

ISETAN (SINGAPORE) LIMITED

Co. Reg. No. 197001177H

First Quarter Financial Statement and Dividend Announcement for the financial period ended 31 March 2015**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

I(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 period ended 31 March 2015

	Group		
	31.03.2015	31.03.2014	+ / (-)
	\$'000	\$'000	%
Sales	82,094	82,601	(0.61)
Other income	1,720	2,384	(27.85)
Expenses			
- Changes in inventories of finished goods	63	196	(67.86)
- Purchases of inventories and related costs	(60,273)	(60,375)	(0.17)
- Employee compensation	(5,681)	(5,521)	2.90
- Depreciation expense	(2,053)	(2,129)	(3.57)
- Rental expense	(11,700)	(10,494)	11.49
- Other expenses	(6,466)	(6,341)	1.97
Total expenses	<u>(86,110)</u>	<u>(84,664)</u>	1.71
Share of profit of an associated company	<u>30</u>	<u>-</u>	N.M.
(Loss) / profit before income tax	(2,266)	321	(805.92)
Income tax expense	<u>-</u>	<u>(56)</u>	N.M.
Net (loss) / profit for the financial period	<u>(2,266)</u>	<u>265</u>	(955.09)
Attributable to :			
Equity holders of the Company	<u>(2,266)</u>	<u>265</u>	(955.09)

Consolidated Statement of Comprehensive Income for the financial period ended 31 March 2015

	31.03.2015	31.03.2014	+ / (-)
	\$'000	\$'000	%
Net (loss) / profit for the period	(2,266)	265	(955.09)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
- Fair value gains	146	43	239.53
Currency translation differences arising from consolidation			
- Gains	<u>23</u>	<u>-</u>	N.M.
Other comprehensive income, net of tax	<u>169</u>	<u>43</u>	293.02
Total comprehensive (loss) / income for the financial period	<u>(2,097)</u>	<u>308</u>	(780.84)
Total comprehensive (loss) / income attributable to :			
Equity holders of the Company	<u>(2,097)</u>	<u>308</u>	(780.84)

N.M. not meaningful

Additional Disclosure

(i)	Group		+ / (-) %
	31.03.2015	31.03.2014	
	\$'000	\$'000	
Dividend income	28	53	(47.17)
Gross rental income	1,049	1,716	(38.87)
Interest income	580	552	5.07

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

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

Balance Sheets as at 31 March 2015

	Group		Company	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents	76,526	87,976	74,684	86,191
Trade and other receivables	9,466	11,612	9,438	11,575
Financial assets, held-to-maturity	14,500	16,500	14,500	16,500
Inventories	14,013	13,950	14,013	13,950
Other current assets	832	878	829	878
	115,337	130,916	113,464	129,094
Non-current assets				
Other receivables	321	330	321	330
Financial assets, available-for-sale	3,628	3,482	3,603	3,458
Financial assets, held-to-maturity	35,984	31,996	35,984	31,996
Club memberships	616	616	616	616
Investment in an associated company	54	-	2,598	2,598
Investment in a subsidiary	-	-	5,000	5,000
Rental deposits	7,075	6,973	7,075	6,973
Investment property	2,657	2,672	-	-
Property, plant and equipment	82,658	84,603	82,639	84,583
	132,993	130,672	137,836	135,554
Total assets	248,330	261,588	251,300	264,648

LIABILITIES**Current liabilities**

Trade and other payables	44,888	56,135	44,761	56,001
Current income tax liabilities	141	141	141	141
	45,029	56,276	44,902	56,142

Non-current liabilities

Other payables	2,459	2,377	2,459	2,377
Provisions for other liabilities and charges	1,553	1,549	1,553	1,549
Deferred income tax liabilities	392	392	725	725
	4,404	4,318	4,737	4,651

Total liabilities	49,433	60,594	49,639	60,793
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NET ASSETS	198,897	200,994	201,661	203,855
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EQUITY

Share capital	91,710	91,710	91,710	91,710
General reserve	17,000	17,000	17,000	17,000
Fair value reserve	1,511	1,365	1,489	1,344
Currency translation reserve	(205)	(228)	-	-
Retained earnings	88,881	91,147	91,462	93,801
Shareholders' equity	198,897	200,994	201,661	203,855

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

As at 31.03.2015		As at 31.03.2014	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.03.2015		As at 31.03.2014	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Not applicable.

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

Consolidated Statement of Cash Flows for the financial period ended 31 March 2015

	Group	
	31.03.2015	31.03.2014
	\$'000	\$'000
Cash flows from operating activities		
(Loss) / profit before income tax	(2,266)	321
Adjustments for:		
Depreciation expense	2,053	2,129
Property, plant and equipment written off	260	-
Interest income	(580)	(552)
Increase in provisions for other liabilities and charges	4	4
Dividend income	(28)	(53)
Share of profit of an associated company	(30)	-
	<u>(587)</u>	<u>1,849</u>
Changes in working capital		
Trade and other receivables	2,325	3,760
Inventories	(63)	(197)
Other assets	(58)	(167)
Trade and other payables	(10,319)	(15,291)
Cash used in operations	<u>(8,702)</u>	<u>(10,046)</u>
Income taxes paid	-	(360)
Loan repayments from directors	5	5
Net cash used in operating activities	<u>(8,697)</u>	<u>(10,401)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(1,198)	(1,047)
Proceeds from maturity of financial assets, held-to-maturity	2,000	-
Purchase of financial assets, held-to-maturity	(3,988)	-
Interest received	405	368
Dividend received	28	53
Net cash used in investing activities	<u>(2,753)</u>	<u>(626)</u>
Net decrease in cash and cash equivalents	<u>(11,450)</u>	<u>(11,027)</u>
Cash and cash equivalents at beginning of the financial period	<u>87,976</u>	<u>97,630</u>
Cash and cash equivalents at end of the financial period	<u>76,526</u>	<u>86,603</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 period ended 31 March 2015

	<u>Share capital</u> \$'000	<u>General reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Currency translation reserve</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Group						
Balance at 1 January 2015	91,710	17,000	1,365	(228)	91,147	200,994
Total comprehensive gain / (loss) for the period	-	-	146	23	(2,266)	(2,097)
Balance at 31 March 2015	<u>91,710</u>	<u>17,000</u>	<u>1,511</u>	<u>(205)</u>	<u>88,881</u>	<u>198,897</u>
Balance at 1 January 2014	91,710	17,000	1,227	(228)	97,377	207,086
Total comprehensive gain for the period	-	-	43	-	265	308
Balance at 31 March 2014	<u>91,710</u>	<u>17,000</u>	<u>1,270</u>	<u>(228)</u>	<u>97,642</u>	<u>207,394</u>
	<u>Share capital</u> \$'000	<u>General reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Currency translation reserve</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Company						
Balance at 1 January 2015	91,710	17,000	1,344	-	93,801	203,855
Total comprehensive gain / (loss) for the period	-	-	145	-	(2,339)	(2,194)
Balance at 31 March 2015	<u>91,710</u>	<u>17,000</u>	<u>1,489</u>	<u>-</u>	<u>91,462</u>	<u>201,661</u>
Balance at 1 January 2014	91,710	17,000	1,207	-	98,851	208,768
Total comprehensive gain for the period	-	-	43	-	221	264
Balance at 31 March 2014	<u>91,710</u>	<u>17,000</u>	<u>1,250</u>	<u>-</u>	<u>99,072</u>	<u>209,032</u>

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 period ended 31 March 2015	As at the end of financial year ended 31 December 2014
Total number of ordinary shares issued	41,250,000	41,250,000

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

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in preparing this financial statement for the current accounting year compared with the most recently audited financial statements for the year ended 31 December 2014, 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 2015, the Group adopted the revised Singapore Financial Reporting Standards (FRS) that are effective in this financial year as set out below:

(a) *FRS 40 - Investment Property*

(effective for annual periods beginning on after 1 July 2014)

The standard is amended to clarify that FRS 40 and FRS 103 are not mutually exclusive. The guidance in FRS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in FRS 103 to determine whether the acquisition of an investment property is a business combination.

The Group will apply this amendment for acquisition of investment property taking place on/after 1 January 2015.

(b) *FRS 108 - Operating Segments*

(effective for annual periods beginning on after 1 July 2014)

The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a 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 the entity's assets when segment assets are reported.

This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

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

	<u>Group</u>	31.03.2014
	<u>31.03.2015</u>	
(Loss) / earnings per ordinary share for the period based on net (loss) / profit attributable to shareholders :-		
(i) Based on weighted average number of ordinary shares in issue (cents)+	(5.49)	0.64
(ii) On a fully diluted basis (cents)++	(5.49)	0.64

+ The (loss) / earnings per share are calculated based on the issued ordinary shares of 41,250,000 (31 March 2014: 41,250,000)

++ The fully diluted (loss) / earnings per share are calculated based on the issued ordinary shares of 41,250,000 (31 March 2014: 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>	
	<u>31.03.2015</u>	31.12.2014	<u>31.03.2015</u>	31.12.2014
Net asset value per ordinary share based on issued share capital at the end of financial period / year	\$4.82	\$4.87	\$4.89	\$4.94

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

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

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

Review of Group Performance

Group sales for the period ended 31 March 2015 ("Q1 2015") was \$82.094 million, a decrease of 0.61% over the corresponding period ("Q1 2014"). The slight decrease in sales was largely attributed to lower sales at Isetan Katong which have been affected by the ongoing replacement of a set of internal escalators by the Landlord.

For Q1 2015, the Group incurred a loss after tax of \$2.266 million as compared to a profit after tax of \$0.265 million in Q1 2014. At Isetan Scotts, although the level of sales has seen an improvement, it has been affected by an upward adjustment in the rental expense, which in turn was the main reason for the overall increase in rental expense. The Isetan Jurong East store is only in its second year of operations and not contributing to profits yet. At Isetan Orchard, the reduction in rental income from the cessation of leases due to the conversion to rental area have also contributed to the loss incurred by the Group. For the associated company, the amount of unrecognized share of losses has been fully recovered by the share of profit and the Group has recorded a share of profit of \$30,000 in Q1 2015.

As compared to 31 December 2014, cash and cash equivalents had decreased mainly due to the losses incurred, settlement of amounts relating to trade and other payables, payments for property, plant and equipment and purchase of Financial Assets, held-to-maturity ("HTMs"). Under current assets, trade and other receivables had decreased mainly due to the settlement of outstanding amounts owing by debtors. HTMs under current assets had decreased due to the maturity of certain bonds. Under non-current assets, the purchase of new bonds led to the increase in HTMs. Property, plant and equipment decreased mainly due to depreciation. Under current liabilities, Trade and other payables decreased mainly due to the settlement of the amounts owing to creditors.

Under cash flows from operating activities, the lower amount needed to settle Trade and other payables resulted in a smaller outflow of cash in Q1 2015 as compared to Q1 2014. Under cash flows from investing activities, the larger net cash outflow in Q1 2015 as compared to Q1 2014 was largely due to the purchase of new HTMs.

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.

Isetan Orchard is undergoing a period of transition since the beginning of Quarter 2 of FY 2015 where the premises will be converted into rental area. In this regard, there will be no sales and rental income at the store until the potential tenants commence their leases, with the first tenancy likely to start in Q4 2015 and the rest expected over the next financial year.

11. Dividend

(a) Current Financial Year Reported On

Any dividend recommended for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared.

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

No IPT mandate has been obtained.

14. Negative confirmation pursuant to Rule 705(5)

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the first quarter of 2015 financial results to be false or misleading in any material respect

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

Not applicable.

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

Not applicable.

17. A breakdown of sales.

Not applicable.

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

Total Annual Dividend

	Latest full year	Previous full year
Ordinary	-	-
Preference	-	-
Total:	-	-

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(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 period ended 31 March 2015, 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
14 May 2015