATIONS AND FINANCIAL POSITION
For the year ended 31 December 2015

OUR MERCHANDISE

In recent years, retailers have seen structural changes that are permanent in nature and that have altered the competitive landscape. These include the influx of foreign fast fashion brands and e-commerce competitors as well as the increasing number of malls that have resulted in the dilution of sales among many retailers. The slowing economy has also had an effect on consumer demand. Against this backdrop, many retailers have resorted to price discounting to draw in customers to meet sales targets. Our stores are not immune to these effects and we have been monitoring the situation closely. We remain committed to our core business of retailing and have continued to invest wisely to differentiate ourselves, despite the challenging scenario. One such initiative is the ongoing remodeling of our Isetan Scotts supermarket; we have introduced new concepts and products in the latest two phases of the renovations, and customer feedback has been very encouraging so far. At the other floors of Isetan Scotts, our Men's and Children's departments have also undergone changes to reconfigure our merchandise mix in response to the changing needs and wants of our customers.

OUR EMPLOYEES

Our workforce is our key asset and we invest in them by sending them for in-house and external training programmes so as to update or upgrade their skill sets. To better link our staff remuneration to the Company's performance, we also reward our staff with discretionary bonuses, tied to the Company's performance as well as individual performance.

ANALYSIS OF GROUP OPERATIONS

	2015 $'000	2014 $'000
Revenue*	**302,178**	340,316
Other income	**5,602**	8,761
Other losses	**(9,153)**	-
Loss before income tax	**(26,647)**	(3,023)
Income tax credit/(expense)	**823**	(113)
Loss after tax	**(25,824)**	(3,136)
Loss per share (cents)	**(62.60)**	(7.60)
Return on Equity	**(15.01%)**	(1.56%)
Dividend paid per share	**$0.075**	$0.075

*Revenue consists of:	**2015 $'000**	2014 $'000
Sales	**300,661**	340,316
Rental income – investment properties	**1,517**	-

The ceasing of our own retailing activities at the Isetan Orchard Store has had a negative impact on the Group's sales for 2015. Other than Isetan Jurong East, which is still a relatively new store and experiencing sales growth, the other stores have registered lower sales. The contributing factors include the renovations at the supermarket, Men's and Children's departments in Isetan Scotts as well as increasing competition at certain malls that the Group's stores operate in.

Rental income from Isetan Orchard was classified under other income prior to its reclassification as an investment property from April 2015. Hence rental income classified under other income was collected only for the first quarter of 2015, and this was the main reason why other income decreased by 36.06% in 2015 as compared to 2014. Rental income from Isetan Orchard after it was reclassified as investment property was included as Revenue and came from one tenant with negotiations still ongoing for other potential tenants.

At Isetan Scotts, the higher rental expense impacted the results of the store and was the main reason for the overall increase in the rental expense of the Group. However, efforts to reduce operating expenses resulted in lower other expenses, which mitigated the effects of the lower sales and rental income as well as higher rental expenses.

INVESTMENT ACTIVITIES

	2015 $'000	2014 $'000
Dividend and Interest Income	**2 ,481**	2,450

Management adopts a 'risk-based' approach in its investment activities. Dividend and Interest income increased from $2.45 million to $2.481million due to better returns from fixed deposits.

POSSIBLE CHALLENGES

Consumer sentiment is expected to be negatively affected by the general concerns regarding the health of the local and global economies. With the retail industry being sensitive to external environmental factors, the single digit GDP growth rate of 1% to 3% forecasted for the Singapore economy in 2016 is unlikely to provide considerable uplift to consumer demand. In this scenario, the Group expects competition among retailers to remain very keen in the fight for the consumer dollar. High operating expenses like labour and rental expenses will remain a bugbear for the Group. However, we have put in measures to reduce other operating expenses such as devices to reduce power consumption and cutting wastage on supplies.

Against this backdrop, our strategic move in converting Isetan Orchard to an investment property will help to mitigate the above negative factors as rental income will increase with more tenants starting their operations in 2016.

FINANCIAL POSITION

During the year, the Group's cash and cash equivalents decreased from $87.976 million to $63.328 million mainly due to the losses incurred, purchases of new financial assets, held-to-maturity as well as payment for property, plant and equipment and dividend.

DIVIDEND

The Board of Directors has proposed a final dividend of five cents per ordinary share for the financial year ended 31 December 2015, subject to shareholders' approval at the forthcoming Annual General Meeting.

BOARD OF DIRECTORS

JUN YOKOYAMA
(CHAIRMAN)

Academic and Professional qualifications		Directorship
Bachelor of Economics, Seikei University (Japan).		**Date first appointed:** 1 April 2013 **Date last re-elected:** 21 April 2015
Present Directorships in other listed companies (as at 31 December 2015)	Other Principal Commitments (as at 31 December 2015)	Past Directorships in listed companies over the preceding three years (31 December 2012 to 31 December 2015)
Nil	Nil	Nil

Mr. Yokoyama joined Isetan Company Limited (Japan) in 1981 and has held appointments in Sales and Merchandising in Isetan Company Limited. He has also held senior appointments in Isetan of Japan Sdn Bhd (Malaysia) and Isetan New York (U.S.A.). He was promoted to Executive Officer in 2010 where he was the General Manager for Isetan Urawa Store (Japan) until his present appointment as Executive Officer in charge of International Operations (Isetan Mitsukoshi Holdings Limited).

LIM TIEN CHUN
(MANAGING DIRECTOR)

Academic and Professional qualifications		Directorship
Bachelor of Business Administration, University of Singapore.		**Date first appointed:** 7 February 1990 **Date of cessation as Director:** 15 February 2005 **Date of re-appointment as Director:** 3 December 2007 **Date of appointment as Managing Director:** 17 March 2008 **Date last re-elected:** 24 April 2008
Present Directorships in other listed companies (as at 31 December 2015)	Other Principal Commitments (as at 31 December 2015)	Past Directorships in listed companies over the preceding three years (31 December 2012 to 31 December 2015)
Nil	Nil	Nil

Mr. Lim joined Isetan (Singapore) Limited in 1977 and has held appointments in Advertising and Promotion, Planning and Budget Control, Sales and Merchandising. He was the General Manager (Sales and Merchandising) of the Company before he was posted to Jinan Isetan Company Ltd in the People's Republic of China as the General Manager in 2005. After his return from China in 2007, he assumed the post of Senior Director, Corporate Affairs until his appointment as Managing Director in 2008.

He is a member of the Singapore Institute of Directors (SID).

<table>
<tr><th colspan="2">Academic and Professional qualifications</th><th>Directorship</th></tr>
<tr><td colspan="2">Bachelor of Business Administration, University of Singapore.</td><td>Date first appointed:
17 February 1992
Date of appointment as Deputy Managing Director:
16 March 2010
Date last re-elected:
22 April 2009</td></tr>
<tr><td>Present Directorships in other listed companies (as at 31 December 2015)</td><td>Other Principal Commitments (as at 31 December 2015)</td><td>Past Directorships in listed companies over the preceding three years (31 December 2012 to 31 December 2015)</td></tr>
<tr><td>Nil</td><td>Nil</td><td>Nil</td></tr>
</table>

PHUA PUEY JOY
(DEPUTY MANAGING DIRECTOR)

Mr. Phua joined Isetan (Singapore) Limited in 1977 and has held appointments in Advertising and Promotion, Sales and Merchandising, Operations Support and Corporate Planning, Finance and Management Accounting, Information Systems and Human Resource Management.

Besides his appointment as the Deputy Managing Director, he is also the General Manager (Administration) where he oversees the Human Resource, Operations Support, Information Systems, Finance and Accounting and Corporate Affairs Departments.

He is a member of the Singapore Institute of Directors (SID) and Investor Relations Professionals Association (Singapore) Limited (IRPAS).

<table>
<tr><th colspan="2">Academic and Professional qualifications</th><th>Directorship</th></tr>
<tr><td colspan="2">Bachelor of Arts (Economics and Statistics), University of Singapore.

Master in Communications Management, University of South Australia.</td><td>Date first appointed:
17 March 2008
Date last re-elected:
21 April 2015</td></tr>
<tr><td>Present Directorships in other listed companies (as at 31 December 2015)</td><td>Other Principal Commitments (as at 31 December 2015</td><td>Past Directorships in listed companies over the preceding three years (31 December 2012 to 31 December 2015)</td></tr>
<tr><td>Nil</td><td>Nil</td><td>Nil</td></tr>
</table>

GERARD CHENG
POH CHUAN

Mr. Cheng joined Isetan (Singapore) Limited in 1980 and has held appointments in Merchandising, Advertising and Promotion, Sales, Human Resource, Corporate Affairs and Planning & Budget Control. He is currently the Director, Human Resource and Sales & Merchandising Support.

He is a member of the Singapore Institute of Directors (SID).

BOARD OF DIRECTORS

CHEY CHOR WAI

Academic and Professional qualifications		Directorship
Bachelor of Accountancy, University of Singapore. Fellow Member of the Institute of Singapore Chartered Accountants, CPA Australia and The Association of Chartered Certified Accountants (United Kingdom).		**Date first appointed:** 1 July 2010 **Date last re-elected:** 25 April 2013
Present Directorships in other listed companies (as at 31 December 2015)	Other Principal Commitments (as at 31 December 2015)	Past Directorships in listed companies over the preceding three years (31 December 2012 to 31 December 2015)
• Courts Asia Limited	• Dover Park Hospice (Council member and member of Exco) • Media Development Authority of Singapore (Director)	• Religare Health Trust Trustee Manager Pte. Ltd.

Mr. Chey has more than 32 years' experience in the accounting and auditing industry. He joined the legacy Coopers & Lybrand firm in Singapore in 1976 after graduating from the University of Singapore with a Bachelor of Accountancy. He assumed various positions at the offices of Coopers & Lybrand in London, Singapore and New York and was admitted to the Partnership of Coopers & Lybrand Singapore in 1989.

He was the Managing Partner of Coopers & Lybrand CIEC Beijing office for 3 years from 1 January 1995. He rejoined Coopers & Lybrand Singapore office on 1 January 1998 as an assurance partner. Coopers & Lybrand later merged with Price Waterhouse to form PricewaterhouseCoopers (PwC). He was also concurrently the Admin Partner in PwC from 2001 to 2003. He retired at the end of June 2008, after 32 years with the firm.

He is a full member of the Singapore Institute of Directors.

Mr. Chey was conferred the Public Service Medal (PBM) by the President of Singapore in 2014.

LIM BEE CHOO

Academic and Professional qualifications		Directorship
Bachelor of Business Administration, National University of Singapore.		**Date first appointed:** 1 July 2012 **Date last re-elected:** 25 April 2014
Present Directorships in other listed companies (as at 31 December 2015)	Other Principal Commitments (as at 31 December 2015)	Past Directorships in listed companies over the preceding three years (31 December 2012 to 31 December 2015)
Nil	Nil	Nil

Ms. Lim has more than 30 years' experience in the area of Human Resource Management. She has held senior positions in various companies which included Hewlett Packard, Sara Lee Corporation and Standard Chartered Bank. She is currently the Head of Human Resources, Asia Pacific, PayPal. She sits on the executive committee which runs the Asia Pacific business across 10 countries. As of March 2015, she has also been appointed to the PayPal Private Limited board that governs international operations for PayPal.

ASSOCIATE PROFESSOR
VICTOR YEO CHUAN SENG

Academic and Professional qualifications		Directorship
Bachelor of Laws, National University of Singapore. Master of Laws, University of Melbourne.		**Date first appointed:** 1 July 2015
Present Directorships in other listed companies (as at 31 December 2015)	Other Principal Commitments (as at 31 December 2015)	Past Directorships in listed companies over the preceding three years (31 December 2012 to 31 December 2015)
Nil	• Associate Professor in the Nanyang Business School, Nanyang Technological University (Head, Division of Business Law) • Associate Director, Aptus Law Corporation • Director, Akaraka Ltd	Nil

Associate Professor Yeo joined Nanyang Technological University (NTU) in 1992 after spending several years in private legal practice doing general commercial and corporate litigation at a leading law firm. He is currently the Head of the Division of Business Law at the Nanyang Business School, NTU, where he teaches in the undergraduate and post-graduate programmes. He has also served in various administrative capacities at the University and was awarded the Public Administration Medal (Bronze) in 2013. Throughout his academic career, Professor Yeo has also served as trainer, advisor and consultant to numerous organisations on corporate law and governance issues.

Professor Yeo is also an Advocate and Solicitor of the Supreme Court of Singapore and is concurrently Associate Director with Aptus Law Corporation where he does corporate advisory work in the areas of corporate law, governance and securities regulation.

He is a Fellow of the Singapore Institute of Directors.

JUN INOUE

Academic and Professional qualifications		Directorship
Bachelor of Economics, Aoyama Gakuin University (Japan).		**Date first appointed:** 1 May 2013 **Date last re-elected:** 25 April 2014
Present Directorships in other listed companies (as at 31 December 2015)	Other Principal Commitments (as at 31 December 2015	Past Directorships in listed companies over the preceding three years (31 December 2012 to 31 December 2015)
Nil	Nil	Nil

Mr. Inoue joined Isetan (Company) Limited in 1984 and has held appointments in Sales and Merchandising in Isetan Company Limited (Japan) as well as a Manager in Isetan of Japan Sdn. Bhd. (Malaysia). Mr. Inoue joined Isetan (Singapore) Limited in March 2013 where he was appointed as the General Manager (Sales and Merchandising). He will be stepping down from the Board on 1 April 2016.

BOARD OF DIRECTORS

ADRIAN CHAN PENGEE

Academic and Professional qualifications		Directorship
Bachelor of Laws, National University of Singapore.		**Date first appointed:** 1 June 2004 **Date last re-elected:** 25 April 2014 **Date resigned:** 22 April 2015
Present Directorships in other listed companies (as at 31 December 2015)	Other Principal Commitments (as at 31 December 2015)	Past Directorships in listed companies over the preceding three years (31 December 2012 to 31 December 2015)
• Yoma Strategic Holdings Limited • Global Investments Limited • Biosensors International Group Limited • Nobel Design Holdings Limited • Ascendas Funds Management (S) Limited • Hong Fok Corporation Limited	• Hogan Lovells Lee & Lee (Director) • Association of Small and Medium Enterprises (Honorary Secretary) • Corporate Practice Committee and Finance Committee of the Law Society of Singapore (Committee member) • Corporate Governance and Regulations Committee of the Singapore International Chamber of Commerce (Committee member) • Pro-Enterprise Panel (Panel member) • Shared Services for Charities Limited • Accounting and Corporate Regulatory Authority (Board member)	• UPP Holdings Limited • AEM Holdings Limited

Mr. Chan is Head of Corporate and a Senior Partner at Lee & Lee. He actively practises in the areas of mergers and acquisitions, venture capital work, corporate and commercial law, capital markets, joint ventures, corporate finance, corporate restructuring, securities law, stock exchange practice and employment law. He retired from the board of Isetan (Singapore) Limited on 22 April 2015.

PERSONS STANDING FOR ELECTION AS DIRECTORS OF THE COMPANY AT THE FORTHCOMING ANNUAL GENERAL MEETING

TOSHIFUMI HASHIZUME

Academic qualifications:

Bachelor of Economics
Chuo University (Japan)

Working Experience:

Mr. Hashizume joined Isetan Company Limited (Japan) in 1983 where he has held senior positions in Sales and Merchandising. His most recent position that he assumed was as General Manager, Speciality Stores Division in Isetan Mitsukoshi Limited. In March 2016, the Ultimate Holding Company, Isetan Mitsukoshi Holdings Ltd, announced that he will be promoted to Executive Officer and will assume the position of Managing Director of Isetan (Singapore) Limited if elected at its forthcoming Annual General Meeting in April 2016.

KOAY BEE FONG

Academic qualifications:

Bachelor of Science in Mathematics
University of Strathclyde (Scotland)

Graduate Diploma in Personnel Management
Singapore Institute of Management

Working Experience:

Ms. Koay joined Isetan of Japan Sdn. Bhd. (Malaysia) in 1989 and she has held senior positions in Human Resource and Corporate Planning. Her last position there was as Executive Director cum General Manager (General Administration Department). She then joined Isetan (China) Co. Ltd where she assumed the position of Managing Director. She will assume the position of Executive Director, General Manager (Administration) cum Human Resource Director of Isetan (Singapore) Limited if elected at the forthcoming Annual General Meeting.

KEY EXECUTIVES' PROFILES

AS AT 31 DECEMBER 2015

LOH KAH LEONG

Merchandising Senior Manager

Mr. Loh joined the Company in 1989. He has served in Store Operations and also held various appointments in the Merchandising Department as a Buyer and as a Divisional Manager. Mr. Loh received his Bachelor of Business Administration from the National University of Singapore.

GERARD GOH KIM WAN

Sales Senior Manager

Mr. Goh joined the Company in 1989. He has served in Finance and Accounting, Information Systems, Sales Promotions, Merchandise Planning, Web Business and Store Operations. He received his Bachelor of Arts from the National University of Singapore and is also a member of the Institute of Singapore Chartered Accountants.

MASAKO SHIONOYA

Store Manager

Ms. Shionoya joined the Company in 2014 and has served in Store operations and Customer Service. She received her Bachelor of Arts from Chuo University (Japan).

ANG SIEW KHIM

Store Manager

Ms. Ang joined the Company in 1974. She has risen through the ranks and served in Store Operations and Human Resource.

PETER TENG SHEEN YAN

Orchard Project Manager

Mr. Teng joined the Company in 1988. He has served in Merchandising, Sales Promotions and Store Operations. He received his Bachelor of Arts from McMaster University (Canada).

JAMES CHE WENG FOO

Sales Promotion, Isetan Cards and Web Business Senior Manager

Mr. Che joined the Company in 1983. He has served in Store Operations, Merchandising and Sales & Merchandising Planning. He received his Bachelor of Science from the National University of Singapore.

TONG SHU LEE

Operations Support Manager

Mr. Tong joined the Company in 1989. He has served in Store Operations, Merchandising, Sales Promotion and the Associated Company in China. He received his Bachelor of Business Administration from the National University of Singapore.

CHUA BOON AIK

Legal/Contracts and Information Systems Manager

Mr. Chua joined the Company in 1990. He has served in Store Operations and Merchandising. He received his Bachelor of Business from the Curtin University of Technology (Australia) and Master of Business Administration from the State University of New York at Buffalo (USA).

YEW KAI PING

Finance & Accounting, Corporate Affairs, Planning and Budget Control Senior Manager

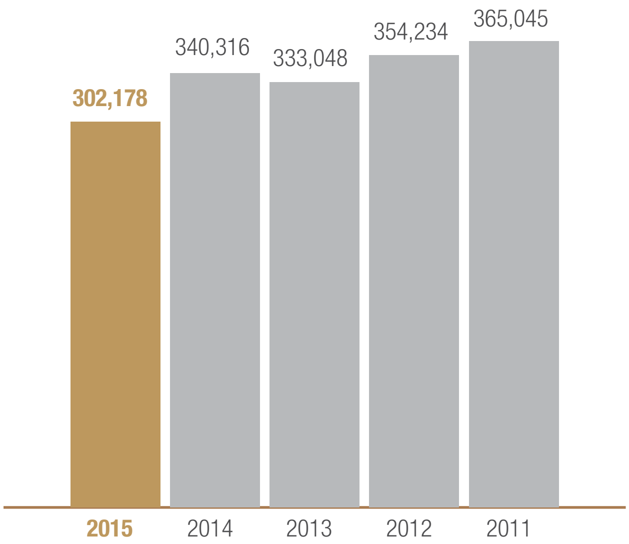
Mr. Yew joined the Company in 1988. He has served in Store Operations, Merchandising and Operations Support. He received his Bachelor of Business Administration from the National University of Singapore, Master in Business Administration from the Macquarie Graduate School of Management (Australia) and Master of Accounting from the Curtin University of Technology (Australia).

GROUP FINANCIAL PROFILE

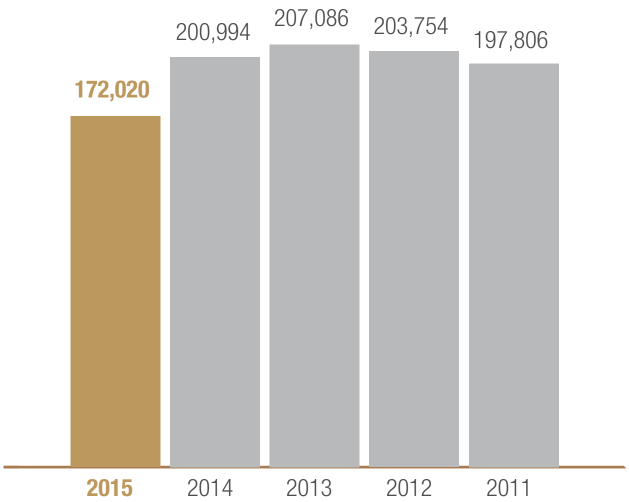
	Year ended 31.12.2015 $'000	Year ended 31.12.2014 $'000	Year ended 31.12.2013 $'000	Year ended 31.12.2012 $'000	Year ended 31.12.2011 $'000
Operating results					
Revenue	**302,178**	340,316	333,048	354,234	365,045
(Loss)/Profit before income tax	**(26,647)**	(3,023)	7,340	10,091	14,828
Income tax credit/(expense)	**823**	(113)	(797)	(419)	(2,525)
Net (Loss)/Profit	**(25,824)**	(3,136)	6,543	9,672	12,303
Total Assets					
Investment properties	**32,325**	2,672	2,731	2,790	2,849
Property, plant & equipment	**50,263**	84,603	88,940	78,152	83,961
Financial assets, available-for-sale	**3,395**	3,482	3,344	3,460	3,059
Financial assets, held-to-maturity	**51,625**	31,996	42,500	49,500	43,250
Club memberships	**94**	616	656	639	637
Investment in associated company	**51**	-	-	-	177
Rental deposits	**7,711**	6,973	6,706	6,887	7,201
Other receivables	**252**	330	393	254	292
Deferred income tax asset	**294**	-	-	-	-
Current assets	**87,834**	130,916	133,742	128,619	126,577
	233,844	261,588	279,012	270,301	268,003
Shareholders' Equity and Total Liabilities					
Shareholders' equity	**172,020**	200,994	207,086	203,754	197,806
Current liabilities	**56,227**	56,276	68,301	62,936	66,112
Non-current liabilities	**5,597**	4,318	3,625	3,611	4,085
	233,844	261,588	279,012	270,301	268,003
Shareholders' Equity					
Share capital	**91,710**	91,710	91,710	91,710	91,710
General reserve	**17,000**	17,000	17,000	17,000	17,000
Fair value reserve	**1,278**	1,365	1,227	1,344	943
Currency translation reserve	**(197)**	(228)	(228)	(228)	(228)
Retained earnings	**62,229**	91,147	97,377	93,928	88,381
	172,020	200,994	207,086	203,754	197,806
(Loss)/earnings per share (cents)	**(62.6)**	(7.6)	15.9	23.5	29.8
Dividend paid :					
Final Gross dividend per share (cents)					
- Ordinary	**7.5**	7.5	7.5	7.5	7.5
- Special	**-**	-	-	2.5	-
Net ($'000)	**3,094**	3,094	3,094	4,125	3,094
Net assets per share	**$4.17**	$4.87	$5.02	$4.94	$4.80

GROUP FINANCIAL PROFILE

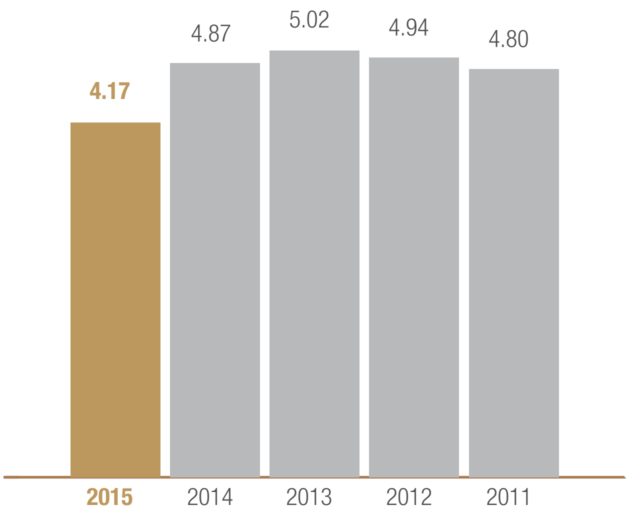
SALES
($'000)



SHAREHOLDERS' EQUITY
($'000)



NET ASSETS PER SHARE
($)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Jun Yokoyama
(Chairman)

Lim Tien Chun
(Managing Director)

Phua Puey Joy
(Deputy Managing Director cum General Manager, Administration)

Gerard Cheng Poh Chuan
(Director, Human Resource and Sales & Merchandising Support)

Chey Chor Wai
(Lead Independent Director)

Lim Bee Choo
(Independent Director)

Associate Professor Victor Yeo Chuan Seng
(Independent Director)

REGISTERED OFFICE

Company Registration no. 197001177H
593 Havelock Road, #04-01
Isetan Office Building
Singapore 169641
Tel: (65) 6732 8866
Fax: (65) 6736 0913

Website: www.isetan.com.sg
E-mail: isetansin@isetan.com.sg

COMPANY SECRETARY

Lun Chee Leong

REGISTRAR

M&C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Tel: (65) 6227 6660
Fax: (65) 6225 1452

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
8 Cross Street
#17-00 PWC Building
Singapore 048424
Audit Partner: Peter Low
(Appointed in 2013)

CORPORATE GOVERNANCE REPORT

Isetan is committed to achieving high standards of corporate governance. Key corporate governance practices and processes are set out in this report. This report is in compliance with the continuing obligations stipulated under Chapter 7 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual.

Isetan endeavors to adhere to all the principles and guidelines of the Code of Corporate Governance (the "Code"). Where the Company's practices deviate from any guideline of the Code, this has been disclosed below together with an appropriate explanation for such deviation.

The details of the Board are disclosed in the section on the Board of Directors. In addition, the particulars of the directors are also disclosed in the same section.

BOARD MATTERS

BOARD OF DIRECTORS

	Name of Directors	Executive / Non-executive	Independent/ Non-independent
1	Jun Yokoyama (Chairman)	*Non-executive*	*Non-independent*
2	Lim Tien Chun (Managing Director)*	*Executive*	*Non-independent*
3	Phua Puey Joy (Deputy Managing Director)*	*Executive*	*Non-independent*
4	Gerard Cheng Poh Chuan*	*Executive*	*Non-independent*
5	Jun Inoue* (stepping down on 1 April 2016)	*Executive*	*Non-independent*
6	Chey Chor Wai**	*Non-executive*	*Independent*
7	Lim Bee Choo	*Non-executive*	*Independent*
8	Assoc. Professor Victor Yeo Chuan Seng (appointed on 1 July 2015)	*Non-executive*	*Independent*
9	Adrian Chan Pengee (resigned on 22 April 2015)	*Non-executive*	*Independent*

* Indicates the Board members who are on the Executive Committee ("Exco")

** Lead Independent Director

COMMITTEES

	Audit & Risk Committee ("ARC")	Nominating Committee ("NC")	Remuneration Committee ("RC")
Chairman	Chey Chor Wai	Assoc. Professor Victor Yeo Chuan Seng	Lim Bee Choo
Members	Lim Bee Choo	Chey Chor Wai	Chey Chor Wai
	Assoc. Professor Victor Yeo Chuan Seng	Lim Bee Choo	Assoc. Professor Victor Yeo Chuan Seng

Principle 1: The Board's Conduct of its affairs

The main role and responsibility of the Board of Isetan is to oversee the business affairs of the Company. The key matters for Board's overview and supervision include approving broad policies, strategies and objectives of the Company, monitoring management performance, approving annual budgets and major funding, investment and divestment proposals. The Board also assumes responsibility for corporate governance and risk management and approves all transactions involving the Company other than those in the ordinary course of business of the Company.

Matters which are specifically reserved to the Board for approval include:

(a) remuneration framework of all Board members;

(b) remuneration framework and packages of all key executives;

(c) matters involving a conflict of interest for a substantial shareholder or a director;

(d) share issuances, dividends and other returns to shareholders; and

(e) matters which require Board's approval as specified under the Company's interested person transaction policy.

The Board has required internal directives to be issued with regard to shares trading. These directives, including prohibitions on insider trading, have been made known to all directors and employees. The guidelines specifically prohibit trading in the Company's shares on short term considerations as well as during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, and one month before the announcement of the financial statements for the full year.

To assist in the execution of its responsibilities, the Board has established four Board committees, namely, the Exco, the NC, the ARC and the RC. The Exco aims to facilitate and expedite corporate processes, particularly where Board resolutions are required to be passed with urgency. The Exco also oversees the operational aspects of the Company, including the review and approval of the strategic process for the Company. The terms of reference and composition of the other Board committees have been detailed in the respective sections of this report.

The Board met five times during the year. In addition, the Exco meets regularly and have met twelve times in 2015.The record of the directors' attendance at Board and the respective committee meetings during the financial year ended 31 December 2015 is set out below.

Directors' Attendance at Board and other committee meetings

		No. of meetings (for the period from 01/01/15 to 31/12/15)									
		Board		**Exco**		**NC**		**RC**		**ARC**	
	Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
1	Jun Yokoyama (Chairman)	5	4	–	–	–	–	–	–	–	–
2	Lim Tien Chun (Managing Director)	5	5	12	12	–	–	–	–	–	–
3	Phua Puey Joy (Deputy Managing Director)	5	5	12	11	–	–	–	–	–	–
4	Gerard Cheng Poh Chuan	5	5	12	12	–	–	–	–	–	–
5	Jun Inoue (stepping down on 1 April 2016)	5	5	12	12	–	–	–	–	–	–
6	Chey Chor Wai	5	5	–	–	1	1	1	1	4	4
7	Lim Bee Choo	5	5	–	–	1	1	1	1	4	4
8	Assoc. Professor Victor Yeo Chuan Seng (appointed on 1 July 2015)	5	2	–	–	1	–	1	–	4	2
9	Adrian Chan Pengee (resigned on 22 April 2015)	5	2	–	–	1	1	1	1	4	1

All directors have been provided with a copy of the Company's Corporate Governance Policies Manual which serves as a guide to the Company's governance practices and policies. A formal letter is also issued to all directors, with reference made to the Company's Corporate Governance Policies Manual, on the directors' duties and obligations.

CORPORATE GOVERNANCE REPORT

In addition, the Company has orientation programmes to ensure that incoming directors are familiar with the Company's business, structure and governance practices. In 2015, management conducted an induction and orientation programme for its new director to familiarize him with the company's strategy, policies and state of affairs as at his joining. Arrangements were also made for the new director to meet with the company's internal auditors and key management personnel. In recognition that directors require appropriate on-going training, the Company has encouraged all directors to sign up as members of the Singapore Institute of Directors ("SID") and to participate in its courses at the Company's expense. Briefings are organized from time to time to update directors and, in particular, the ARC on developments of the laws and regulations relevant to the Company and its business. During the year, PwC made a presentation to the directors on the new Auditor's Report that would come into effect in 2017.

Principle 3: Chairman and Managing Director

The Chairman and Managing Director ("MD") are different persons with different roles and the Board will endeavor to maintain this division of responsibilities, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between the Chairman and MD are clearly established, set out in writing and approved by the Board. The Chairman and the MD are not related.

The MD is the most senior executive in the Company and bears executive responsibility for the Company's business, while the Chairman is non-executive and bears responsibility for Board proceedings.

The key roles and responsibilities of the Chairman with regard to Board proceedings include the scheduling of meetings and preparation of meeting agenda with assistance from the Company Secretary, in consultation with the MD prior to the meeting. He assumes responsibility for ensuring that the directors are provided with accurate, adequate and timely information so that they may fulfil their responsibilities.

The Chairman is responsible for ensuring effective communication with shareholders, encourage constructive relations between Board and management, between executive and non-executive directors. The Chairman also has an oversight role in ensuring compliance with the Company's guidelines on corporate governance and risk management.

As the Chairman is non-independent and in accordance with the Code, Mr. Chey Chor Wai has assumed the role of lead independent director since 22 April 2015. Led by the lead independent director, the independent directors meet periodically without the presence of the other directors. Relevant matters discussed at this meeting are reported to the Chairman.

Principle 2: Board Composition and Guidance
Principle 4: Board Membership

As at 31 December 2015, the Board had eight directors, of whom four are non-executive. Three of the directors are independent. The Board intends to recommend changes to its composition in respect of the proportion of independent directors with the view to meeting the requirement of Guideline 2.2 of the Code.

The Board comprises persons who as a group provide the necessary core competencies to meet the Company's objectives. While the Chairman and Executive Directors individually possess many years of experience in the retail industry, the independent directors add diversity and balance to the Board as they have diverse backgrounds and qualifications in the fields of legal, accounting and human resource management. Both genders are represented on the Board. The NC is of the view that the current size of the Board is appropriate and provides effective decision making in relation to the scope and nature of the Company's operations. The Board will continue to review the size of the Board and its composition on an ongoing basis. To provide a more effective check on management, the non-executive directors meet without the presence of the management. The NC is established by the Board to recommend the appointment/nomination and re-appointment of all directors to the Board. Subject to Article 95 of the Company's Articles of Association, all directors (other than the MD and deputy MD) are required to submit themselves for re-nomination and re-election at regular intervals and at least every three years.

Prior to making recommendations to the Board, the NC adopts a formal and transparent process of reviewing nominations of directors for appointment to the Board and Board committees. The NC will first identify suitable candidates for Board membership using appropriate means, which may include recommendations from current Board members, external searches by search firms or the SID and other referrals. The criteria for evaluating the potential candidates include:

(a) skills, background, qualifications and work experience sought;

(b) the type of capabilities or qualities that are needed to complement the core competencies of the existing Board members; and

(c) the level of commitment in terms of time and effort in order to fulfill the director's obligations.

The evaluation may also include an interview with the intended candidate(s) to ascertain their suitability. The NC then recommends the suitable candidate(s) to the Board for appointment as a director.

The Company has in place a process to groom future potential candidates within the Company to assume board positions. The process includes promoting and rotating the candidates across various departments and may also include short-term training to gain exposure.

The NC also reviews and makes recommendations to the Board on whether or not retiring directors should be nominated for re-election. In making its recommendations, the NC reviews and takes into account the past performance and commitment of the retiring director, the directors' contributions towards the efficacy of the Board as well as the type of capabilities or qualities that are needed for the Board as a whole at the time of the directors' retirement and re-election.

The NC has been tasked to assess the independence of the directors and has adopted a more stringent definition of independence than that set out in the Code of Corporate Governance as the independent directors are independent from substantial shareholders (namely, 5% shareholders) of the Company (and not merely 10% shareholders, as required by the Code). The NC is of the opinion that the directors who have been classified as independent are indeed independent. None of the independent directors have served on the Board for more than 9 years from the date of their first appointment.

The NC comprises three directors, all of whom, including the Chairman are independent. The NC requires all the independent directors to confirm their independence and their relationships with the directors, management and substantial shareholders of the Company by a declaration in writing annually. These declarations are subsequently reviewed and discussed by the NC before the NC confirms their independence. The Board is of the opinion that there are no directors who have multiple board representations which will affect his/her ability to carry out his/her duty as a director of the Company. As there are directors who have more than one board representation, guidelines have been drawn up to address the competing time commitments of these directors. The guidelines have taken into account all relevant factors that may have an impact on the directors' contributions and performance which includes the individual director's attendance record at Board and Committee meetings, travelling commitments and the size, scope and complexity of the business activities and operations of the companies in which he or she is a board member. In the course of the annual review, all independent directors have declared to the Company in writing all of their current principal commitments as well as signed an undertaking that they will continue to devote sufficient time, effort and attention to the business and affairs of the Company for the upcoming financial year. The individual director also explains and justifies to the NC how he/she intends to set aside the time and resources to discharge his/her duties to the Company, especially if he/she is in full time employment elsewhere. In addition to this process, the Board has also determined that the maximum number of listed company board representations that any director may hold is to be five.

A summary table showing the directors who are executive or non-executive as well as independent or non-independent is shown on page 20. Members of the ARC, NC and RC are also shown on the same page. All the directorships and chairmanships in listed companies held by the directors, both current and those held over the preceding three years, is shown on pages 10 to 14.

Principle 5: Board Performance

Under the terms of reference for the NC as approved by the Board, the NC has adopted a system for assessing the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board. The NC has implemented a process to allow for peer assessment of each director on the Board, to assess the director's contributions to the effectiveness of the Board. This evaluation process includes sending each director a questionnaire for completion. The responses are collated, analysed and summarized by the independent, external Company Secretary, so as to encourage frank and open feedback and discourse. The responses are then discussed by the NC for recommendations to be made to the Board. The NC assesses and recommends objective performance criteria to the Board for its approval and these performance criteria are unlikely to be altered unless the circumstances render it necessary, in which event the Board will furnish its reasons for so doing. The assessments are done on an annual basis, with the assessment of the individual director being done on a voluntary basis. Some of the performance criteria for the Board assessment process includes the appropriate size and composition of the Board, the effectiveness of the decision-making process, access to information by directors, the accountability of the Board members, oversight over and management of the MD and Management and directors' standard of conduct. Some of the performance criteria for the individual director assessment process include attendance at Board and Committee meetings, adequacy of preparation and contributions in various areas of expertise.

Principle 6: Access to Information

Management has supplied the Board with complete and adequate information in a timely manner to allow the directors to fulfill their duties properly. The Board has a procedure for directors, after consultation with the Chairman of the Board or the MD, to take independent professional advice at the Company's expense in the furtherance of their duties. The Board also has separate and independent access to the Company's senior management and the Company Secretary. The Company Secretary attends all Board meetings and is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

REMUNERATION MATTERS

Principle 7: Procedures for developing remuneration policies
Principle 8: Level & mix of remuneration
Principle 9: Disclosure on remuneration

The RC comprises entirely of independent non-executive directors.

The RC is chaired by an independent non-executive director. The RC has access to advice from the internal human resource department, and if required, the RC will have access to external advice. The RC regularly reviews the remuneration framework for the executive directors and key management personnel in conjunction with market studies and benchmarking exercises with industry peers, where appropriate, and after such reviews makes recommendations to the Board and the Chairman of the Company.

The RC has established major key performance indicators for evaluating the performance of the executive directors and key management personnel. The remuneration packages paid to the executive directors and key executives are linked to the performance of both the Company and each individual. The variable components of remuneration for management staff (including Executive Directors) take the form of an annual variable bonus and sales incentive payment, where applicable. After the pool of the variable bonus is decided, it is distributed based on each employee's performance grading. The sales incentive is paid whenever the Company level sales target for a particular month is met. The Company currently does not have a long term incentive scheme for the purpose of rewarding and retaining key appointment holders. As such, the Board is of the opinion that a claw-back mechanism in the incentive scheme is not appropriate. In addition, the Company operates a retirement benefit scheme for its employees, including executive directors and key management personnel who are eligible for it. Further information is disclosed in the Notes to the accounts under item 25.

For the current financial year, non-executive directors will, subject to shareholders' approval, receive only director's fees. The RC will continue to assess and recommend non-executive directors' fees that are appropriate to the level of their contributions, and submit its recommendations to the Board for its endorsement. The Board will then recommend the proposal for the remuneration of the non-executive directors for approval at a shareholders' meeting.

Under Article 87(2) of the Company's Articles of Association, if the MD is appointed for a fixed term, such term shall not exceed 5 years. Currently, neither the MD nor any of the other executive directors have been appointed or employed in their current positions for a fixed term under any service contract. Pursuant to Article 95 of the Company's Articles of Association, one-third of the Directors (other than the MD and deputy MD) retires from office at the Company's Annual General Meeting held in each year. Such retiring directors are eligible for re-nomination and re-election. No employee share scheme has been offered to any director or employee.

The breakdown of directors' remuneration (in percentage terms) for the period from 1/1/15 to 31/12/15 and the remuneration bands of directors and key executives for the period from 1/1/15 to 31/12/15 are set out in the Note (b) under "Additional Disclosure Requirements of the Singapore Exchange Securities Trading Listing Manual". Although the Code recommends the clear disclosure of remuneration of each director, the MD, the top five executives (who are not directors or the MD) as well as the aggregate remuneration paid to these top five executives , the Company has chosen to omit this information (with the exception of the Independent Directors' remuneration which is shown below) in light of the industry's competition for talent, the confidentiality of staff remuneration matters and so as not to hamper the Company's efforts to retain and nurture its talent pool. The RC has examined the executive compensation paid to its executives and key management and has come to the view that the sums paid do not exceed market norms.

Fees for Independent Directors:

Name of Director	Total Fees
Chey Chor Wai	$62,000
Lim Bee Choo	$58,000
Assoc. Professor Victor Yeo Chuan Seng (appointed on 1 July 2015)	$29,000
Adrian Chan Pengee (resigned on 22 April 2015)	$19,333

There are no employees who are immediate family members of a director or the Managing Director.

ACCOUNTABILITY AND AUDIT

Principle 11: Risk Management and Internal Controls
Principle 12: Audit Committee
Principle 13: Internal Audit

The ARC was reconstituted on 1 September 2013 when the risk oversight function was incorporated into the Audit Committee's responsibilities. The ARC comprises three independent non-executive directors. The Board is of the opinion that at least two members of the ARC (including the Chairman) have sufficient accounting or related financial management expertise or experience to discharge its responsibilities. The external auditor also updates the ARC periodically on the latest and upcoming changes to accounting standards and issues. In addition, the ARC members also attended outside training courses organized by the SID and other training providers.

The ARC has been conferred explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management, full discretion to invite any director or management staff to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

Under the terms of reference for the ARC as approved by the Board and in accordance with Section 201B(5) of the Singapore Companies Act, the key roles and responsibilities of the ARC include the following:

- reviewing with the external auditors, the audit plan, the evaluation of the internal accounting controls, audit reports and any matters which the external auditors wish to discuss in the absence of management;
- assessing the independence and objectivity of the external auditors;
- reviewing with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems;
- reviewing the adequacy and effectiveness of the Company's internal controls and risk management systems at least annually, including financial, operating, compliance and information technology controls, and risk management policies and systems established by the management;

- reviewing arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- reviewing any significant findings of internal investigations and management response;
- reviewing the effectiveness of the Company's external and internal auditors and approving the appointment, reappointment and removal of the Company's external and internal auditors and approving their remuneration and terms of engagement;
- reviewing interested person transactions to ensure that internal control procedures are adhered to;
- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance e.g. quarterly and annual financial statements, including announcement to the SGX-ST prior to the submission to the Board; and
- reporting actions and minutes of the ARC meetings to the Board of Directors with such recommendations as the ARC considers appropriate.

The ARC met four times during the year in review. The Company Secretary, the Company's external and internal auditors and the management team responsible for finance attend the meetings. Wherever necessary, other members of the management team may also be invited to attend the ARC meetings.

The ARC reviews and recommends to the Board the release of the quarterly and full year financial statements. In the process, it also reviews the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a great impact on the financial statements. It also considers and approves the Audit Strategy Memorandum prepared by the external auditors and the Internal Audit Plan prepared by the internal auditors, and reviews the scope and results of both external and internal audits.

The ARC has also met up with the external auditors in the absence of management, at least once annually. In addition, in some of other meetings with auditors, the ARC has invited the presence of management to assist in its frank deliberations. The ARC has received confirmation from the external auditors that they have received full assistance from the officers of the Company in the course of their audit.

The ARC has nominated PricewaterhouseCoopers LLP for re-appointment as auditors of the Company at the forthcoming Annual General Meeting. The ARC has reviewed the amount of non-audit fees paid to the auditors and is of the opinion that it will not affect the independence of the auditors.

The ARC has met up with the internal auditors in the absence of management, at least once annually. The ARC has received confirmation from the internal auditors that they have received full assistance from the management of the Company in the course of their work. The internal audit function is carried out by KPMG LLP, whose primary line of reporting is to the Chairman of the ARC. The internal audit plan and scope of work are prepared in consultation with, but independent of, management and submitted to and approved by the ARC. The internal auditors assist the ARC in assessing the Company's risk management, controls and governance processes and the reports of the internal auditors are distributed to the ARC and discussed at the ARC meetings. The internal auditors have confirmed to the ARC that their work have met the standards set by The Institute of Internal Auditors.

As part of their statutory audit, the Company's external auditors reviews the Company's material internal controls relevant to financial reporting in order to design audit procedures that are appropriate in the circumstances. Any material non-compliance and internal control weaknesses identified by both the external and internal auditors are reported to the ARC, together with the recommendations to address them. The Company's management follows up on these recommendations as part of their role in reviewing the Company's internal control systems. The ARC also reviews the effectiveness of the actions taken by management on the recommendations made in this respect. To ensure an effective system of internal controls, the internal auditors have been engaged to carry out periodic assessments of enterprise-wide risks with management and the ARC. Subsequently, a risk-based internal audit plan is formulated by the internal auditors where the current controls for the key risks are identified and action plans developed to address any gaps and weaknesses in the controls. Based on the work carried out by the internal auditors, the review undertaken by the external auditors as part of their statutory audit, the written assurances from the MD and senior management and the existing management controls in place, the ARC and the Board are of the opinion that the internal controls including financial, operational, compliance and information technology controls, and the risk management systems are adequate and effective as at 31 December 2015. The Board has also received written assurances from the MD and Senior Management (who assumes the role of the CFO) that (a) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and (b) the Company's risk management and internal control systems are adequate and effective. The Board, together with the ARC and management, will continue to enhance and improve the existing internal control and risk management frameworks to identify and mitigate these risks.

The system of internal controls and risk management policies established by the Company (as further elaborated on page 28, Risk Management Policies and Processes) is designed to manage, rather than eliminate, the risk of failure in achieving the Company's strategic objectives. It should be recognized that such systems are designed to provide reasonable assurance, but not an absolute guarantee, against material misstatement or loss.

The Company has put in place a "whistle-blowing" process whereby staff of the Company can raise concerns about possible improprieties in matters of financial reporting or other matters through a well-defined and accessible channel within the Company. The objective of the policy is to encourage the reporting of such matters in good faith, while providing the assurance that staff making such reports will be fairly treated. The "whistle-blowing" policy is communicated to all staff during the orientation for new staff and also via the Staff Handbook. Procedures have been established to ensure that such matters are promptly investigated, appropriate follow-up actions taken by management and results reported to the ARC and Board of Directors. In addition, all staff have been informed of the contact details of the ARC members so that they may report their concerns directly to the ARC. The Company and/or the ARC will also investigate anonymous complaints but may result in the matter not being satisfactorily resolved until the complainant is able to come forward and offer his/her assistance.

Where a whistle blowing case warrants immediate attention, it will be investigated promptly and reported to senior management as well as the ARC. If there are no whistle blowing cases, a negative confirmation is conveyed by the management to the ARC on a quarterly basis.

Principle 10: Accountability
Principle 14 and 15: Shareholder Rights and Communication with Shareholders

The Board is accountable to the shareholders while management is accountable to the Board and provides the necessary information needed by the Board on a timely basis. In addition, the management provides management accounts to the directors on a monthly basis as well as the performance against the Company's annual budget.

The Company avoids selective disclosure of information. The annual and quarterly announcements of financial statements and other price sensitive public reports and reports to regulators (where relevant) are published through SGXNET.

Shareholders have been given the opportunity to participate and vote in shareholders' meetings. If any shareholder (who is not a relevant intermediary as defined by the Companies Act) is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance. Relevant intermediaries may appoint more than two proxies. The Chairman, the Board of Directors, and members of the senior management team attend the shareholders' meetings to address questions and obtain feedback from shareholders. The external auditors are also present to address queries about the conduct of the external audit and the preparation and content of the auditors' report. All resolutions at the annual general meeting will be voted on by poll and the detailed results for each resolution will be announced on SGXNET.

Besides the timely disclosure of pertinent information on SGXNET and at shareholders' meetings, the Company also adopts an "open door" policy of communications with shareholders where their queries that are from time to time received are brought to the attention of the Board.

The Company's dividend policy is to provide our shareholders a stable annual dividend that takes into account the Company's performance as well as the resources needed to secure its future success and well-being. Special dividends may be proposed, when deemed appropriate, to share the Company's successes with our shareholders.

The Company's website is at www.isetan.com.sg. The Company's latest annual reports, financial results and code of conduct are available on the Company's website. If shareholders have any queries on investor relations, they may contact isetansin@isetan.com.sg.

RISK MANAGEMENT POLICIES AND PROCESSES

Isetan Singapore recognizes the need to have an effective and adequate risk management system in order to safeguard shareholders' interests and the Company's assets. It has, therefore, established a framework of prudent and effective controls in four areas, namely financial, operational, compliance and information technology.

The Audit and Risk Committee (ARC) oversees the risk management framework and policies. With the assistance of the internal auditor, an annual Enterprise Risk Assessment (ERA) is carried out where the tier one and two enterprise risks are identified and ranked. A risk heat map is developed based on the tier one risks (covering financial, operational, compliance and information technology areas). Based on the ERA results, the internal audit plan for the new financial year is established. After each internal audit, a report is submitted to the ARC where the gaps and lapses are identified. The report also records management's action plans to rectify these gaps and lapses. Management is also asked to report on whether and when such rectification measures have been undertaken. The internal audit plan is discussed at the ARC and board meetings to ensure top level awareness.

Risk management covers four areas of risks as follows:

Financial Risks

Due to its business activities, the Group is exposed to various kinds of financial risks such as market risks, credit risks and liquidity risks. The guidelines undertaken to manage such risks are further elaborated in the notes to the financial statements, under the heading of "Financial risk management".

In addition to the above, the Group also manages risks associated with accurate financial reporting. Besides the monthly review of management financial reports, regular internal reviews are also carried out to keep abreast of the latest Financial Reporting Standards and other regulatory requirements. If necessary, management consults with the external auditors and legal counsel, and adopts their advice on the reporting requirements.

Operational Risks

The operational risks of the business include process risks, risk from loss of assets, risks from uncontrollable events and risks from legal liability. As far as possible, procedures and policies have been set out to guide staff on how to execute the relevant risk controls. Where necessary, dry runs and practical drills are carried out periodically to reinforce the understanding of some of these procedures and policies. Insurance policies have also been taken up to cover the risks arising from loss of assets and legal liability.

Compliance Risks

The Company constantly monitors developments that may have an impact on its business such as changes in applicable laws and regulations, financial reporting standards, Singapore Exchange Listing rules and the Code of Corporate Governance. Besides the professional advice from our auditors and legal counsel, the Company also takes proactive steps by sending its employees to attend relevant courses for updates. This will ensure that the Company has adequate time to prepare the resources and changes in its policies and procedures and avoid any defaults.

Information Technology Risks

The risks associated with the information system include system failure due to external factors (like power and telecommunication failure), loss of data due to hardware failure and threats from external sources (like computer viruses). To enable the usage of information necessary for the planning, executing, controlling and reviewing of the daily business operations, such risks are regularly assessed and appropriate procedures and contingency plans are put in place to manage these risks. The internal and external auditors also carry out regular IT audits as part of their audit reviews.

Responding to Crisis Situations

All the internal controls in place cannot prevent a crisis from happening, As such, the Company has drawn up a Business Continuity Management (BCM) framework to manage the risk of business interruption and IT system failure, deliver continuity of service to customers, staff and to ensure the safety of everybody in our premises. The framework consists of:

(1) Crisis Management Plan (CMP);

(2) Business Continuity Plan (BCP); and

(3) IT disaster recovery plan (IT DRP)

The CMP, BCP and IT DRP are made available to the relevant store managers and heads of department.

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2015 and the balance sheet of the Company as at 31 December 2015.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 33 to 84 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this report are as follows:

Mr Jun Yokoyama	(Chairman)
Mr Lim Tien Chun	(Managing Director)
Mr Phua Puey Joy	(Deputy Managing Director)
Mr Gerard Cheng Poh Chuan	
Mr Jun Inoue	
Mr Chey Chor Wai	
Ms Lim Bee Choo	
Assoc Prof Yeo Chuan Seng Victor	(appointed on 1 July 2015)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		**Holdings in which a director is deemed to have an interest**	
	At 31.12.2015	At 1.1.2015 or date of appointment, if later	**At 31.12.2015**	At 1.1.2015 or date of appointment, if later
The Company				
(Number of ordinary shares)				
Lim Tien Chun	**8,500**	8,500	**–**	–
Phua Puey Joy	**5,000**	5,000	**–**	–
Gerard Cheng Poh Chuan	**2,000**	2,000	**–**	–
Assoc Prof Yeo Chuan Seng Victor	**1,000**	1,000	**–**	–
Isetan Mitsukoshi Holdings Ltd				
(Number of ordinary shares of ¥50 each)				
Jun Yokoyama	**7,483**	7,131	**–**	–
(Options to subscribe for ordinary shares of ¥50 each)				
Jun Yokoyama	**24,800**	20,700	**–**	–

(b) The directors' interests in the share capital of the Company as at 21 January 2016 were the same as those as at 31 December 2015.

Share options

There were no options granted, including any to controlling shareholders or their associates, directors and employees of the parent company (as defined in the Singapore Exchange Securities Trading Listing Manual) and its subsidiary, during the financial year to subscribe for unissued shares of the Company or its subsidiary.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary.

There were no unissued shares under option in the Company or its subsidiary at the end of the financial year.

Audit and Risk Committee

The members of the Audit and Risk Committee at the end of the financial year were as follows:

Mr Chey Chor Wai (Chairman)
Ms Lim Bee Choo
Assoc Prof Yeo Chuan Seng Victor

All members of the Audit and Risk Committee are independent non-executive directors.

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the results announcement for the quarters and full year; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit and Risk Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. The Audit and Risk Committee has conducted an annual review of non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice their independence and objectivity before confirming their re-nomination.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

LIM TIEN CHUN Director	PHUA PUEY JOY Director

4 March 2016

INDEPENDENT AUDITOR'S REPORT

To the members of Isetan (Singapore) Limited for the financial year ended 31 December 2015

Report on the Financial Statements

We have audited the accompanying financial statements of Isetan (Singapore) Limited (the "Company") and its subsidiary (the "Group") set out on pages 33 to 84, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore

4 March 2016

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2015

	Note	The Group 2015 $'000	2014 $'000
Revenue	4	**302,178**	340,316
Other income	5	**5,602**	8,761
Other losses	6	**(9,153)**	–
Expenses			
- Changes in inventories of finished goods		**(1,423)**	(1,326)
- Purchases of inventories and related costs		**(221,902)**	(249,759)
- Employee compensation	7	**(21,771)**	(22,332)
- Depreciation expense		**(8,377)**	(8,398)
- Rental expense	8(a)	**(47,525)**	(43,441)
- Other expenses	8(b)	**(24,296)**	(26,844)
Total expenses		**(325,294)**	(352,100)
Share of profit of an associated company	19	**20**	–
Loss before income tax		**(26,647)**	(3,023)
Income tax credit/(expense)	9	**823**	(113)
Net loss for the financial year		**(25,824)**	(3,136)
Attributable to:			
Equity holders of the Company		**(25,824)**	(3,136)
Loss per share for loss attributable to the equity holders of the Company(cents per share)	10		
- Basic		**(62.60 cents)**	(7.60 cents)
- Diluted		**(62.60 cents)**	(7.60 cents)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

		The Group	
	Note	**2015**	2014
		$'000	$'000
Net loss for the financial year		**(25,824)**	(3,136)
Other comprehensive (loss)/gain:			
Item that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
- Fair value (loss)/gain	13	**(87)**	138
Currency translation differences arising from consolidation			
- Gains	19	**31**	–
Other comprehensive (loss)/gain, net of tax		**(56)**	138
Total comprehensive loss for the financial year		**(25,880)**	(2,998)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(25,880)**	(2,998)

The accompanying notes form an integral part of these financial statements.

	Note	The Group 2015 $'000	The Group 2014 $'000	The Company 2015 $'000	The Company 2014 $'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**63,328**	87,976	**61,308**	86,191
Trade and other receivables	12	**10,870**	11,612	**10,837**	11,575
Financial assets, held-to-maturity	14	**–**	16,500	**–**	16,500
Inventories	15	**12,526**	13,950	**12,526**	13,950
Assets held-for-sale	16	**110**	–	**110**	–
Other current assets	17	**1,000**	878	**1,000**	878
		87,834	130,916	**85,781**	129,094
Non-current assets					
Other receivables	12	**252**	330	**252**	330
Financial assets, available-for-sale	13	**3,395**	3,482	**3,372**	3,458
Financial assets, held-to-maturity	14	**51,625**	31,996	**51,625**	31,996
Club memberships	18	**94**	616	**94**	616
Investment in an associated company	19	**51**	–	**2,598**	2,598
Investment in a subsidiary	20	**–**	–	**5,000**	5,000
Rental deposits	21	**7,711**	6,973	**7,711**	6,973
Investment properties	22	**32,325**	2,672	**29,710**	–
Property, plant and equipment	23	**50,263**	84,603	**50,247**	84,583
Deferred income tax asset	27	**294**	–	**–**	–
		146,010	130,672	**150,609**	135,554
Total assets		**233,844**	261,588	**236,390**	264,648
LIABILITIES					
Current liabilities					
Trade and other payables	24	**56,227**	56,135	**56,177**	56,001
Current income tax liabilities	9(b)	**–**	141	**–**	141
		56,227	56,276	**56,177**	56,142
Non-current liabilities					
Trade and other payables	24	**3,731**	2,377	**3,643**	2,377
Provisions for other liabilities and charges	26	**1,866**	1,549	**1,866**	1,549
Deferred income tax liabilities	27	**–**	392	**–**	725
		5,597	4,318	**5,509**	4,651
Total liabilities		**61,824**	60,594	**61,686**	60,793
NET ASSETS		**172,020**	200,994	**174,704**	203,855
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	28	**91,710**	91,710	**91,710**	91,710
General reserve	29	**17,000**	17,000	**17,000**	17,000
Fair value reserve	30	**1,278**	1,365	**1,258**	1,344
Currency translation reserve		**(197)**	(228)	**–**	–
Retained earnings	31	**62,229**	91,147	**64,736**	93,801
Total equity		**172,020**	200,994	**174,704**	203,855

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Note	Share capital	General reserve	Fair value reserve	Currency translation reserve	Retained earnings	Total
		$'000	$'000	$'000	$'000	$'000	$'000
2015							
Beginning of financial year		91,710	17,000	1,365	(228)	91,147	200,994
Total comprehensive (loss)/gain for the year		–	–	(87)	31	(25,824)	(25,880)
Dividend relating to 2014 paid	32	–	–	–	–	(3,094)	(3,094)
End of financial year		**91,710**	**17,000**	**1,278**	**(197)**	**62,229**	**172,020**
2014							
Beginning of financial year		91,710	17,000	1,227	(228)	97,377	207,086
Total comprehensive gain/(loss) for the year		–	–	138	–	(3,136)	(2,998)
Dividend relating to 2013 paid	32	–	–	–	–	(3,094)	(3,094)
End of financial year		**91,710**	**17,000**	**1,365**	**(228)**	**91,147**	**200,994**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Note	2015	2014
		$'000	$'000
Cash flows from operating activities			
Loss before income tax		**(26,647)**	(3,023)
Adjustments for:			
- Depreciation expense		**8,377**	8,398
- Property, plant and equipment and investment properties written off		**457**	119
- Impairment loss on club memberships		**114**	40
- Net loss in disposal of club memberships		**78**	–
- Impairment loss on trade receivables reversed		**–**	(20)
- Impairment of property, plant and equipment		**9,153**	–
- Interest income		**(2,296)**	(2,249)
- Increase in provisions for other liabilities and charges		**317**	15
- Dividend income		**(185)**	(201)
- Share of profit of an associated company		**(20)**	–
		(10,652)	3,079
Changes in working capital			
- Trade and other receivables		**865**	1,963
- Inventories		**1,424**	1,325
- Other assets and rental deposits		**(1,003)**	(590)
- Trade and other payables		**(228)**	(7,260)
Cash used in operations		**(9,594)**	(1,483)
Income taxes refunded/(paid)		**139**	(1,306)
Net cash used in operating activities		**(9,455)**	(2,789)
Cash flows from investing activities			
Proceeds from disposal of club memberships		**162**	–
Payments for property, plant and equipment and investment properties		**(11,626)**	(7,191)
Proceeds from maturity of financial assets, held-to-maturity		**16,500**	7,000
Purchases of financial assets, held-to-maturity		**(19,629)**	(5,996)
Interest received		**2,212**	2,194
Dividend received		**185**	201
Loan repayments from staff loans		**97**	21
Net cash used in investing activities		**(12,099)**	(3,771)
Cash flows from financing activities			
Dividend paid		**(3,094)**	(3,094)
Net cash used in financing activities		**(3,094)**	(3,094)
Net decrease in cash and cash equivalents		**(24,648)**	(9,654)
Cash and cash equivalents at beginning of financial year		**87,976**	97,630
Cash and cash equivalents at end of financial year	11	**63,328**	87,976

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Isetan (Singapore) Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is as follows:

593 Havelock Road
#04-01 Isetan Office Building
Singapore 169641

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 property. The subsidiary has remained inactive since 16 February 2001 and earns mainly rental income from its investment property.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 108 Operating segments

The Group has adopted the above amendment to FRS 108 on 1 January 2015. The amendment is applicable for annual periods beginning on or after 1 July 2014. It sets out the required disclosures on the judgements made by management in aggregating operating segments. This includes description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to entity's assets when segment assets are reported.

The Group has included the additional required disclosure in Note 37 of the financial statements.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Sales are presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Sale of goods*

Revenue from sale of goods is recognised when a Group entity has delivered the goods to the customer, the customer has accepted the goods and collectability of the related receivables is reasonably assured.

(b) *Rental income*

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

(c) *Interest income*

Interest income, including income arising from other financial instruments, is recognised using the effective interest method.

(d) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(e) *Technical fee*

Technical fee from an associated company is recognised when services are rendered.

2.3 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has to ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets which is attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries (continued)*

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and any pre-existing equity interest at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) *Disposals*

When a change in the Group ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in a subsidiary and an associated company" for the accounting policy on investment in subsidiary in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) *Associated companies*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(c) Associated companies (continued)

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has legal or constructive obligations to make or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. Any retained equity interest in the entity is re-measured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies in which significant influence is retained are recognised in profit or loss.

Please refer to the paragraph "Investments in a subsidiary and an associated company" for the accounting policy on investment in associated company in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Freehold land is stated at cost less accumulated impairment losses. All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(a) Measurement (continued)

(ii) Component of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring or using the asset for purpose other than to produce inventories.

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land, freehold and leasehold buildings	50 years
Leasehold improvements	4 - 10 years
Shop renovations, furniture, fixtures and fittings	10 years
Office and shop equipment	8 years
Motor vehicles	6 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.5 Investment properties

Investment properties include those portions of freehold land and buildings that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation on the leasehold land and building is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life of 50 years. The residual value, useful life and depreciation method of investment property is reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

2. Significant accounting policies (continued)

2.5 Investment propertiest (continued)

Investment properties are subject to renovations or improvements at regular intervals or bringing the investment properties to a state ready for rental. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.6 Investments in a subsidiary and an associated company

Investments in a subsidiary and an associated company are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.7 Impairment of non-financial assets

Property, plant and equipment
Investment properties
Investments in a subsidiary and an associated company

Property, plant and equipment, investment properties and investments in a subsidiary and an associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.8 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

2. Significant accounting policies (continued)

2.8 Financial assets (continued)

(a) Classification (continued)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 12) and "cash and cash equivalents" (Note 11) on the balance sheet.

(ii) Financial assets, held-to-maturity

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. The Group's financial assets, held-to-maturity include investments in fixed rate corporate bonds. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet which are presented as current assets.

(iii) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose off the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Financial assets, available-for-sale are subsequently carried at fair value. Loans and receivables and financial assets, held-to-maturity are subsequently carried at amortised cost using the effective interest method.

Dividend income on financial assets, available-for-sale are recognised separately in income. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

2. Significant accounting policies (continued)

2.8 Financial assets (continued)

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables/financial assets, held-to-maturity

Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

(ii) Financial assets, available-for-sale

In addition to the objective evidence of impairment described in Note 2.8(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.9 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.10 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

2. Significant accounting policies (continued)

2.10 Fair value estimation of financial assets and liabilities (continued)

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.11 Operating leases

(a) *When the Group is the lessee:*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment made (or received) by the Group is recognised as an expense (or income) when termination takes place.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) *When the Group is the lessor:*

Assets leased out under operating leases are included in property, plant and equipment and investment properties and are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases of properties where the Group retains substantively all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.12 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost comprises all costs in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Government grants

Grants from the government are recognized as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants receivable are recognised as income of the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. Government grants relating to expenses are shown separately as other income.

2. Significant accounting policies (continued)

2.14 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary and associated company, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

2.15 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated. Provisions are not recognised for future operating losses.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss for the period the changes in estimates arise except for asset dismantlement, removal and restoration costs, which are adjusted against the cost of the related property, plant and equipment unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

2. Significant accounting policies (continued)

2.16 Employee compensation

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(c) Retirement benefits

The Company operates an unfunded, retirement benefit scheme for its employees. Benefits are payable based on the last drawn salary of the employees, who have completed service of at least 6 years with the Company and, have reached the requisite age as at the balance sheet date. Liability accrued under the scheme is the present value of the Company's benefit obligations at the balance sheet date and is shown as non-current other payables in the balance sheet. Present value is determined by discounting the estimated future cash outflows using the interest rates of corporate bonds that have terms to maturity approximating the average maturity period of the related liability. The Group has no further payment obligations once the benefit has been paid to the employee upon retirement.

2.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.18 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Consolidation adjustments

On consolidation, currency translation differences arising from the net investment in an associated company are taken to the currency translation reserve. When a foreign operation is disposed of, such currency translation differences are recognised in profit or loss as part of the gain or loss on disposal.

2. Significant accounting policies (continued)

2.19 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.20 Dividend to Company's shareholders

Interim dividend is recorded in the financial year in which it is declared payable. Final and special dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.21 Non-current assets held-for-sale

Non-current assets are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment of property, plant and equipment

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of property, plant and equipment and, when applicable, cash-generating units (CGU) have been determined based on the higher of fair value less costs to sell ("FVLCTS") and value-in-use ("VIU") methods.

An impairment charge of $9,153,000 arose in the Retail CGU in the financial year ended 31 December 2015, which reduced the carrying amount of property, plant and equipment in the Company from $59,400,000 to $50,247,000. The recoverable amount is obtained based on the FVLCTS method.

The recoverable amounts of the property, plant and equipment within the Retail CGU are based on external valuations. If the valuations have been 1% lower, the Group would have recognised a further impairment charge on property, plant and equipment in this CGU of $488,000.

(b) Customer incentive programme

Isetan points are awarded to Isetan Privilege Card ("IPC") holders who purchase from the retail stores. These points can be converted into shopping vouchers which can be used on subsequent purchases. Deferred revenue on these points is estimated by management based on the historical conversion rate. The conversion rate measures the dollar value of vouchers converted for each point awarded. Management concluded that the best estimate is the historical conversion rate computed as the dollar value of vouchers converted over total revenue from purchases by IPC holders.

If the conversion rate increases/decreases by 5% from management's estimates, the loss before tax and deferred revenue balance will increase/decrease by $40,000.

4. Revenue

	The Group	
	2015	2014
	$'000	$'000
Sale of goods	**300,661**	340,316
Rental income	**1,517**	–
	302,178	340,316

5. Other income

	The Group	
	2015	2014
	$'000	$'000
Rental income	**2,891**	6,037
Sundry income	**156**	183
Dividend income on financial assets, available-for-sale		
- Unquoted investment in a fellow subsidiary	**72**	95
- Quoted equity securities	**113**	106
Technical fee from an associated company	**74**	91
Interest income		
- Fixed deposits	**414**	280
- Financial assets, held-to-maturity	**1,768**	1,831
- Others	**114**	138
	5,602	8,761

6. Other losses

	The Group	
	2015	2014
	$'000	$'000
Impairment of property, plant and equipment (Note 23)	**9,153**	–

7. Employee compensation

	The Group	
	2015	2014
	$'000	$'000
Wages and salaries	**20,548**	20,644
Employer's contribution to defined contribution plans including Central Provident Fund	**2,041**	1,954
Retirement benefit scheme expense (Note 25)	**354**	379
	22,943	22,977
Less: Government Grant - Special Employment Credit	**(1,172)**	(645)
	21,771	22,332

The government introduced a Special Employment Credit (SEC) as part of the 2011 Budget Initiatives to support employers of older workers. This initiative was further enhanced in 2012 to provide support for employing Singaporean employees aged above 50 and earning up to $4,000 a month. It will apply until 31 December 2016.

8. Rental expense and other expenses

(a) Rental expense

Lease payment recognised as rental expense includes contingent rental expense of $487,000 (2014: $488,000) provided on a percentage of sales derived from the relevant stores in the current year.

(b) Other expenses

Included in other expenses are the following items:

	The Group	
	2015	2014
	$'000	$'000
Property, plant and equipment and investment properties written off	**457**	119
Allowance for impairment of receivables	**90**	75
Impairment loss on club memberships	**114**	40
Royalty	**1,526**	1,713
Utilities	**2,653**	3,832
Advertising and promotion	**3,965**	3,598
Supplies, repair and maintenance	**5,430**	5,054
Credit card commissions	**2,725**	3,059
Property and miscellaneous taxes	**490**	1,191
Delivery	**1,616**	1,636

9. Income tax

(a) Income tax expense

	The Group	
	2015	2014
	$'000	$'000
Tax (credit)/expense attributable to the results for the financial year is made up of:		
- Current income tax provision	**–**	156
- Deferred income tax	**(590)**	321
- Overpayment of tax for preceding financial year	**–**	(160)
	(590)	317
Over provision in preceding financial years:		
- Current income tax	**(137)**	(204)
- Deferred income tax	**(96)**	–
	(823)	113

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	The Group	
	2015	2014
	$'000	$'000
Loss before tax	**(26,647)**	(3,023)
Share of profit of an associated company	**(20)**	–
Loss before tax and share of profit of an associated company	**(26,667)**	(3,023)
Tax calculated at a tax rate of 17% (2014: 17%)	**(4,533)**	(514)
Statutory stepped income exemption	**–**	(153)
Tax incentives and rebates	**(40)**	(129)
Expenses not deductible for tax purposes	**2,896**	1,300
Income not subject to tax	**(15)**	(18)
Tax losses not recognised	**1,223**	–
Utilisation of previously unrecognised tax losses	**–**	(41)
Income taxed at concessionary rate	**(121)**	(128)
Over provision in preceding financial years	**(233)**	(204)
Tax (credit)/charge	**(823)**	113

Interest income derived from financial assets that are qualified as Qualifying Debt Securities are subject to 10% concessionary tax rate.

In 2015, the Company has tax losses of $7,194,000 (2014: Nil) not recognised. These tax losses can be carried forward and used to offset against future taxable income subject to the provisions of Section 37 of the Income Tax Act, Cap 134.

9. Income tax (continued)

(b) Movements in current income tax recoverable

	The Group and The Company	
	2015	2014
	$'000	$'000
Beginning of financial year		
- current income tax liabilities	**141**	1,480
- tax recoverable	**(190)**	(15)
	(49)	1,465
Income tax refunded/(paid)	**139**	(1,306)
Current financial year's tax expense on results	**–**	156
Overpayment of tax for preceding financial year	**–**	(160)
Over provision in preceding financial year	**(137)**	(204)
Net tax recoverable at end of financial year	**(47)**	(49)
Net tax recoverable at end of financial year is made up of:		
- current income tax liabilities	**–**	141
- tax recoverable (Note 17)	**(47)**	(190)
	(47)	(49)

10. Loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2015	2014
Net loss attributable to equity holders of the Company ($'000)	**(25,824)**	(3,136)
Weighted average number of ordinary shares in issue for calculation of basic earnings per share ('000)	**41,250**	41,250
Basic loss per share	**(62.60 cents)**	(7.60 cents)

There are no dilutive shares, hence fully diluted loss per share equal to the basic loss per share of 62.60 cents (2014: 7.60 cents).

11. Cash and cash equivalents

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**9,719**	9,626	**9,222**	9,351
Fixed deposits with financial institutions	**53,609**	78,350	**52,086**	76,840
	63,328	87,976	**61,308**	86,191

The fixed deposits with financial institutions mature on varying dates within 6 months (2014: 12 months) from the financial year end. The weighted average effective interest rate of these deposits as at 31 December 2015 is 0.99% (2014: 0.44%) per annum.

The exposure of cash and cash equivalents to interest rate risk and currency risk is disclosed in Note 35.

12. Trade and other receivables

(a) Current

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Immediate holding corporation (Note 33)	**4**	31	**4**	31
- Non-related parties	**9,765**	10,927	**9,765**	10,923
- Associated company	**77**	98	**77**	98
	9,846	11,056	**9,846**	11,052
Less: Allowance for impairment of receivables - non-related parties	**(80)**	(80)	**(80)**	(80)
	9,766	10,976	**9,766**	10,972
Staff loans [Note 12(b)]	**105**	120	**105**	120
Interest receivable	**571**	487	**567**	482
Other receivables	**428**	29	**399**	1
	10,870	11,612	**10,837**	11,575

Concentrations of credit risk with respect to trade receivables are limited due to the large number of retail customers and the credit terms imposed on each customer. Due to these factors, management believes that there is no anticipated additional credit risk beyond the amount of allowance for impairment made in the Group's and Company's trade receivables.

12. Trade and other receivables (continued)

(b) Non-current

	The Group and The Company	
	2015	2014
	$'000	$'000
Other receivables:		
Staff loans	**168**	250
Deposit paid - others	**84**	80
	252	330
Staff loans:		
Not later than one year [Note 12(a)]	**105**	120
Later than one year but not later than five years	**168**	250
	273	370

Staff loans included loans made to directors of the Company analysed as follows:

	The Group and The Company	
	2015	2014
	$'000	$'000
Not later than one year	**11**	15
Later than one year but not later than five years	**16**	26
	27	41

Loans to directors are granted under the Company's Executive Loan Scheme which was approved at the Annual General Meeting held on 27 September 1990. They are unsecured, interest bearing from 3% to 4.5% (2014: 3% to 4.5%) per annum and will be repayable progressively.

(c) At the balance sheet date the carrying amounts of trade and other receivables (current and non-current) approximated their fair values. Non-current receivables are discounted using 0.99% (2014: 0.44%) which is the effective interest rates of fixed deposits. The exposure to currency risk of trade and other receivables (current and non-current) is disclosed in Note 35 (a).

13. Financial assets, available-for-sale

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**3,482**	3,344	**3,458**	3,321
Fair value (loss)/gain recognised in other comprehensive income	**(87)**	138	**(86)**	137
End of financial year	**3,395**	3,482	**3,372**	3,458

At the balance sheet date, financial assets, available-for-sale included the following:

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Quoted securities:				
Equity securities				
- Singapore	**1,698**	1,785	**1,675**	1,761
Unquoted securities:				
Equity securities				
- Fellow subsidiary	**1,697**	1,697	**1,697**	1,697
	3,395	3,482	**3,372**	3,458

Financial assets, available-for-sale are denominated in the following currencies:

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**1,698**	1,785	**1,675**	1,761
Malaysia Ringgit	**1,697**	1,697	**1,697**	1,697
	3,395	3,482	**3,372**	3,458

14. Financial assets, held-to-maturity

	The Group and The Company	
	2015	2014
	$'000	$'000
(i) Current		
In 2014, bonds with fixed interest rates ranging from 2.15% to 4.125% and the maturity dates ranging from 26 March 2015 to 30 September 2015	**–**	16,500
(ii) Non-current		
Bonds with fixed interest rates ranging from 2.95% to 7.20% (2014: 3.08% to 4.95%) and the maturity dates ranging from 01 February 2017 to 23 March 2027 (2014: 26 April 2017 to 21 October 2024)	**51,625**	31,996
	51,625	48,496

The weighted average effective interest rates for the bonds are as follows:

	The Group and The Company	
	2015	2014
	%	%
(i) Current		
In 2014, bonds with fixed interest rates ranging from 2.15% to 4.125% and the maturity dates ranging from 26 March 2015 to 30 September 2015	**–**	3.39
(ii) Non-current		
Bonds with fixed interest rates ranging from 2.95% to 7.20% (2014: 3.08% to 4.95%) and the maturity dates ranging from 01 February 2017 to 23 March 2027 (2014: 26 April 2017 to 21 October 2024)	**3.82**	3.82

The fair values of the bonds at the balance sheet date are as follows:

	The Group and The Company	
	2015	2014
	$'000	$'000
(i) Current		
In 2014, bonds with fixed interest rates ranging from 2.15% to 4.125% and the maturity dates ranging from 26 March 2015 to 30 September 2015	**–**	16,556
(ii) Non-current		
Bonds with fixed interest rates ranging from 2.95% to 7.20% (2014: 3.08% to 4.95%) and the maturity dates ranging from 01 February 2017 to 23 March 2027 (2014: 26 April 2017 to 21 October 2024)	**51,621**	33,011
	51,621	49,567

The fair values are based on current bid prices quoted in active markets (Level 1).

The financial assets, held-to-maturity are denominated in Singapore Dollars and the exposure to interest rate risk and currency risk is disclosed in Note 35.

15. Inventories

	The Group and The Company	
	2015	2014
	$'000	$'000
Merchandise	**12,526**	13,950

The cost of inventories recognised as expense amounts to $223,325,000 (2014: $251,085,000).

Inventory write down of $164,000 (2014: $122,000) has been included in "purchases of inventories and related costs" in profit or loss.

16. Assets held-for-sale

	The Group and The Company	
	2015	2014
	$'000	$'000
Transfer from club memberships (Note 18)	**336**	–
Less: Disposal	**(226)**	–
End of financial year	**110**	–

17. Other current assets

	The Group and The Company	
	2015	2014
	$'000	$'000
Deposits paid	**34**	34
Prepayments	**919**	654
Tax recoverable	**47**	190
	1,000	878

Tax recoverable is the overpayment of tax liabilities in preceding financial year to be refunded by tax authority and refund of tax paid on foreign sourced income due to availability of double taxation agreement.

18. Club memberships

	The Group and The Company	
	2015	2014
	$'000	$'000
Club memberships, at cost	**1,292**	1,292
Less: Impairment loss	**(790)**	(676)
Less: Transfer to assets held-for-sale (Note 16)	**(336)**	–
Less: Disposal of club memberships	**(72)**	–
End of financial year	**94**	616

(a) Impairment loss of $114,000 (2014: Impairment loss of $40,000) has been included in 'Other expenses'.

(b) Club memberships with carrying values of $336,000 were transferred to assets held-for-sale (Note 16) due to management's intention to recover the carrying values through sale.

19. Investment in an associated company

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Equity investment at cost			**5,305**	5,305
Less: Impairment loss			**(2,707)**	(2,707)
			2,598	2,598
Beginning of financial year	**–**	–		
Share of profit	**20**	–		
Translation gains	**31**	–		
End of financial year	**51**	–		

The summarised financial information of the associated company, not adjusted for the proportion ownership interest held by the Group, is as follows:

	The Group	
	2015	2014
	$'000	$'000
- Assets	**13,865**	14,054
- Liabilities	**13,643**	14,156
- Revenue	**79,914**	79,544
- Net profit	**332**	1,014

19. Investment in an associated company (continued)

Name of company	Principal activity	Country of business/incorporation	Equity holding	
			2015	2014
			%	%
Chengdu Isetan Company Limited*	Retailing of general merchandise	People's Republic of China	**23**	23

* Audited by Ernst & Young Hua Ming - Chengdu Branch.

20. Investment in a subsidiary

	The Company	
	2015	2014
	$'000	$'000
Unquoted equity investment, at cost	**5,000**	5,000

The wholly-owned subsidiary, which is incorporated in and whose business is carried on in Singapore, is:

Name of subsidiary	Principal activities
Lexim (Singapore) Pte Ltd**	Wholesaling and retailing of general merchandise*

* The activities of the subsidiary were scaled down with effect from 16 February 2001 and it has since remained inactive, earning mainly rental income from its investment property.

** Audited by PricewaterhouseCoopers LLP, Singapore.

21. Rental deposits

Rental deposits relate to deposits for securing the due performance of the Company for the rental of premises. At the balance sheet date, their carrying amounts approximated their fair values.

22. Investment properties

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Cost				
Beginning of financial year	**4,138**	4,138	**–**	–
Transfer from property, plant and equipment [Note 23(a)]	**70,802**	–	**70,802**	–
Additions	**3,822**	–	**3,822**	–
Write-off	**(2,720)**	–	**(2,720)**	–
End of financial year	**76,042**	4,138	**71,904**	–
Accumulated depreciation				
Beginning of financial year	**1,466**	1,407	**–**	–
Depreciation charge	**1,104**	59	**1,047**	–
Transfer from property, plant and equipment [Note 23(a)]	**43,829**	–	**43,829**	–
Write-off	**(2,682)**	–	**(2,682)**	–
End of financial year	**43,717**	1,466	**42,194**	–
Net book value				
End of financial year	**32,325**	2,672	**29,710**	–

(a) Investment properties are leased to non-related parties under operating leases [Note 34(b)].

(b) The investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The fair values of the investment properties at 31 December 2015 is $307,700,000 (2014: $10,700,000) as determined by independent professional valuers. The fair values of the investment properties are classified as level 3 fair value measurement [definition of level 3 is in Note 23(c)]. Valuations are made annually using capitalization approach and/or direct comparison method on its highest and best use.

(c) The following amounts are recognised in profit or loss.

	The Group	
	2015	2014
	$'000	$'000
Rental income from investment properties	**1,517**	312
Direct operating expenses arising from investment properties that generated rental income	**3,648**	139

23. Property, plant and equipment

	Freehold land and buildings $'000	Leasehold land, buildings and improvements $'000	Shop renovations, furniture, fixtures and fittings $'000	Office and shop equipment $'000	Motor vehicles $'000	Total $'000
The Group						
2015						
Cost						
Beginning of financial year	27,971	68,119	45,482	48,055	673	190,300
Additions	–	351	6,158	2,878	91	9,478
Transfer to investment property (Note 22)	–	(64,059)	–	(6,743)	–	(70,802)
Disposal/write-off	–	–	(5,259)	(1,757)	(37)	(7,053)
End of financial year	27,971	4,411	46,381	42,433	727	121,923
Accumulated depreciation						
Beginning of financial year	3,483	39,241	27,604	34,860	509	105,697
Depreciation charge	215	667	3,196	3,144	51	7,273
Transfer to investment property (Note 22)	–	(37,333)	–	(6,496)	–	(43,829)
Impairment charge	–	212	5,638	3,303	–	9,153
Disposal/write-off	–	–	(4,884)	(1,713)	(37)	(6,634)
End of financial year	3,698	2,787	31,554	33,098	523	71,660
Net book value						
End of financial year	**24,273**	**1,624**	**14,827**	**9,335**	**204**	**50,263**
The Group						
2014						
Cost						
Beginning of financial year	27,971	67,724	44,351	46,505	673	187,224
Additions	–	395	1,940	1,786	–	4,121
Disposal/write-off	–	–	(809)	(236)	–	(1,045)
End of financial year	27,971	68,119	45,482	48,055	673	190,300
Accumulated depreciation						
Beginning of financial year	3,268	37,784	25,133	31,649	450	98,284
Depreciation charge	215	1,457	3,161	3,447	59	8,339
Disposal/write-off	–	–	(690)	(236)	–	(926)
End of financial year	3,483	39,241	27,604	34,860	509	105,697
Net book value						
End of financial year	**24,488**	**28,878**	**17,878**	**13,195**	**164**	**84,603**

23. Property, plant and equipment (continued)

	Freehold land and buildings $'000	Leasehold land, buildings and improvements $'000	Shop renovations, furniture, fixtures and fittings $'000	Office and shop equipment $'000	Motor vehicles $'000	Total $'000
The Company						
2015						
Cost						
Beginning of financial year	27,971	68,119	45,482	48,022	673	190,267
Additions	–	351	6,158	2,878	91	9,478
Transfer to investment property (Note 22)	–	(64,059)	–	(6,743)	–	(70,802)
Disposal/write-off	–	–	(5,259)	(1,757)	(37)	(7,053)
End of financial year	27,971	4,411	46,381	42,400	727	121,890
Accumulated depreciation						
Beginning of financial year	3,483	39,241	27,604	34,847	509	105,684
Depreciation charge	215	667	3,196	3,140	51	7,269
Transfer to investment Property (Note 22)	–	(37,333)	–	(6,496)	–	(43,829)
Impairment charge	–	212	5,638	3,303	–	9,153
Disposal/write-off	–	–	(4,884)	(1,713)	(37)	(6,634)
End of financial year	3,698	2,787	31,554	33,081	523	71,643
Net book value						
End of financial year	**24,273**	**1,624**	**14,827**	**9,319**	**204**	**50,247**
The Company						
2014						
Cost						
Beginning of financial year	27,971	67,724	44,351	46,472	673	187,191
Additions	–	395	1,940	1,786	–	4,121
Disposal/write-off	–	–	(809)	(236)	–	(1,045)
End of financial year	27,971	68,119	45,482	48,022	673	190,267
Accumulated depreciation						
Beginning of financial year	3,268	37,784	25,133	31,640	450	98,275
Depreciation charge	215	1,457	3,161	3,443	59	8,335
Disposal/write-off	–	–	(690)	(236)	–	(926)
End of financial year	3,483	39,241	27,604	34,847	509	105,684
Net book value						
End of financial year	**24,488**	**28,878**	**17,878**	**13,175**	**164**	**84,583**

23. Property, plant and equipment (continued)

(a) On 1 April 2015, leasehold land, buildings and improvements, office and shop equipment with carrying value of $26,973,000 was transferred to investment property following the change in use (Note 22). Prior to 1 April 2015, the property was substantially used for the Group's retail business. With effect from 1 April 2015, the property is intended to be leased out.

(b) In 2015, the Group recognised loss from impairment of property, plant and equipment used in the departmental store business amounting to $9,153,000, being the difference between the carrying amounts of the assets and their recoverable amounts. The recoverable amounts are based on the fair value less costs to sell ("FVLCTS") method.

The recoverable amounts of the properties within the Retail CGU in the FVLCTS method are determined by an independent professional valuer taking into account recently transacted values [see Note 23(c)]. The fair values of the properties are classified as level 3 fair value measurement.

(c) Fair value hierarchy

Fair value measurement hierarchy is defined as follows:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Level 3 fair values of the properties have been generally derived using the average of the following valuation approach:

(i) the Direct Comparison Method where properties are valued using transacted prices for comparable properties in the vicinity and elsewhere with necessary adjustments made for differences in location, tenure, size, shape, design, layout, age and condition of the buildings, availability of car parking facilities, date of transactions and the prevailing market conditions. The most significant input to the valuation approach would be the selling price per square metre.

(ii) the Income Method approach where the net rental income after property tax is capitalised at a rate which reflects the present and potential income growth and over the unexpired lease term. The most significant input to the valuation approach would be the capitalisation rate.

23. Property, plant and equipment (continued)

(c) Fair value hierarchy (continued)

The following table presents the valuation techniques and key inputs that were used to determine the fair values of properties categorised under Level 3 of the fair value hierarchy:

Description	Fair value $'000 2015	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value	Valuation determined by
Isetan Office Building	**23,400**	Direct Comparison Method	- Adopted value per square foot	2015: $1,411 psf	The higher the adopted value, the higher the fair value.	Independent professional valuer
		Income Method	- Capitalisation rate	2015: 3%	The lower the capitalisation rate, the higher the fair value.	
Kallang Pudding Warehouse	**28,300**	Direct Comparison Method	- Adopted value per square foot	2015: $515 psf	The higher the adopted value, the higher the fair value.	Independent professional valuer
		Income Method	- Capitalisation rate	2015: 3.5%	The lower the capitalisation rate, the higher the fair value.	
Valley Park Condominium	**2,090**	Direct Comparison Method	- Adopted value per square foot	2015: $1,541 psf	The higher the adopted value, the higher the fair value.	Recent market transactions

24. Trade and other payables

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current				
Trade payables	**41,742**	46,610	**41,736**	46,604
Rental deposits received	**68**	829	**68**	746
Rental in advance	**915**	376	**915**	376
Provision for unutilised leave [Note 24(a)]	**850**	902	**850**	902
Provision for retirement benefits (Note 25)	**459**	–	**459**	–
Other creditors	**2,995**	919	**2,995**	919
Accrued royalty payable to immediate holding corporation	**1,526**	1,713	**1,526**	1,713
Accruals	**7,672**	4,786	**7,628**	4,741
	56,227	56,135	**56,177**	56,001
Non-current				
Rental deposits received	**1,837**	–	**1,749**	–
Provision for retirement benefits (Note 25)	**1,894**	2,377	**1,894**	2,377
	3,731	2,377	**3,643**	2,377

The exposure of trade and other payables to currency risk is disclosed in Note 35(a).

(a) Provision for unutilised leave

	The Group and The Company	
	2015	2014
	$'000	$'000
Beginning of financial year	**902**	933
Utilised during the year	**(408)**	(393)
Charged to profit or loss as employee compensation	**356**	362
End of financial year	**850**	902

25. Provision for retirement benefits

	The Group and The Company	
	2015	2014
	$'000	$'000
Beginning of financial year	**2,377**	2,020
Utilised during the year	**(378)**	(22)
Charged to profit or loss as employee compensation	**354**	379
End of financial year	**2,353**	2,377
Not later than one year	**459**	–
Later than one year	**1,894**	2,377
	2,353	2,377

In 2014, the Company engaged an independent qualified actuary to calculate the defined benefit obligation using the Projected Unit Credit Method. The present value of obligation calculated by the qualified actuary was approximate to the carrying amount of the liabilities recorded by the Company.

In 2015, the Company has assessed that the key assumptions used in the calculation by the independent qualified actuary in 2014 are still valid for current year.

The key assumptions used were as follows:-

	The Group and The Company	
	2015	2014
	%	%
Discount rate	**1.74**	1.74
Salary growth rate	**3.00 – 3.50**	3.00 – 3.50
Turnover and early retirement rates by age groups	**0.00 – 40.00**	0.00 – 40.00

26. Provisions for other liabilities and charges

Provisions for other liabilities and charges are the estimated costs of dismantlement, removal or restoration of property, plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of property, plant and equipment.

Movements in these provisions were as follows:

	The Group and The Company	
	2015	2014
	$'000	$'000
Beginning of financial year	**1,549**	1,534
Increase in provisions for other liabilities and charges	**317**	15
End of financial year	**1,866**	1,549

27. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts determined after appropriate offsetting, are shown on the balance sheets as follows:

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Deferred income tax (assets)/liabilities:				
- to be settled within one year	**(38)**	650	**–**	691
- to be settled after one year	**(256)**	(258)	**–**	34
	(294)	392	**–**	725

The movement in the deferred income tax account is as follows:

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**392**	71	**725**	71
(Credited)/charged to profit or loss (Note 9)	**(686)**	321	**(725)**	654
End of financial year	**(294)**	392	**–**	725

In 2014, deferred income tax assets amounting to $333,000 are recognised in the Group for unutilised tax losses carried forward by the subsidiary during the year.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

The Group

Deferred income tax liabilities

	Accelerated tax depreciation	Other	Total
	$'000	**$'000**	**$'000**
At 1 January 2015	811	73	884
(Credited)/charged to profit or loss	(248)	23	(225)
At 31 December 2015	**563**	**96**	**659**
At 1 January 2014	157	73	230
Charged to profit or loss	654	–	654
At 31 December 2014	**811**	**73**	**884**

27. Deferred income taxes (continued)

The Group (continued)

Deferred income tax assets

	Tax losses $'000	Provisions $'000	Total $'000
At 1 January 2015	(333)	(159)	(492)
Credited to profit or loss	(292)	(169)	(461)
At 31 December 2015	**(625)**	**(328)**	**(953)**
At 1 January 2014	–	(159)	(159)
Credited to profit or loss	(333)	–	(333)
At 31 December 2014	**(333)**	**(159)**	**(492)**

The Company

Deferred income tax liabilities

	Accelerated tax depreciation $'000	Other $'000	Total $'000
At 1 January 2015	811	73	884
(Credited)/charged to profit or loss	(248)	23	(225)
At 31 December 2015	**563**	**96**	**659**
At 1 January 2014	157	73	230
Charged to profit or loss	654	–	654
At 31 December 2014	**811**	**73**	**884**

Deferred income tax assets

	Tax losses $'000	Provisions $'000	Total $'000
At 1 January 2015	–	(159)	(159)
Credited to profit or loss	(331)	(169)	(500)
At 31 December 2015	**(331)**	**(328)**	**(659)**
At 1 January 2014 and 31 December 2014	**–**	**(159)**	**(159)**

28. Share capital

The Company's share capital comprises fully paid-up 41,250,000 (2014: 41,250,000) ordinary shares with no par value, amounting to a total of $91,710,000 (2014: $91,710,000).

29. General reserve

The general reserve of the Group and the Company is distributable. The general reserve is to meet contingencies or for such other purposes as the Directors shall determine to be conducive to the interests of the Company.

30. Fair value reserve

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**1,365**	1,227	**1,344**	1,207
Fair value (loss)/gain on financial assets, available-for-sale	**(87)**	138	**(86)**	137
End of financial year	**1,278**	1,365	**1,258**	1,344

31. Retained earnings

(a) Retained earnings of the Group and the Company are distributable.

(b) Movements in retained earnings for the Company are as follows:

	The Company	
	2015	2014
	$'000	$'000
Beginning of financial year	**93,801**	98,851
Net loss for the financial year	**(25,971)**	(1,956)
Dividend paid (Note 32)	**(3,094)**	(3,094)
End of financial year	**64,736**	93,801

Movements in retained earnings for the Group are shown in the Consolidated Statement of Changes in Equity.

32. Dividend

	The Group and The Company	
	2015	2014
	$'000	$'000
Ordinary dividend paid		
Final dividend of 7.5 cents (2014: final dividend 7.5 cents) per share, in respect of the financial year ended 31 December 2014 (2014: financial year ended 31 December 2013)	**3,094**	3,094

The Directors have proposed a final dividend for the financial year ended 31 December 2015 of 5 cents per share amounting to $2,062,500 (2014: 7.5 cents per share amounting to $3,093,750). These financial statements do not reflect this proposed dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

33. Immediate and ultimate holding corporation

The Company's immediate holding corporation is Isetan Mitsukoshi Ltd, incorporated in Japan. The ultimate holding corporation is Isetan Mitsukoshi Holdings Ltd, incorporated in Japan.

34. Commitments

(a) Operating lease commitments - where the Group is a lessee

The Group has various operating lease agreements with non-related parties for its store outlets. Most leases contain renewal options. Certain leases contain escalation clauses and provide for contingent rentals based on percentage of sales derived from the relevant outlets. The lease agreements do not contain any restriction on the Group's activities concerning dividend, additional debt or further leasing.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	The Group and The Company	
	2015	2014
	$'000	$'000
Not later than one year	**43,463**	44,170
Later than one year but not later than five years	**119,083**	132,238
More than five years	**58,831**	9,485
	221,377	185,893

(b) Operating lease commitments - where the Group is a lessor

The Group leases out certain shop, warehouse and office building spaces to non-related parties. The future aggregate minimum lease receivable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	The Group		**The Company**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Not later than one year	**9,252**	2,849	**8,923**	2,537
Later than one year but not later than five years	**25,395**	2,852	**24,725**	2,842
More than five years	**4,817**	–	**4,817**	–
	39,464	5,701	**38,465**	5,379

(c) Capital commitments

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

	The Group		**The Company**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Property, plant and equipment	**3,039**	–	**3,039**	–
Investment properties	**4,168**	–	**4,168**	–

35. Financial risk management

The Board of Directors provides guidelines for overall risk management as well as policies covering specific areas.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department under policies approved by the Board of Directors.

(a) Market risk

(i) *Currency risk*

The Group operates locally and has limited exposure to currency risk arising from sales and purchases transactions denominated in Japanese Yen ("Yen") and investment denominated in Malaysia Ringgit ("MYR"). The cash flows of the Group and its financial assets and liabilities are mainly denominated in Singapore Dollars ("SGD").

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	Yen $'000	MYR $'000	Others $'000	Total $'000
2015					
Financial assets:					
Cash and cash equivalents	63,181	143	–	4	63,328
Trade and other receivables	11,040	5	–	77	11,122
Other financial assets	61,068	–	1,697	–	62,765
	135,289	148	1,697	81	137,215
Financial liabilities:					
Trade and other payables	56,718	12	–	25	56,755
Net financial assets	**78,571**	**136**	**1,697**	**56**	**80,460**
Less: Net financial assets denominated in the respective entities' functional currencies	(78,571)	–	–	–	(78,571)
Currency exposure	**–**	**136**	**1,697**	**56**	**1,889**

35. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

	SGD $'000	Yen $'000	MYR $'000	Others $'000	Total $'000
2014					
Financial assets:					
Cash and cash equivalents	87,826	147	–	3	87,976
Trade and other receivables	11,812	31	–	99	11,942
Other financial assets	57,287	–	1,697	–	58,984
	156,925	178	1,697	102	158,902
Financial liabilities:					
Trade and other payables	54,943	270	–	20	55,233
Net financial assets/(liabilities)	**101,982**	**(92)**	**1,697**	**82**	**103,669**
Less: Net financial assets denominated in the respective entities' functional currencies	(101,982)	–	–	–	(101,982)
Currency exposure	**–**	**(92)**	**1,697**	**82**	**1,687**

The Company's currency exposure based on the information provided to key management is as follows:

	SGD $'000	Yen $'000	MYR $'000	Others $'000	Total $'000
2015					
Financial assets:					
Cash and cash equivalents	61,161	143	–	4	61,308
Trade and other receivables	11,007	5	77	–	11,089
Other financial assets	61,046	–	1,697	–	62,743
	133,314	148	1,774	4	135,140
Financial liabilities:					
Trade and other payables	56,580	12	–	25	56,617
Net financial assets/(liabilities)	**76,634**	**136**	**1,774**	**(21)**	**78,523**
Less: Net financial assets denominated in the entity's functional currency	(76,634)	–	–	–	(76,634)
Currency exposure	**–**	**136**	**1,774**	**(21)**	**1,889**

35. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk (continued)*

	SGD $'000	Yen $'000	MYR $'000	Others $'000	Total $'000
2014					
Financial assets:					
Cash and cash equivalents	86,041	147	–	3	86,191
Trade and other receivables	11,804	31	–	70	11,905
Other financial assets	57,263	–	1,697	–	58,960
	155,108	178	1,697	73	157,056
Financial liabilities:					
Trade and other payables	54,809	270	–	20	55,099
Net financial assets/(liabilities)	**100,299**	**(92)**	**1,697**	**53**	**101,957**
Less: Net financial assets denominated in the entity's functional currency	(100,299)	–	–	–	(100,299)
Currency exposure	**–**	**(92)**	**1,697**	**53**	**1,658**

The Group's and Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

(ii) *Price risk*

The Group is exposed to equity securities price risk because of the quoted and unquoted investments held by the Group which are classified on the consolidated balance sheet as financial assets, available-for-sale. The quoted equity securities are listed in Singapore. The Group monitors its investment in equity securities regularly to manage its price risk.

If prices for equity securities listed in Singapore change by 5% (2014: 5%) with all other variables, including the tax rate, being held constant, other comprehensive income will:

	Increase/(decrease)	
	2015 $'000	2014 $'000
Group		
- increase by	**85**	89
- decrease by	**(85)**	(89)
Company		
- increase by	**84**	88
- decrease by	**(84)**	(88)

If the estimated discounted cash flows from investment in equity securities not traded in an active market were to change by 5% (2014: 5%), the impact on other comprehensive income would be $27,000 (2014: $27,000).

35. Financial risk management (continued)

(a) Market risk (continued)

(iii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has significant interest-bearing assets in the form of short-term fixed deposits with fixed interest rates ranging from 0.67% to 1.38% (2014: 0.33% to 0.675%) per annum and investments in bonds and notes issued by recognised financial institutions and local companies with fixed interest rates ranging from 2.95% to 7.20% (2014: 2.15% to 4.95%) per annum. As the interest-bearing assets are at fixed rates, the Group's income is substantially independent of changes in cash flow interest rate risk.

The Group has insignificant financial liabilities that are exposed to interest rate risks.

(b) Credit risk

The Group's and Company's major classes of financial assets are bank deposits, financial assets, held-to-maturity and trade and other receivables.

The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales are made only to customers with adequate financial standing and appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality financial institutions.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The credit risk for trade and other receivables based on the information provided to key management is as follows:

	The Group		**The Company**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
By types of customers				
Related parties	**108**	170	**108**	170
Non-related parties	**11,014**	11,772	**10,981**	11,735
	11,122	11,942	**11,089**	11,905

(i) *Financial assets that are neither past due or impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit rating agencies. Trade and other receivables that are neither past due nor impaired are substantially from companies and individuals with a good collection track record with the Group. Other financial assets that are neither past due nor impaired are mainly investment in fixed rate corporate bonds.

35. Financial risk management (continued)

(b) Credit risk (continued)

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables that are past due but not impaired is as follows:

	The Group and The Company	
	2015	2014
	$'000	$'000
Past due 3 months	**479**	503
Past due over 3 months	**126**	175
	605	678

The carrying amount of trade and receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	The Group and The Company	
	2015	2014
	$'000	$'000
Gross amount	**80**	80
Less: Allowance for impairment	**(80)**	(80)
	–	–
Beginning of financial year	**80**	100
Allowance made	**90**	75
Allowance utilised/written back	**(90)**	(95)
End of financial year	**80**	80

The impaired trade receivables arise mainly from sales to individual customers who have significant financial difficulties to pay.

35. Financial risk management (continued)

(c) Liquidity risk

The Group and Company manage the liquidity risk by maintaining sufficient cash and marketable securities to enable them to meet their normal operating commitments, having an adequate amount of committed credit facilities and the ability to close out market positions at short notice.

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows:

	Less than 1 year $'000	Between 1 and 2 years $'000
Group		
At 31 December 2015		
Trade and other payables	**54,918**	**1,837**
At 31 December 2014		
Trade and other payables	54,637	596
Company		
At 31 December 2015		
Trade and other payables	**54,868**	**1,749**
At 31 December 2014		
Trade and other payables	54,587	512

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base to secure its future success. To achieve the Group's planned capital structure, it may take certain actions like adjusting the amount of dividend payment and issuing new shares.

As part of the Group's capital management process, the long term strategic planning and annual budgeting processes will determine if there are any new capital requirements to support the Group's business plans. If so, the Group's capital plan will be prepared for discussion and further deliberation by the Board.

Total capital is represented by "Total equity" on the balance sheet.

The Group and the Company are not subjected to any externally imposed capital requirements for the financial years ended 31 December 2014 and 2015.

35. Financial risk management (continued)

(e) Fair value measurements

The following table presents our assets measured at fair value and classified by level of the fair value measurement hierarchy, definition of which is in Note 23(c).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2015				
Assets				
Financial assets, available-for-sale				
- Equity securities	1,698	–	1,697	3,395
Total assets	**1,698**	**–**	**1,697**	**3,395**
2014				
Assets				
Financial assets, available-for-sale				
- Equity securities	1,785	–	1,697	3,482
Total assets	1,785	–	1,697	3,482
Company				
2015				
Assets				
Financial assets, available-for-sale				
- Equity securities	1,675	–	1,697	3,372
Total assets	**1,675**	**–**	**1,697**	**3,372**
2014				
Assets				
Financial assets, available-for-sale				
- Equity securities	1,761	–	1,697	3,458
Total assets	1,761	–	1,697	3,458

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group 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 estimated discounted cash flows that incorporates assumptions based on market conditions existing at each balance sheet date.

The Group's carrying amount of the financial assets, available-for-sale included in Level 3 will not change significantly if the assumptions used in the discounted cash flow analysis are changed from management's estimates.

35. Financial risk management (continued)

(e) Fair value measurements (continued)

The following table presents, the changes in Level 3 instruments:

	The Group and The Company	
	2015	2014
	$'000	$'000
Financial assets, available-for-sale		
Beginning and end of financial year	**1,697**	1,697
Total gains included in the comprehensive income for assets held at the end of financial year	**–**	–

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 13 and Note 14 to the financial statements, except for the following:

	The Group		The Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Loans and receivables	**82,195**	106,925	**82,142**	105,103
Financial liabilities of amortised cost	**56,755**	55,233	**56,617**	55,099

36. Related party transactions

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

(a) Sales and purchases of goods and services

	The Group	
	2015	2014
	$'000	$'000
Royalty payable to immediate holding corporation	**1,526**	1,713
Purchases from immediate holding corporation	**7**	17
Professional fees paid to a firm of which a director is a member	**–**	160
Technical fee receivable from an associated company	**74**	91

Outstanding balances with the immediate holding corporation and associated company as at 31 December 2015 arising from the sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 24, respectively.

36. Related party transactions (continued)

(b) Key management's remuneration

The key management's remuneration is analysed as follows:

	The Group	
	2015	2014
	$'000	$'000
Key management of the Group		
- directors of the Company		
Wages and salaries	**685**	721
Central Provident Fund	**24**	21
Other benefits	**84**	112
	793	854

37. 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 the Directors 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 organized into two reportable segments:

- The retail segment is involved in the business of retailing and operating of department stores.

- The property segment is mainly involved in the leasing of properties owned by the Group.

Although the Exco receives separate reports for individual department store, they have been aggregated into one reportable segment as they are under the same central management and central treasury function.

Segment assets consist primarily of property, plant and equipment, inventories, receivables, cash and cash equivalents, investment properties and exclude tax recoverable and financial investments. Segment liabilities comprise payables and provisions. Capital expenditure comprise additions to property, plant and equipment and investment properties.

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

37. Segment information (continued)

	Retail $'000	Property* $'000	Total consolidated $'000
Group			
2015			
Segment revenue			
Sales to external customers	300,661	–	300,661
Rental income – Investment properties	–	1,517	1,517
Other rental income	2,577	314	2,891
Segment result	(27,389)	(1,989)	(29,378)
Other income			2,711
Share of profit of an associated company			20
Loss before income tax			(26,647)
Income tax credit			823
Net loss			(25,824)
Other segment items			
Capital expenditure	9,478	3,822	13,300
Depreciation	7,273	1,104	8,377
Other losses - Impairment charge on property, plant and equipment	9,153	–	9,153
Assets and liabilities			
Segment assets	82,729	32,375	115,104
Unallocated assets:			
- Investment in an associated company			51
- Cash and cash equivalents			63,328
- Financial assets, held-to-maturity			51,625
- Financial assets, available-for-sale			3,395
- Tax recoverable			47
- Deferred income tax assets			294
Total consolidated assets			233,844
Segment liabilities	57,845	3,979	61,824
Total consolidated liabilities			61,824

37. Segment information (continued)

	Retail $'000	Property* $'000	Total consolidated $'000
Group			
2014			
Segment revenue			
Sales to external customers	340,316	–	340,316
Other rental income	2,515	3,522	6,037
Segment result	(8,233)	2,484	(5,749)
Other income			2,726
Loss before income tax			(3,023)
Income tax expense			(113)
Net loss			(3,136)
Other segment items			
Capital expenditure	4,121	–	4,121
Depreciation	8,083	315	8,398
Assets and liabilities			
Segment assets	111,541	9,903	121,444
Unallocated assets:			
- Cash and cash equivalents			87,976
- Financial assets, held-to-maturity			48,496
- Financial assets, available-for-sale			3,482
- Tax recoverable			190
Total consolidated assets			261,588
Segment liabilities	59,927	134	60,061
Unallocated liabilities:			
- Current income tax liabilities			141
- Deferred income tax liabilities			392
Total consolidated liabilities			60,594

* The results under "Property" segment shown in the comparative (i.e. 2014) includes the results from the property which was transferred from property, plant and equipment to investment property [following the change in use of the property from 1 April 2015 – see Note 23(a)] and was previously reported (in the financial statements for the year ended 31 December 2014) under "Other" segment.

Geographical information

The Group operates in Singapore and accordingly, no geographical information is presented.

38. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2016 or later periods and which the Group has not early adopted:

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

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

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

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

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

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

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

- FRS 115 *Revenue from contracts with customers*
  (effective for annual periods beginning on or after 1 January 2017)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1 Identify the contract(s) with a customer
  - Step 2 Identify the performance obligations in the contract
  - Step 3 Determine the transaction price
  - Step 4 Allocate the transaction price to the performance obligations in the contract
  - Step 5 Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

38. New or revised accounting standards and interpretations (continued)

- FRS 109 *Financial instruments*
  (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 39 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the finance asset. Investments in equity instruments are required to be measured at fair value through profit or loss in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss, FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness test. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 39.

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

39. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Isetan (Singapore) Limited on 4 March 2016.

Additional Disclosure Requirements of the Singapore Exchange Securities Trading Listing Manual

(a) Material contracts

Other than as disclosed in the financial statements and in this report, there were no material contracts of the Company and its subsidiary, involving the interests of the managing director, any director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

(b) Directors' and Key Executives' Remuneration

(i) Breakdown of Directors' remuneration (in percentage terms) for the period from 1 January 2015 to 31 December 2015:

	Directors	**Fees/ Salary %**	**Bonus %**	**Share options %**	**Other benefits %**	**Total %**
		Remuneration band below S$250,000				
1	Jun Yokoyama (Chairman)	–	–	–	–	–
2	Lim Tien Chun (Managing Director)	76.02	12.96	–	11.02	100
3	Phua Puey Joy (Deputy Managing Director)	83.77	14.47	–	1.76	100
4	Gerard Cheng Poh Chuan	81.59	14.18	–	4.23	100
5	Jun Inoue (stepping down on 1 April 2016)	75.72	1.26	–	23.02	100
6	Chey Chor Wai	100	–	–	–	100
7	Lim Bee Choo	100	–	–	–	100
8	Assoc. Professor Victor Yeo Chuan Seng (appointed on 1 July 2015)	100	–	–	–	100
9	Adrian Chan Pengee (resigned on 22 April 2015)	100	–	–	–	100

(ii) Remuneration bands of directors and key executives of the Company

Number of directors of the Company in remuneration bands:

	2015	2014
Below $250,000	**9**	8
Total	**9***	8

* Includes 1 person who ceased to be a director of the Company during the financial year.

Key executives of the Company in remuneration band:

	2015	2014
Below $250,000	**9**	10
Total	**9**	10

The names of the key executives are set out on page 16 under "Key Executives' Profiles".

ADDITIONAL DISCLOSURE REQUIREMENTS

For the financial year ended 31 December 2015

Additional Disclosure Requirements of the Singapore Exchange Securities Trading Listing Manual (continued)

(c) Auditor's remuneration

The following information relates to remuneration of the independent auditor of the Company during the financial year.

	The Group	
	2015	2014
	$'000	$'000
Auditor's remuneration paid/payable		
- current year	**163**	180
Other fees paid/payable for non-audit services rendered	**72**	61

(d) Appointment of auditors

The Group has complied with Rules 712 and 715 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

(e) Review of the provision of non-audit services by the auditors

The Audit and Risk Committee has undertaken a review of non-audit services provided by the auditors and they would not, in the opinion of the Audit and Risk Committee, affect their independence.

(f) Internal controls

Based on the work carried out by the internal auditors, the review undertaken by the external auditors as part of their statutory audit, the existing management controls in place and the written representation by management, the Audit and Risk Committee and Board are of the opinion that there are adequate internal controls in place to address risks relating to financial, operational and compliance matters.

(g) Property, plant and equipment

Details of the Group's freehold and leasehold land and buildings are as follows:

Location - Singapore	Tenure	Use of property	
593, Havelock Road, Isetan Office Building	Freehold	Office building	Lettable Floor Area - 16,582ft^2
5, Kallang Pudding Road	Freehold	Warehouse	Lettable Floor Area - 54,917ft^2
Apartment in Valley Park	Leasehold - 999 years	Residential apartment	Strata Area 1,356ft^2

Additional Disclosure Requirements of the Singapore Exchange Securities Trading Listing Manual (continued)

(h) Investment properties

Location - Singapore	Tenure	Use of property	
112, Killiney Road, T.W. Building	Freehold	Office unit	Strata Area 4,316ft^2
435, Orchard Road, Podium Block Wisma Atria	Leasehold - 99 years from 1 April 1962	Retail	Strata Area 104,732ft^2

(i) Treasury shares

There were no treasury shares held as at 31 December 2015 and 31 December 2014.

(j) Dealing in Securities

Please refer to information disclosed in the Corporate Governance Report under Principle 1, on page 21.

(k) Interested person transactions

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 each)			
	Transactions not conducted under shareholders' mandate pursuant to Rule 920		Transactions conducted under shareholders' mandate pursuant to Rule 920	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Name of interested person				
Isetan Mitsukoshi Ltd	**1,526**	1,713	**–**	–

STATISTICS OF SHAREHOLDINGS

As at 16 March 2016

Class of shares : Fully paid ordinary shares
Voting rights : One vote per share

The Company does not have any treasury shares.

ANALYSIS OF SHAREHOLDINGS BY RANGE AS AT 16 MARCH 2016

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1 to 99	24	2.30	436	0.00
100 to 1,000	222	21.26	170,428	0.41
1,001 to 10,000	666	63.79	2,053,598	4.98
10,001 to 1,000,000	127	12.17	9,365,538	22.71
1,000,001 AND ABOVE	5	0.48	29,660,000	71.90
TOTAL	1,044	100.00	41,250,000	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2016

	NO. OF SHARES			
NAME	DIRECT INTEREST	% OF ISSUED SHARE CAPITAL	DEEMED INTEREST	% OF ISSUED SHARE CAPITAL
ISETAN MITSUKOSHI LTD	21,750,000	52.73	–	–
ISETAN FOUNDATION	3,437,500	8.33	–	–
ISETAN MITSUKOSHI HOLDINGS LTD	–	–	21,750,000	52.73

By virtue of section 7 of the Companies Act (Cap 50), Isetan Mitsukoshi Holdings Ltd, the holding corporation of Isetan Mitsukoshi Ltd, is deemed to have an interest in the 21,750,000 shares held by Isetan Mitsukoshi Ltd in the Company.

TOP 20 SHAREHOLDERS AS AT 16 MARCH 2016

NO.	NAME	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1	ISETAN MITSUKOSHI LTD	21,750,000	52.73
2	ISETAN FOUNDATION	3,437,500	8.33
3	MORPH INVESTMENTS LTD	1,628,000	3.95
4	YAP BOH SIM	1,560,000	3.78
5	CITIBANK NOMINEES SINGAPORE PTE LTD	1,284,500	3.11
6	THE BANK OF TOKYO-MITSUBISHI UFJ , LTD. SINGAPORE BRANCH	850,000	2.06
7	PHILLIP SECURITIES PTE LTD	826,049	2.00
8	DBS NOMINEES PTE LTD	770,030	1.87
9	CHEONG FOONG YIM CHRISTINA	462,000	1.12
10	LEE YUEN SHIH	362,250	0.88
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	278,645	0.68
12	LEONG CHAO SEONG	219,000	0.53
13	LEONG JULIA (MRS HOW JULIA)	210,000	0.51
14	CIMB SECURITIES (SINGAPORE) PTE LTD	206,016	0.50
15	CHUA KUAN LIM CHARLES	177,000	0.43
16	THIA CHENG SONG	175,000	0.43
17	WEE AIK KOON PTE LTD	166,250	0.40
18	CHENG GOOD HIANG	157,000	0.38
19	LEONG WAH KHEONG	150,000	0.36
20	UOB NOMINEES (2006) PTE LTD	150,000	0.36
	TOTAL	34,819,240	84.41

The percentage of shareholding held in the hands of the public is 38.90% which is more than 10% of the issued share capital of the Company. Therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 45th Annual General Meeting ("**AGM**") of the Company will be held at the Changi Rooms, Holiday Inn Singapore Atrium, Level 4, 317 Outram Road, Singapore 169075 on Friday, 29 April 2016 at 10.00 a.m. for the following purposes:-

1. To receive and adopt the Directors' Statement and Accounts for the financial year ended 31 December 2015 together with Auditor's Report thereon. **Resolution 1**

2. To re-elect Mr. Chey Chor Wai as a Director who will be retiring under Article 95 of the Company's Constitution, and who, being eligible, has offered himself for re-election. **Resolution 2**

   (Note: Mr. Chey Chor Wai will, upon his re-election as a Director of the Company, remain as the Lead Independent Director, Chairman of the Audit and Risk Committee, and a member of the Nominating and Remuneration Committees. Mr. Chey Chor Wai is considered as an Independent Director for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Ltd.)

3. To re-elect Ms. Lim Bee Choo as a Director who will be retiring under Article 95 of the Company's Constitution, and who, being eligible, has offered herself for re-election. **Resolution 3**

   (Note: Ms. Lim Bee Choo will, upon her re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee, and a member of the Audit & Risk and Nominating Committees. Ms. Lim Bee Choo is considered as an Independent Director for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Ltd.)

4. To re-elect Associate Professor Victor Yeo Chuan Seng as a Director who will be retiring under Article 102 of the Company's Constitution and who, being eligible, has offered himself for re-election. **Resolution 4**

   (Note: Associate Professor Victor Yeo Chuan Seng will, upon his re-election as a Director of the Company, remain as the Chairman of the Nominating Committee, and a member of the Audit & Risk and Remuneration Committees. Associate Professor Victor Yeo Chuan Seng is considered as an Independent Director for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Ltd.)

5. To record the retirement of Mr. Lim Tien Chun.

   (Note: The Board would like to express its appreciation to Mr. Lim Tien Chun for his loyalty and invaluable contributions to the Board and Company. He will cease to be a Director and Managing Director of the Company with effect from the close of the AGM.)

6. To record the retirement of Mr. Phua Puey Joy.

   (Note: The Board would like to express its appreciation to Mr. Phua Puey Joy for his loyalty and invaluable contributions to the Board and Company. He will cease to be a Director and Deputy Managing Director cum General Manager (Administration) of the Company with effect from the close of the AGM.)

7. To record the retirement of Mr. Gerard Cheng Poh Chuan.

   (Note: The Board would like to express its appreciation to Mr. Gerard Cheng Poh Chuan for his invaluable contributions to the Board. He will cease to be a Director and Director, Human Resource and Sales & Merchandising Support of the Company with effect from the close of the AGM.)

8. To elect Mr. Toshifumi Hashizume as a Director of the Company, to hold office from the date of the AGM. **Resolution 5**

   (Note: If elected, Mr. Toshifumi Hashizume will assume the position of Managing Director of the Company. Information on Mr. Toshifumi Hashizume can be found under the section entitled "Persons standing for election as Directors of the Company at the forthcoming Annual General Meeting" in the Company's Annual Report.)

9. To elect Ms. Koay Bee Fong as a Director of the Company, to hold office from the date of the AGM. **Resolution 6**

   (Note: If elected, Ms. Koay Bee Fong will assume the position of Executive Director, General Manager (Administration) cum HR Director of the Company. Information on Ms. Koay Bee Fong can be found under the section entitled "Persons standing for election as Directors of the Company at the forthcoming Annual General Meeting" in the Company's Annual Report.)

10. To declare a final dividend of 5.0 cents per share in respect of the financial year ended 31 December 2015. **Resolution 7**

11. To approve the payment of Directors' fees of up to S$180,000/- for the financial year ending 31 December 2016 (payable quarterly in arrears) (for the financial year ended 31 December 2015: S$180,000). **Resolution 8**

12. To re-appoint PricewaterhouseCoopers LLP, the existing auditors of the Company, as Auditors to hold office until the conclusion of the next general meeting of the Company and to authorise the Directors to fix their remuneration. **Resolution 9**

13. To transact any other business that may be transacted at the Annual General Meeting.

BY ORDER OF THE BOARD

Lun Chee Leong
Company Secretary

Singapore

14 April 2016

Notes:

(1) A member of the Company who is entitled to attend and vote at the above Meeting ("**Member**"), and who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote in his/her stead. Such proxy need not be a member of the Company. Where a Member appoints more than one proxy, the proportion of shareholdings in relation to which each proxy has been appointed shall be specified in the instrument or form appointing the proxies, failing which such appointments shall be invalid. For the purpose of Notes 1 and 2, "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50 ("**Companies Act**").

(2) A Member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Meeting in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member appoints more than two proxies, the number of Shares in relation to which each proxy has been appointed shall be specified in the instrument or form appointing the proxies.

(3) The instrument or form appointing a proxy must be deposited at the Company's Registered Office at 593 Havelock Road #04-01, Isetan Office Building, Singapore 169641 not less than 72 hours before the time set for holding the above Meeting.

(4) By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend and vote at the Annual General Meeting and/or any adjournment thereof, a Member (i) consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Member discloses the personal data of the Member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Member's breach of warranty.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 10 May 2016 for the purpose of determining Members' entitlements to the dividends to be proposed at the Annual General Meeting of the Company to be held on 29 April 2016.

Duly completed registrable transfer of shares in the Company (the "**Shares**") received up to the close of business at 5.00 p.m. on 9 May 2016 by the Company's Share Registrar, M&C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, will be registered to determine Members' entitlements to such dividends. Subject to the aforesaid, members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with the Shares as at 5.00 p.m. 9 May 2016 will be entitled to such proposed dividends.

The proposed dividends, if approved at the Annual General Meeting, will be paid on 18 May 2016.

BY ORDER OF THE BOARD

LUN CHEE LEONG
Company Secretary

Singapore

14 April 2016

CORPORATE DIRECTORY

OUR STORES

Isetan Scotts
Shaw House
350 Orchard Road
Singapore 238868
Tel: 6733 1111
Fax: 6734 7083

Isetan Katong
Parkway Parade
80 Marine Parade Road
Singapore 449269
Tel: 6345 5555
Fax: 6345 1864

Isetan Tampines
Tampines Mall
4 Tampines Central 5
Singapore 529510
Tel: 6788 7777
Fax: 6781 7773

Isetan Serangoon Central
nex Mall
23 Serangoon Central
Singapore 556083
Tel: 6363 7777
Fax: 6634 9959

Isetan Jurong East
Westgate
3 Gateway Drive
Singapore 608532
Tel: 6896 7777
Fax: 6465 9659

INVESTMENT PROPERTY

Isetan Orchard
Wisma Atria
435 Orchard Road
Singapore 238877
Tel: 6733 7777
Fax: 6733 9438

HEADQUARTERS

Isetan (Singapore) Limited

Isetan Office Building
593 Havelock Road
#04-01 Isetan Office Building
Singapore 169641
Tel: 6732 8866
Fax: 6736 0913

Warehouse
5 Kallang Pudding Road #01-03
Singapore 349309
Tel: 6746 7552
Fax: 6746 9220

SUBSIDIARY COMPANY

Lexim (S) Pte Ltd
593 Havelock Road
#03-01 Isetan Office Building
Singapore 169641
Tel: 6732 8866
Fax: 6733 7424

ASSOCIATED COMPANY

Chengdu Isetan Department Store Ltd
Isetan Chengdu Office
6 Da Ke Jia Lane
Block B, Lido Plaza, 8th Floor
Chengdu, Sichuan Province
People's Republic of China

ISETAN (SINGAPORE) LIMITED

IMPORTANT:
For investors who have used their CPF monies to buy Isetan (Singapore) Limited shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY. This Proxy Form is not valid for use by such CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

PROXY FORM

Annual General Meeting to be held on 29 April 2016 at 10.00 a.m.
(Venue: Changi Rooms, Holiday Inn Singapore Atrium, Level 4, 317 Outram Road, Singapore 169075)
(Before completing this form please see notes overleaf)

I/We, ____________________ NRIC No./Passport No: ____________________

of ____

being a member/members of the above named Company hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 29 April 2016 and at any adjournment thereof in the manner indicated below:

No.	Resolution	For	Against
1	Adoption of Directors' Statement and Accounts		
2	Re-election of Mr. Chey Chor Wai as Director under Article 95		
3	Re-election of Ms Lim Bee Choo as Director under Article 95		
4	Re-election of Assoc. Professor Victor Yeo Chuan Seng as Director under Article 102		
5	Election of Mr. Toshifumi Hashizume as Director		
6	Election of Ms. Koay Bee Fong as Director		
7	Declaration of Final Dividend of 5.0 cents per share		
8	Approval of Directors' Fees for the financial year ending 31 December 2016 of up to S$180,000/-		
9	Re-appointment of PricewaterhouseCoopers LLP as Auditors and authorise the Directors to fix their remuneration		

Signed this __________ day of ______________ 2016

Total Number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Shareholder(s)

(Please see overleaf for Notes)

Notes:

1. Please insert the total number of Isetan (Singapore) Limited shares ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289) you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company who is entitled to attend and vote at the above Meeting ("**Member**"), and who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote in his/her stead. Such proxy need not be a member of the Company. Where a Member appoints more than one proxy, the proportion of shareholdings in relation to which each proxy has been appointed shall be specified in the instrument appointing the proxies, failing which such appointments shall be invalid. For the purpose of Notes 2 and 3, "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50 ("**Companies Act**") as follows:-

    (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

    (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

    (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. A Member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Meeting in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member appoints more than two proxies, the number of Shares in relation to which each proxy has been appointed shall be specified in the instrument appointing the proxies.

4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 593 Havelock Road #04-01, Isetan Office Building, Singapore 169641, not less than 72 hours before the time set for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

6. A corporation which is a Member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instruments appointing a proxy or proxies.

8. In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

9. Please refer to the notes set out in the Notice of Annual General Meeting dated 14 April 2016 ("**Notice of AGM**"). By submitting an instrument appointing a proxy or proxies, the Member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

ISETAN SINGAPORE

Company Registration No: 197001177H

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