

ISETAN (SINGAPORE) LIMITED

Co. Reg. No. 197001177H

Full Year Financial Statement and Dividend Announcement for the year ended 31 December 2016**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1(a)(i) An income statement and statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement for the financial year ended 31 December 2016

| | Group | | + / (-) % |
|---|---------------------|------------------------|-----------------|
| | 31.12.2016 | 31.12.2015 | |
| | S'000 | S'000 | |
| Revenue | 294,638 | 302,178 | (2.50) |
| Other income | 7,356 | 5,594 | 31.50 |
| Other gains and (losses) | 7,621 | (9,234) | (182.53) |
| Expenses | | | |
| - Changes in inventories of finished goods | (1,037) | (1,423) | (27.13) |
| - Purchases of inventories and related costs | (211,857) | (221,902) | (4.53) |
| - Employee compensation | (20,680) | (21,771) | (5.01) |
| - Depreciation expense | (7,494) | (8,377) | (10.54) |
| - Rental expense | (44,819) | (47,525) | (5.69) |
| - Other expenses | (20,876) | (24,207) | (13.76) |
| Total expenses | <u>(306,763)</u> | <u>(325,205)</u> | (5.67) |
| Share of profit of an associated company | 79 | 20 | 295.00 |
| Profit / (loss) before income tax | 2,931 | (26,647) | (111.00) |
| Income tax (expense) / credit | <u>(362)</u> | <u>823</u> | (143.99) |
| Net profit / (loss) for the financial year | <u>2,569</u> | <u>(25,824)</u> | (109.95) |
| Net profit / (loss) attributable to: | | | |
| Equity holders of the Company | <u>2,569</u> | <u>(25,824)</u> | (109.95) |

Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2016

| | Group | | + / (-) % |
|--|---------------------|------------------------|-----------------|
| | 31.12.2016 | 31.12.2015 | |
| | S'000 | S'000 | |
| Net profit / (loss) for the financial year | 2,569 | (25,824) | (109.95) |
| Other comprehensive (loss) / gain | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Financial assets, available-for-sale | | | |
| - Fair value loss | - | (87) | N.M. |
| Currency translation differences arising from consolidation | | | |
| - (Loss) / gain | (6) | 31 | (119.35) |
| Item that will not be reclassified subsequently to profit or loss: | | | |
| Actuarial loss on retirement benefit obligation | (140) | - | N.M. |
| Other comprehensive loss, net of tax | <u>(146)</u> | <u>(56)</u> | 160.71 |
| Total comprehensive income / (loss) for the financial year | <u>2,423</u> | <u>(25,880)</u> | (109.36) |
| Total comprehensive income / (loss) attributable to : | | | |
| Equity holders of the Company | <u>2,423</u> | <u>(25,880)</u> | (109.36) |

N.M. not meaningful

Additional Disclosure

| (i) | Group | | + / (-) % |
|---|---------------------|---------------------|---------------|
| | 31.12.2016 S'000 | 31.12.2015 S'000 | |
| Revenue | | | |
| - Sale of goods | 286,494 | 300,661 | (4.71) |
| - Rental income from investment properties | 8,144 | 1,517 | 436.85 |
| | 294,638 | 302,178 | (2.50) |
| Other income | | | |
| - Dividend income | 175 | 185 | (5.41) |
| - Other rental income | 2,586 | 2,891 | (10.55) |
| - Interest income | 2,590 | 2,296 | 12.80 |
| - Sundry income | 1,929 | 148 | 1203.38 |
| Other gains and (losses) | | | |
| - Impairment of property, plant and equipment | - | (9,153) | N.M. |
| - Gain from disposal of subsidiary's property | 7,319 | - | N.M. |
| Allowance for impairment of receivable | (15) | (90) | (83.33) |
| (Under) / over provision of current income tax in prior years | (68) | 137 | (149.64) |
| Over provision of deferred income tax in prior years | - | 96 | N.M. |
| Property, plant and equipment written off | (68) | (457) | (85.12) |

(ii) There were no interest on borrowings and extraordinary items during the period and the preceding year.

N.M. not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheets as at 31 December 2016

| | Group | | Company | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 31.12.2016 S'000 | 31.12.2015 S'000 | 31.12.2016 S'000 | 31.12.2015 S'000 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 54,688 | 63,328 | 42,660 | 61,308 |
| Trade and other receivables | 12,293 | 10,870 | 12,292 | 10,837 |
| Financial assets, held-to-maturity | 11,753 | - | 11,753 | - |
| Inventories | 11,489 | 12,526 | 11,489 | 12,526 |
| Assets held-for-sale | - | 110 | - | 110 |
| Other current assets | 709 | 1,000 | 709 | 1,000 |
| | 90,932 | 87,834 | 78,903 | 85,781 |
| Non-current assets | | | | |
| Other receivables | 246 | 252 | 246 | 252 |
| Financial assets, available-for-sale | 3,455 | 3,395 | 3,429 | 3,372 |
| Financial assets, held-to-maturity | 44,534 | 51,625 | 44,534 | 51,625 |
| Club memberships | 235 | 94 | 235 | 94 |
| Investment in an associated company | 124 | 51 | 2,598 | 2,598 |
| Investment in a subsidiary | - | - | 5,000 | 5,000 |
| Rental deposits | 7,692 | 7,711 | 7,692 | 7,711 |
| Investment properties | 31,486 | 32,325 | 31,486 | 29,710 |
| Property, plant and equipment | 48,045 | 50,263 | 48,045 | 50,247 |
| Deferred income tax asset | - | 294 | - | - |
| | 135,817 | 146,010 | 143,265 | 150,609 |
| Total assets | 226,749 | 233,844 | 222,168 | 236,390 |

LIABILITIES**Current liabilities**

| | | | | |
|--------------------------|---------------|---------------|---------------|---------------|
| Trade and other payables | 47,186 | 56,227 | 47,177 | 56,177 |
| | 47,186 | 56,227 | 47,177 | 56,177 |

Non-current liabilities

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Trade and other payables | 5,245 | 3,731 | 5,245 | 3,643 |
| Provisions for other liabilities and charges | 1,938 | 1,866 | 1,938 | 1,866 |
| | 7,183 | 5,597 | 7,183 | 5,509 |

| | | | | |
|--------------------------|---------------|---------------|---------------|---------------|
| Total liabilities | 54,369 | 61,824 | 54,360 | 61,686 |
|--------------------------|---------------|---------------|---------------|---------------|

| | | | | |
|-------------------|----------------|----------------|----------------|----------------|
| NET ASSETS | 172,380 | 172,020 | 167,808 | 174,704 |
|-------------------|----------------|----------------|----------------|----------------|

EQUITY

| | | | | |
|------------------------------|----------------|----------------|----------------|----------------|
| Share capital | 91,710 | 91,710 | 91,710 | 91,710 |
| General reserve | 17,000 | 17,000 | 17,000 | 17,000 |
| Fair value reserve | 1,278 | 1,278 | 1,255 | 1,258 |
| Currency translation reserve | (203) | (197) | - | - |
| Other reserves | (140) | - | (140) | - |
| Retained earnings | 62,735 | 62,229 | 57,983 | 64,736 |
| Shareholders' equity | 172,380 | 172,020 | 167,808 | 174,704 |

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

| As at 31.12.2016 | | As at 31.12.2015 | |
|------------------|-----------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| - | - | - | - |

Amount repayable after one year

| As at 31.12.2016 | | As at 31.12.2015 | |
|------------------|-----------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| - | - | - | - |

Details of any collateral

Not applicable.

I(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows for the financial year ended 31 December 2016

| | Group | |
|---|-----------------------|------------------------|
| | 31.12.2016 | 31.12.2015 |
| | S'000 | S'000 |
| Cash flows from operating activities | | |
| Profit / (loss) before income tax | 2,931 | (26,647) |
| Adjustments for: | | |
| Depreciation expense | 7,494 | 8,377 |
| Amortisation of capitalised letting fees | 70 | - |
| Property, plant and equipment and investment properties written off | 68 | 457 |
| Impairment loss on club memberships | 22 | 114 |
| Net (gain) / loss on disposal of club memberships | (186) | 78 |
| Loss on termination of club membership | 11 | - |
| Gain on disposal of property, plant and equipment | (81) | - |
| Gain on disposal of subsidiary's property | (7,319) | - |
| Impairment of property, plant and equipment | - | 9,153 |
| Net gain on early redemption of financial assets, held-to-maturity by issuer | (46) | - |
| Interest income | (2,590) | (2,296) |
| Increase in provisions for other liabilities and charges | 72 | 317 |
| Dividend income | (175) | (185) |
| Share of profit of an associated company | (79) | (20) |
| | <u>192</u> | <u>(10,652)</u> |
| Changes in working capital | | |
| Trade and other receivables | (1,423) | 865 |
| Inventories | 1,037 | 1,424 |
| Other assets and rental deposits | 288 | (1,003) |
| Trade and other payables | (5,805) | (228) |
| Cash used in operations | <u>(5,711)</u> | <u>(9,594)</u> |
| Income taxes (paid) / refunded | <u>(46)</u> | <u>139</u> |
| Net cash used in operating activities | <u>(5,757)</u> | <u>(9,455)</u> |
| Cash flows from investing activities | | |
| Proceeds from disposal of club memberships | 249 | 162 |
| Payments for club membership | (127) | - |
| Proceeds from disposal of property, plant and equipment | 81 | - |
| Proceeds from disposal of subsidiary's property - net | 9,918 | - |
| Payments for letting fees | (213) | - |
| Payments for property, plant and equipment and investment property | (8,823) | (11,626) |
| Proceeds from early redemption / maturity of financial assets, held-to-maturity by issuer | 3,265 | 16,500 |
| Purchases of financial assets, held-to-maturity | (7,893) | (19,629) |
| Purchases of financial assets, available-for-sale | (60) | - |
| Interest received | 2,613 | 2,212 |
| Dividend received | 175 | 185 |
| Loan (to) / repayments from employees | (5) | 97 |
| Net cash used in investing activities | <u>(820)</u> | <u>(12,099)</u> |
| Cash flows from financing activities | | |
| Dividends paid | <u>(2,063)</u> | <u>(3,094)</u> |
| Net cash used in financing activities | <u>(2,063)</u> | <u>(3,094)</u> |
| Net decrease in cash and cash equivalents | <u>(8,640)</u> | <u>(24,648)</u> |
| Cash and cash equivalents at beginning of the financial year | <u>63,328</u> | <u>87,976</u> |
| Cash and cash equivalents at end of the financial year | <u>54,688</u> | <u>63,328</u> |

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

Statement of Changes in Equity for the financial year ended 31 December 2016

| | <u>Share capital</u> S'000 | <u>General reserve</u> S'000 | <u>Fair value reserve</u> S'000 | <u>Currency translation reserve</u> S'000 | <u>Other reserves</u> S'000 | <u>Retained earnings</u> S'000 | <u>Total</u> S'000 |
|---|-------------------------------|---------------------------------|------------------------------------|--|--------------------------------|-----------------------------------|-----------------------|
| Group | | | | | | | |
| Balance at 1 January 2016 | 91,710 | 17,000 | 1,278 | (197) | - | 62,229 | 172,020 |
| Total comprehensive income for the year | - | - | - | (6) | (140) | 2,569 | 2,423 |
| Dividend relating to 2015 paid | - | - | - | - | - | (2,063) | (2,063) |
| Balance at 31 December 2016 | 91,710 | 17,000 | 1,278 | (203) | (140) | 62,735 | 172,380 |
| <hr/> | | | | | | | |
| Balance at 1 January 2015 | 91,710 | 17,000 | 1,365 | (228) | - | 91,147 | 200,994 |
| Total comprehensive loss for the year | - | - | (87) | 31 | - | (25,824) | (25,880) |
| Dividend relating to 2014 paid | - | - | - | - | - | (3,094) | (3,094) |
| Balance at 31 December 2015 | 91,710 | 17,000 | 1,278 | (197) | - | 62,229 | 172,020 |
| <hr/> | | | | | | | |
| | <u>Share capital</u> S'000 | <u>General reserve</u> S'000 | <u>Fair value reserve</u> S'000 | <u>Currency translation reserve</u> S'000 | <u>Other reserves</u> S'000 | <u>Retained earnings</u> S'000 | <u>Total</u> S'000 |
| Company | | | | | | | |
| Balance at 1 January 2016 | 91,710 | 17,000 | 1,258 | - | - | 64,736 | 174,704 |
| Total comprehensive income for the year | - | - | (3) | - | (140) | (4,690) | (4,833) |
| Dividend relating to 2015 paid | - | - | - | - | - | (2,063) | (2,063) |
| Balance at 31 December 2016 | 91,710 | 17,000 | 1,255 | - | (140) | 57,983 | 167,808 |
| <hr/> | | | | | | | |
| Balance at 1 January 2015 | 91,710 | 17,000 | 1,344 | - | - | 93,801 | 203,855 |
| Total comprehensive loss for the year | - | - | (86) | - | - | (25,971) | (26,057) |
| Dividend relating to 2014 paid | - | - | - | - | - | (3,094) | (3,094) |
| Balance at 31 December 2015 | 91,710 | 17,000 | 1,258 | - | - | 64,736 | 174,704 |

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous year reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding year of the immediately preceding financial year.

Not applicable.

1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

| | As at the end of current financial year ended 31 December 2016 | As at the end of financial year ended 31 December 2015 |
|--|--|--|
| Total number of ordinary shares issued | 41,250,000 | 41,250,000 |

There were no treasury shares held as at the end of the current financial year reported on and as at the end of the immediately preceding year.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in preparing this financial statement for the current accounting year compared with the most recently audited financial statements for the year ended 31 December 2015, except for those as disclosed under paragraph 5.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 1 January 2016, the Group adopted the revised Singapore Financial Reporting Standards (FRS) that are effective in this financial year as set out below:

- (a) **FRS 110 Consolidated financial statements and FRS 28 Investment in associates and joint ventures**
(effective for annual periods beginning on 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 involves assets that do not constitute a business, even if those assets are in a subsidiary.

These amendments did not have any significant impact on the financial statements of the Group.

- (b) **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 did not have any significant impact on the financial statements of the Group.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

| | <u>Group</u> | |
|--|--------------|------------|
| | 31.12.2016 | 31.12.2015 |
| Earnings / (loss) per ordinary share for the year based on net profit / (loss) attributable to shareholders :- | | |
| (i) Based on weighted average number of ordinary shares in issue (cents)+ | 6.23 | (62.60) |
| (ii) On a fully diluted basis (cents)++ | 6.23 | (62.60) |

+ The earnings / (loss) per share are calculated based on the issued ordinary shares of 41,250,000 (31 December 2015: 41,250,000).

++ The fully diluted earnings / (loss) per share are calculated based on the issued ordinary shares of 41,250,000 (31 December 2015: 41,250,000).

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

(a) current financial period reported on; and
(b) immediately preceding financial year.

| | <u>Group</u> | | <u>Company</u> | |
|---|--------------|------------|----------------|------------|
| | 31.12.2016 | 31.12.2015 | 31.12.2016 | 31.12.2015 |
| Net asset value per ordinary share based on issued share capital at the end of financial year | \$4.18 | \$4.17 | \$4.07 | \$4.24 |

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

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

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

Review of Group Performance

Group revenue for the year ended 31 December 2016 ("FY 2016") was \$294.638 million, a decrease of 2.50% over the corresponding period ("FY 2015"). The decline in group revenue was due to the decrease in sales of goods from the retail segment. However, the situation was mitigated by an increase in rental income from the Isetan Wisma investment property as it has achieved almost full occupancy by the end of FY2016.

For FY 2016, the Group achieved a gain after tax of \$2.569 million as compared to a loss after tax of \$25.824 million in FY2015. Other income for FY2016 was higher than FY2015 mainly due to higher interest income and sundry income. Other gains and losses included a gain on disposal of the subsidiary's property amounting to \$7.319 million in FY2016 as compared to a loss on impairment of Property, Plant and Equipment ("PPE") of \$9.153 million in FY2015. Besides the reduction of depreciation in FY2016 due to the effect of the impairment of PPE done in FY2015, the Group also put in measures to reduce other expenses that helped to improve the bottomline in FY2016. The higher occupancy rate at the Isetan Wisma Investment Property also helped the property segment to turn in a profit in FY 2016 as opposed to a loss in FY 2015. For the associated company, there was a share of gain of \$79,000 in FY2016 as compared to \$20,000 in FY2015.

As compared to 31 December 2015, cash and cash equivalents had decreased mainly due to the losses incurred by the retail segment, settlement of amounts relating to trade and other payables, payments for PPE, investment property and dividends, and purchases of financial assets, held-to-maturity ("HTMs"). Under current assets, HTMs had increased due to new purchases of bonds as well as the reclassification of HTMs from non-current assets. Under non-current assets, the reclassification of certain bonds to current assets was the main reason for the decrease in HTMs. Under investment property, the decrease was due to the disposal of the subsidiary's property in FY2016. The decrease in PPE was due to the net effect of depreciation, write-offs, disposals and additions. Under current liabilities, trade and other payables decreased mainly due to reduction in trade and other payable, provision for staff benefits and accruals. Under non-current liabilities, trade and other payables increased mainly due to more rental deposits received.

Under cash flows from operating activities, the losses from the retail segment contributed to the net cash outflow in FY 2016; however, the net cash outflow was lower than FY 2015 due to the lower losses incurred under the retail segment and the higher rental income from the Isetan Wisma Investment Property. Under cash flows from investing activities, net cash outflow was lower in FY2016 as compared to FY 2015 mainly due to the net proceeds from the disposal of the subsidiary's property, lower payments for PPE and investment property, lower purchases of HTMs and higher interest received. Under cash flows from financing activities, the lower dividends paid in FY 2016 as compared to FY2015 contributed to the lower cash outflow.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast was made previously.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The retail sector has been affected by many online operators that compete directly with brick and mortar stores and offer goods ranging from food and produce to fashion items. Fast-fashion brands and cheap travel offered by budget airlines have also intensified the competition faced by local retailers.

Singapore's 2017 economic growth is forecasted by the government to be between 1% to 3% . With many uncertainties arising from global events, consumers may be more cautious in their spending and the highly competitive retail market is set to prevail.

11. Dividend

(a) Current Financial Year Reported On

Any dividend recommended for the current financial period reported on?

| Name of Dividend | Proposed final |
|------------------|------------------------------|
| Dividend Type | Cash |
| Dividend Rate | 5.0 cents per ordinary share |

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

| Name of Dividend | Final |
|------------------|------------------------------|
| Dividend Type | Cash |
| Dividend Rate | 5.0 cents per ordinary share |

(c) Date payable

The date of the payment of the dividend will be announced at a later date.

(d) Books closure date

The date of the books closure will be announced at a later date.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

14. Negative confirmation pursuant to Rule 705(5)

Not applicable.

15. Confirmation of Directors and Executive Officers' undertakings pursuant to Listing Rule 720(1)

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

a) Primary reporting format - business 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.

| Group | Retail | Property | Consolidated |
|--|---------------|-----------------|---------------------|
| 2016 | \$'000 | \$'000 | \$'000 |
| Segment revenue | | | |
| Sales to external customers | 286,494 | - | 286,494 |
| Rental income - Investment properties | - | 8,144 | 8,144 |
| Other rental income | 2,586 | - | 2,586 |
| Gain from disposal of property | - | 7,319 | 7,319 |
| Segment results | (12,526) | 10,306 | (2,220) |
| Other income | | | 4,770 |
| Other gain | | | 302 |
| Share of profit of an associated company | | | 79 |
| Gain before income tax | | | 2,931 |
| Income tax expense | | | (362) |
| Net Profit | | | <u>2,569</u> |
| Other segment items | | | |
| Capital expenditure | 3,405 | 3,556 | 6,961 |
| Depreciation | 5,539 | 1,955 | 7,494 |
| Assets and Liabilities | | | |
| Segment assets | 80,684 | 31,486 | 112,170 |
| Unallocated assets: | | | |
| Investment in an associated company | | | 124 |
| Cash and cash equivalents | | | 54,688 |
| Financial assets, held-to-maturity | | | 56,287 |
| Financial assets, available-for-sale | | | 3,455 |
| Tax recoverable | | | 25 |
| Total Consolidated Assets | | | <u>226,749</u> |
| Segment liabilities | 54,360 | 9 | 54,369 |
| Total Consolidated Liabilities | | | <u>54,369</u> |

| Group | Retail | Property | Consolidated |
|--|---------------|-----------------|---------------------|
| 2015 | \$'000 | \$'000 | \$'000 |
| Segment revenue | | | |
| Sales to external customers | 300,661 | - | 300,661 |
| Rental income | - | 1,517 | 1,517 |
| Other rental income | 2,577 | 314 | 2,891 |
| Segment results | (27,303) | (1,989) | (29,292) |
| Other income | | | 2,703 |
| Other losses | | | (78) |
| Share of profit of an associated company | | | 20 |
| Loss before income tax | | | (26,647) |
| Income tax refund | | | 823 |
| Net loss | | | <u>(25,824)</u> |
| Other segment items | | | |
| Capital expenditure | 9,478 | 3,822 | 13,300 |
| Depreciation | 7,273 | 1,104 | 8,377 |
| Other losses - Impairment of 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 asset | | | 294 |
| Total Consolidated Assets | | | <u>233,844</u> |
| Segment liabilities | 57,845 | 3,979 | 61,824 |
| Total Consolidated Liabilities | | | <u>61,824</u> |

b) Secondary reporting format- geographical segments

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

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

The retail segment faced tough conditions during FY2016 and some of our stores registered lower sales in FY2016 as compared to FY2015. The Isetan Wisma store was converted to an investment property since the end of March 2015, contributing to a decrease in retail sales. Sales at Isetan Katong Store were also affected by a fire that broke out at a unit in the mall and the store was unable to open for business for a few days. Overall, retail sales suffered a decline of 4.71% in FY2016 as compared to FY2015. The retail segment continued to register losses in FY2016 but the deficit decreased by 54.12% in FY2016 as compared to FY2015. The improvement in bottomline is mainly attributed to the reduction in depreciation expense, resulting from the impairment loss on property, plant and equipment recorded in 2015, and efforts to reduce operating expenses.

The property segment turned in a profit in FY2016 as compared to a loss in FY2015. Rental income at the Isetan Wisma Investment Property increased with more tenants being signed up and commencing their businesses. The property has achieved almost full occupancy by the end of FY2016. A gain of \$7.319 million was also recorded in FY2016 as a result of the disposal of the subsidiary's property.

18. A breakdown of revenue.

| | 2016 S'000 | 2015 S'000 | + / (-) % |
|--|---------------|---------------|--------------|
| (a) Revenue reported for first half year | 142,882 | 153,561 | (6.95) |
| (b) Loss after tax before deducting minority interests reported for first half year | (6,684) | (8,113) | (17.61) |
| (c) Revenue reported for second half year | 151,756 | 148,617 | 2.11 |
| (d) Profit/ (loss) after tax before deducting minority interests reported for second half year | 9,253 | (17,711) | (152.24) |

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

Total Annual Dividend

| | Latest full year | Previous full year |
|------------|------------------|--------------------|
| Ordinary | \$2,062,500* | \$3,093,750** |
| Preference | - | - |
| Total: | \$2,062,500 | \$3,093,750 |

* relates to the final dividend for the financial year ended 31 December 2015 that was approved for payment to shareholders at the Annual General Meeting held on 29 April 2016.

** relates to the final dividend for the financial year ended 31 December 2014 that was approved for payment to shareholders at the Annual General Meeting held on 21 April 2015.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any, during the year |
|------|-----|--|---|---|
| Nil | | | not applicable | |

During the year ended 31 December 2016, no person occupying a managerial position of the Company or its principal subsidiary is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Lun Chee Leong
Company Secretary
24 February 2017