

Full Year Financial Statement and Dividend Announcement for the year ended 31 December 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

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

Unaudited Income Statement for the financial year ended 31 December 2020

	31.12.2020 \$'000	31.12.2019 \$'000	+ / (-) %
Revenue	77,160	111,885	(31.04)
Other income	16,770	10,449	60.49
Other (losses)/gains - net			
- Impairment loss on financial assets	(1,830)	(583)	213.89
- Others	84	(29)	(389.66)
Expenses			
- Changes in inventories of finished goods	(1,275)	(1,009)	26.36
- Purchases of inventories and related costs	(30,348)	(41,684)	(27.20)
- Employee compensation	(15,343)	(18,084)	(15.16)
- Depreciation expense	(18,699)	(24,542)	(23.81)
- Rental expense	(1,853)	(6,310)	(70.63)
- Service charge expense	(5,019)	(6,322)	(20.61)
- Interest expense	(2,510)	(3,090)	(18.77)
- Impairment loss on property, plant and equipment	(5,386)	(4,321)	24.65
- Impairment loss on right-of-use assets	(17,223)	(24,795)	(30.54)
- Provision for onerous contract	-	(755)	(100.00)
- Other expenses	(14,835)	(17,731)	(16.33)
Total expenses	(112,491)	(148,643)	(24.32)
Share of profit of an associate	82	389	(78.92)
Loss before income tax	(20,225)	(26,532)	(23.77)
Income tax expense	-	-	-
Net loss after tax for the financial year	(20,225)	(26,532)	(23.77)
Attributable to :			
Equity holders of the Company	(20,225)	(26,532)	(23.77)

N.M. Not meaningful

Unaudited Statement of Comprehensive Income for the financial year ended 31 December 2020

	31.12.2020 \$'000	31.12.2019 \$'000	+ / (-) %
Net loss for the financial year	(20,225)	(26,532)	(23.77)
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	98	(49)	N.M.
Item that will not be reclassified subsequently to profit or loss:			
Financial assets, fair value through other comprehensive income			
- Fair value gain	6	358	(98.32)
Other comprehensive income, net of tax	104	309	(66.34)
Total comprehensive loss for the financial year	(20,121)	(26,223)	(23.27)
Total comprehensive loss attributable to :			
Equity holders of the Company	(20,121)	(26,223)	(23.27)

N.M. Not meaningful

Additional Disclosure

(i)	31.12.2020 \$'000	31.12.2019 \$'000	+ / (-) %
Revenue			
- Sale of goods	44,173	58,733	(24.79)
- Consignment income	26,052	41,967	(37.92)
- Rental income	8,066	11,185	(27.89)
Less: Government grant expense - rent concessions	(1,131)	-	
	<u>77,160</u>	<u>111,885</u>	(31.04)
Other income			
- Dividend income	142	119	19.33
- Rental income	988	3,019	(67.27)
- Interest income	2,600	3,374	(22.94)
- Sundry income	207	631	(67.19)
- Government grant income	6,569	-	N.M.
- Rental rebates from landlord	4,550	-	N.M.
- Income from recognition of net investment in sublease	1,975	3,306	(40.26)
Less: Government grant expense - rent concessions	(261)	-	
	<u>16,770</u>	<u>10,449</u>	60.49

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

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

Unaudited Balance Sheet as at 31 December 2020

	31.12.2020 \$'000	31.12.2019 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	49,162	39,319
Trade and other receivables	6,141	6,335
Other investments, at amortised cost	14,433	20,200
Inventories	7,525	8,800
Rental deposit	-	748
Other current assets	2,032	2,636
	<u>79,293</u>	<u>78,038</u>
Non-current assets		
Trade and other receivables	5,978	4,357
Financial assets, at FVOCI	4,518	4,417
Other investments, at amortised cost	29,996	49,429
Club memberships	170	205
Investment in an associate	2,033	1,852
Rental deposits	5,232	5,525
Investment properties	32,851	35,290
Property, plant and equipment	24,683	26,432
Right-of-use assets	29,139	60,616
	<u>134,600</u>	<u>188,123</u>
Total assets	<u>213,893</u>	<u>266,161</u>
LIABILITIES		
Current liabilities		
Trade and other payables	31,289	40,938
Provisions	-	1,214
Lease liabilities	16,758	19,892
	<u>48,047</u>	<u>62,044</u>
Non-current liabilities		
Trade and other payables	2,892	3,520
Provisions	2,386	1,856
Lease liabilities	53,751	69,740
	<u>59,029</u>	<u>75,116</u>
Total liabilities	<u>107,076</u>	<u>137,160</u>
NET ASSETS	<u>106,817</u>	<u>129,001</u>
EQUITY		
Capital and reserves attributable to the equity holders of the Company		
Share capital	91,710	91,710
General reserve	17,000	17,000
Fair value reserve	1,847	1,841
Currency translation reserve	34	(64)
Other reserves	291	291
(Accumulated loss) / Retained earnings	(4,065)	18,223
Total equity	<u>106,817</u>	<u>129,001</u>

1(b)(ii) Aggregate amount of Company's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31.12.2020		As at 31.12.2019	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.12.2020		As at 31.12.2019	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Not applicable.

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

Unaudited Statement of Cash Flows for the financial year ended 31 December 2020

	31.12.2020 \$'000	31.12.2019 \$'000
Cash flows from operating activities		
Loss before income tax	(20,225)	(26,532)
Adjustments for:		
Depreciation expense	18,699	24,542
Income from recognition of net investment in sublease	(2,282)	(3,306)
Amortisation of capitalised letting fees	2	10
Property, plant and equipment written off	-	108
Impairment loss on right-of-use assets	17,223	24,795
Impairment loss on property, plant and equipment	5,386	4,321
Impairment loss on club membership	-	30
Provision for onerous contracts	-	755
Impairment loss on trade receivables	594	583
Gain on disposal of other investments, at amortised cost	(74)	-
Gain in disposal of club memberships	(13)	-
Interest income	(2,600)	(3,374)
Interest expense	2,510	3,090
Changes in provisions for other liabilities and charges	71	(393)
Impairment loss on other investments, at amortised cost	1,236	-
Dividend income	(142)	(119)
Share of profit of an associate	(82)	(389)
	<u>20,303</u>	<u>24,121</u>
Changes in working capital		
Trade and other receivables	1,846	1,894
Inventories	1,275	1,009
Other assets and rental deposits	1,645	393
Trade and other payables	(8,133)	(5,539)
Provisions	(755)	(1,030)
Cash generated from operations	<u>16,181</u>	<u>20,848</u>
Net cash generated from operating activities	<u>16,181</u>	<u>20,848</u>
Cash flows from investing activities		
Proceeds from disposal of club membership	45	-
Payments for property, plant and equipment	(8,570)	(8,517)
Payments for investment property	(16)	(889)
Purchases of other investments, at amortised cost	(502)	(5,278)
Purchases of financial assets, fair value through other comprehensive income	(95)	(315)
Proceeds from maturity / early redemption by issuers of other investments, at amortised cost	24,523	4,000
Interest received	2,632	3,493
Dividend received	142	119
Net repayments from employees	30	36
Net cash generated from / (used in) investing activities	<u>18,189</u>	<u>(7,351)</u>
Cash flows from financing activities		
Dividend paid	(2,063)	(2,063)
Interest paid	(2,510)	(3,090)
Payment of finance lease liabilities	(19,954)	(19,731)
Net cash used in financing activities	<u>(24,527)</u>	<u>(24,884)</u>
Net increase/(decrease) in cash and cash equivalents	9,843	(11,387)
Cash and cash equivalents at beginning of the financial year	<u>39,319</u>	<u>50,706</u>
Cash and cash equivalents at end of the financial year	<u>49,162</u>	<u>39,319</u>

1(d)(i) A statement (for the issuer) 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 year of the immediately preceding financial year.

Unaudited Statement of Changes in Equity for the financial year ended 31 December 2020

	Share capital \$'000	General reserve \$'000	Fair value reserve \$'000	Currency translation reserve \$'000	Other reserves \$'000	(Accumulated loss) / Retained earnings \$'000	Total \$'000
Balance as at 1 January 2020	91,710	17,000	1,841	(64)	291	18,223	129,001
Total comprehensive income / (loss) for the year	-	-	6	98	-	(20,225)	(20,121)
Dividend for year ended 31 December 2019	-	-	-	-	-	(2,063)	(2,063)
Balance as at 31 December 2020	91,710	17,000	1,847	34	291	(4,065)	106,817
Balance as at 1 January 2019	91,710	17,000	1,483	(15)	291	46,818	157,287
Total comprehensive income / (loss) for the year	-	-	358	(49)	-	(26,532)	(26,223)
Dividend for year ended 31 December 2018	-	-	-	-	-	(2,063)	(2,063)
Balance as at 31 December 2019	91,710	17,000	1,841	(64)	291	18,223	129,001

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous year reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial year reported on and as at the end of the corresponding year of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial year reported on and as at the end of the corresponding year of the immediately preceding financial year.

Not applicable.

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

	As at the end of current financial year ended 31 December 2020	As at the end of financial year ended 31 December 2019
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.

1(d) (iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial year reported on.

Not applicable.

1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial year reported on.

Not applicable.

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.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

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.

Except as disclosed in Note 5 below, the Company has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements as at 31 December 2019.

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.

The Company adopted the revised SFRS(I) that is effective for annual periods beginning on or after 1 January 2020. Changes to the Company's accounting policies have been made as required in accordance with the transitional provisions in the respective SFRS(I).

The Company has elected to early adopt the amendments to SFRS(I) 16 which introduced a practical expedient for a lessee to elect not to assess whether a rent concession is a lease modification, if all the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

The Company has elected to apply this practical expedient to all property leases. As a result of applying the practical expedient, rent concessions was recognised as other income in the profit or loss during the year.

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

	31.12.2020	31.12.2019
Earnings per ordinary share for the financial year based on net loss attributable to shareholders :-		
(i) Based on weighted average number of ordinary shares in issue (cents)+	(49.03)	(64.32)
(ii) On a fully diluted basis (cents)++	(49.03)	(64.32)

+ The earnings per share are calculated based on the issued ordinary shares of 41,250,000 (31 December 2019: 41,250,000)

++ The fully diluted earnings per share are calculated based on the issued ordinary shares of 41,250,000 (31 December 2019: 41,250,000)

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

(a) current financial year reported on; and

(b) immediately preceding financial year.

	31.12.2020	31.12.2019
Net asset value per ordinary share based on issued share capital at the end of financial year	\$2.59	\$3.13

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

(a) any significant factors that affected the turnover, costs, and earnings of the Company 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 Company during the current financial year reported on.

Review of Company Performance

Unaudited Income Statement

Overview

The company incurred a net loss of \$20,225,000 for FY 2020 compared with net loss of \$26,532,000 for FY 2019, mainly due to the following explanations:

Revenue

Revenue for the year ended 31 December 2020 ("FY 2020") was \$77,160,000, a decrease of 31.04% over the corresponding year ("FY 2019"). The decrease in Company revenue was due to the lower sale of goods from the retail segment, lower consignment income and lower rental income from the Isetan Wisma Atria investment property ("investment property"). Apart from the impact on revenue from the closure of Jurong East store, the decrease was mainly due to continuing impact that the Covid 19 pandemic has on our department store revenue in particular the temporary closures of retail stores during circuit breaker and Phase One from 7 April 2020 to 18 June 2020 except for the supermarket operations. After the resumption of operations from post Phase Two of circuit breaker, apart from Isetan Scotts which completed its renovation in November 2020, whereby Safe Distancing Measures and the prohibition of external event continued to impact the suburban stores. There was also a decrease in rental income resulting from rental rebates given to our tenants affected by the declined footfall.

Other income

Other income for FY 2020 was \$16,770,000, an increase of 60.49% over the corresponding year ("FY 2019"). During the year, there was lower rental income generated from the Scotts store due to mandatory rental relief provided to the tenants in response to government regulations following the Covid 19 outbreak in Singapore. The decrease in rental income was offset by an increase in other income from the recognition of finance leases under SFRS(I) 16, property tax grant income from the government and rental rebates from landlord.

Other (losses)/gains - net

Other losses for the FY 2020 was \$1,746,000, an increase over the corresponding year ("FY 2019"). The increase in other losses was mainly due to the increase in impairment for other investments, at amortised cost and trade receivables.

Purchases of inventories and related costs

Purchases of inventories and related costs for the FY 2020 was \$30,348,000, a decrease of 27.20% over the corresponding year ("FY 2019"). The decrease was mainly due to closure of Jurong East store and drop in sales in the other stores for FY 2020.

Depreciation expense

Depreciation expense for the FY 2020 was \$18,699,000, a decrease of 23.81% over the corresponding year ("FY 2019"). The decrease was mainly due to the impairment of right-of-use assets and property and plant and equipment provided in financial year ended 31 December 2019.

Rental expense

Rental expense for the FY 2020 was \$1,853,000, a decrease of 70.63% over the corresponding year ("FY 2019"). The decrease was mainly due to the closure of one short-term lease for Jurong East and reduction in gross turnover rent payment.

Impairment losses

Losses in the retail segment is reflective of the continuing challenges in the retail industry. Accordingly, an impairment charge of \$5,386,000 on property, plant and equipment ("PPE") and \$17,223,000 on right-of-use assets ("ROU") (2019: Impairment loss of \$4,321,000 on PPE and \$24,795,000 on ROU) was recorded to reduce the carrying value of these assets in the retail segment.

Unaudited Balance Sheet

The reduction in other investments, at amortised cost were mainly due to the matured bonds, early redemption and liquidation of bonds which were placed in fixed

The reduction in right-of-use ("ROU") assets were mainly due to the de-recognition of ROU for new finance leases entered into during the year, depreciation and impairment charges for the year.

Current trade and other payables as at 31 December 2020 decreased by \$10,277,000 compared with 31 December 2019, mainly due to the repayment made to trade creditors and decrease in trade purchases with the closure of Jurong East Store.

The reduction in lease liabilities were mainly due to the repayment made to the landlord and decrease in lease liabilities for the rebates received from landlords.

Unaudited Statement of Cash Flows

There was an increase in cash and cash equivalents amounting to \$9,843,000 in FY 2020, compared to a net decrease of \$11,387,000 in FY 2019. This is mainly attributed to the maturity of our long term other investment which is offset by the payment to trade creditors and property, plant and equipment.

Net cash generated from operating activities of \$16,181,000 in FY 2020 decreased as compared to net cash generated of \$20,848,000 in FY 2019. This resulted mainly due to increase in movement on trade creditors.

Net cash generated from investing activities for FY 2020 was \$18,189,000 compared to net cash used of \$7,351,000 in FY 2019 resulted due to cash generated from the redemption and maturity of other investments, at amortised cost which were offset by payments made for property, plant and equipment.

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 Company operates and any known factors or events that may affect the Company in the next reporting period and the next 12 months.

The retail environment remains very challenging for the Company. A material recovery in business level is not expected for 2021. It is anticipated that the negative effect of Covid 19 on the retail industry as a whole will be present for some time. As such, the Company expects its sales revenue to be negatively impacted over the coming months, the duration and extent of which is difficult to predict at this point in time. The Company is focussed on driving operational performance across its business, which includes leveraging on its online business to expand its product offerings and customers reach so as to remain competitive. We will also continue to explore other potential opportunities for growth.

The Isetan Scotts renovation project has been completed in November 2020 and have been experiencing positive growth amidst social distancing measures. The Company remains cautiously optimistic that the newly renovated store will contribute positively towards the revenue of the Company.

In view of the challenging environment in the retail industry, the Company will continue to actively review its business strategies and make changes as appropriate.

11. Dividend

(a) Current Financial Year Reported On

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

(b) Corresponding year of the Immediately Preceding Financial Year

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

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	5.0 cents per ordinary share
Tax Rate	Tax exempt (1-tier)

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) Date payable

Not applicable.

(e) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason for the decision

No dividend has been declared mainly due to loss incurred in current financial year.

13. If the Company 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 required for announcement on full year results)

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 Company) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

2020	Retail	Property	Total
Segment revenue			
Sales to external customers	70,225		70,225
Rental income - IP		6,935	6,935
Other rental income	988		988
Rental rebates from landlord	4,550		4,550
Income from recognition of net investment in sublease	1,714		1,714
Government grant income	6,288	142	6,430
Segment result	(25,826)	3,583	(22,243)
Other income			3,088
Other losses			(1,152)
Share of profit of an associated company			82
Net loss			(20,225)
Segment liabilities	104,559	2,517	107,076
Total liabilities			107,076
2019			
Segment revenue			
Sales to external customers	100,700		100,700
Rental income - IP		11,185	11,185
Other rental income	3,019		3,019
Income from recognition of net investment in sublease	3,306		3,306
Segment result	(36,010)	5,030	(30,980)
Other income			4,124
Other losses			(65)
Share of profit of an associated company			389
Net loss			(26,532)
Other segment items			
Capital expenditure	12,696	656	13,352
Addition to ROU	75,335		75,335
Depreciation	22,087	2,455	24,542
Impairment on PPE	4,321		4,321
Impairment on ROU	24,795		24,795
Provision for onerous contracts	755		755
Assets and liabilities			
Segment assets	113,625	37,319	150,944
Unallocated assets:			
- Investment in an associated company			1,852
- Cash and cash equivalents			39,319
- Other investments at amortised costs			69,629
- Financial assets, at FVOCI			4,417
Total assets			266,161
Segment liabilities	133,161	3,999	137,160
Total liabilities			137,160

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 continued to face stiff competition. Revenue for this segment declined 31.04% in FY 2020 as compared to FY 2019. Despite efforts to reduce operating expenses, net loss of the Company decreased from \$26.53 million in FY 2019 to \$20.23 million in FY 2020 mainly due to impairment losses of property, plant and equipment ("PPE") and right-of-use ("ROU") assets.

18. A breakdown of sales.

	2020	2019	+ / (-)
	\$'000	\$'000	%
(a) Revenue reported for first half year	34,002	56,253	(39.56)
(b) Operating (loss)/profit after tax reported for first half year	(317)	1,575	(120.13)
(c) Revenue reported for second half year	43,158	55,632	(22.42)
(d) Operating loss after tax reported for second half year	(19,908)	(28,107)	(29.17)

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*
Preference	-	-
Total	-	\$2,062,500

*Relates to the final dividend for the financial year ended 31 December 2019 that was approved for payment to shareholders at the Annual General Meeting held on 26th April 2020.

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

BY ORDER OF THE BOARD

Lun Chee Leong
Company Secretary
26 February 2021