

**Third Quarter Financial Statement and Dividend Announcement for the financial period ended 30 September 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 30 September 2015**

	<b>Group</b>		<b>+ / (-)</b>
	<b>30.09.2015</b>	<b>30.09.2014</b>	
	<b>\$'000</b>	<b>\$'000</b>	
Sales	68,713	79,948	(14.05)
Other income	1,608	2,012	(20.08)
Expenses			
- Changes in inventories of finished goods	88	266	(66.92)
- Purchases of inventories and related costs	(50,642)	(59,460)	(14.83)
- Employee compensation	(5,620)	(5,514)	1.92
- Depreciation expense	(2,037)	(2,076)	(1.88)
- Rental expense	(11,957)	(11,148)	7.26
- Other expenses	(6,662)	(6,958)	(4.25)
Total expenses	<u>(76,830)</u>	<u>(84,890)</u>	(9.49)
Share of profit of an associated company	28	-	N.M.
<b>Loss before income tax</b>	<b>(6,481)</b>	<b>(2,930)</b>	<b>121.19</b>
Income tax refund	332	-	N.M.
<b>Net loss for the financial period</b>	<b><u>(6,149)</u></b>	<b><u>(2,930)</u></b>	<b>109.86</b>
<b>Attributable to :</b>			
Equity holders of the Company	<b><u>(6,149)</u></b>	<b><u>(2,930)</u></b>	<b>109.86</b>

**Consolidated Statement of Comprehensive Income for the financial period ended 30 September 2015**

	<b>Group</b>		<b>+ / (-)</b>
	<b>30.09.2015</b>	<b>30.09.2014</b>	
	<b>\$'000</b>	<b>\$'000</b>	
Net loss for the period	(6,149)	(2,930)	109.86
<b>Other comprehensive loss</b>			
Item that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
- Fair value loss	(101)	(39)	158.97
Currency translation differences arising from consolidation			
- Gains	2	-	N.M.
<b>Other comprehensive loss, net of tax</b>	<b><u>(99)</u></b>	<b><u>(39)</u></b>	<b>153.85</b>
<b>Total comprehensive loss for the financial period</b>	<b><u>(6,248)</u></b>	<b><u>(2,969)</u></b>	<b>110.44</b>
<b>Total comprehensive loss attributable to :</b>			
Equity holders of the Company	<b><u>(6,248)</u></b>	<b><u>(2,969)</u></b>	<b>110.44</b>

N.M. not meaningful

**Additional Disclosure**

(i)	<b>Group</b>		+ / (-) %
	<b>30.09.2015</b>	<b>30.09.2014</b>	
	<b>\$'000</b>	<b>\$'000</b>	
Dividend income	47	2	2250.00
Gross rental income	978	1,383	(29.28)
Interest income	549	590	(6.95)

(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 30 September 2015**

	<b>Group</b>		<b>Company</b>	
	<b>30.09.2015</b>	<b>31.12.2014</b>	<b>30.09.2015</b>	<b>31.12.2014</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	70,756	87,976	68,799	86,191
Trade and other receivables	7,757	11,612	7,728	11,575
Financial assets, held-to-maturity	-	16,500	-	16,500
Inventories	13,253	13,950	13,253	13,950
Non-current assets classified as held for sale	336	-	336	-
Other current assets	1,284	878	1,282	878
	<b>93,386</b>	<b>130,916</b>	<b>91,398</b>	<b>129,094</b>
<b>Non-current assets</b>				
Other receivables	254	330	254	330
Financial assets, available-for-sale	3,435	3,482	3,413	3,458
Financial assets, held-to-maturity	40,484	31,996	40,484	31,996
Club memberships	94	616	94	616
Investment in an associated company	79	-	2,598	2,598
Investment in a subsidiary	-	-	5,000	5,000
Rental deposits	7,709	6,973	7,709	6,973
Investment properties	29,407	2,692	26,760	-
Property, plant and equipment	55,052	84,583	55,052	84,583
	<b>136,514</b>	<b>130,672</b>	<b>141,364</b>	<b>135,554</b>
<b>Total assets</b>	<b>229,900</b>	<b>261,588</b>	<b>232,762</b>	<b>264,648</b>

**LIABILITIES****Current liabilities**

Trade and other payables	41,915	56,135	41,786	56,001
Current income tax liabilities	-	141	-	141
	<b>41,915</b>	<b>56,276</b>	<b>41,786</b>	<b>56,142</b>

**Non-current liabilities**

Other payables	2,432	2,377	2,432	2,377
Provisions for other liabilities and charges	1,536	1,549	1,536	1,549
Deferred income tax liabilities	392	392	725	725
	<b>4,360</b>	<b>4,318</b>	<b>4,693</b>	<b>4,651</b>

**Total liabilities**

	<b>46,275</b>	<b>60,594</b>	<b>46,479</b>	<b>60,793</b>
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**NET ASSETS**

	<b>183,625</b>	<b>200,994</b>	<b>186,283</b>	<b>203,855</b>
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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	1,318	1,365	1,299	1,344
Currency translation reserve	(194)	(228)	-	-
Retained earnings	73,791	91,147	76,274	93,801
<b>Shareholders' equity</b>	<b>183,625</b>	<b>200,994</b>	<b>186,283</b>	<b>203,855</b>

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

As at 30.09.2015		As at 30.09.2014	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Amount repayable after one year**

As at 30.09.2015		As at 30.09.2014	
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 period ended 30 September 2015**

	<b>Group</b>	
	<b>30.09.2015</b>	30.09.2014
	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>		
Loss before income tax	(6,481)	(2,930)
Adjustments for:		
Depreciation expense	2,037	2,076
Impairment loss in value of club memberships	114	-
Loss from disposal of club membership	36	-
Property, plant and equipment written off	70	70
Gain on disposal of property, plant and equipment	(3)	-
Interest income	(549)	(590)
(Decrease) / Increase in provisions for other liabilities and charges	(21)	3
Dividend income	(47)	(2)
Share of profit of an associated company	(28)	-
	<u>(4,872)</u>	<u>(1,373)</u>
Changes in working capital		
Trade and other receivables	(15)	202
Inventories	(88)	(266)
Other assets	88	(193)
Trade and other payables	1,068	(1,613)
Cash used in operations	<u>(3,819)</u>	<u>(3,243)</u>
Income taxes discharged	175	(560)
Loan repayments from directors	2	5
<b>Net cash used in operating activities</b>	<u>(3,642)</u>	<u>(3,798)</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of club membership	36	-
Proceeds from disposal of property, plant and equipment	3	-
Payments for property, plant and equipment	(1,699)	(780)
Proceeds from maturity of financial assets, held-to-maturity	3,500	-
Purchase of financial assets, held-to-maturity	-	(1,000)
Interest received	451	391
Dividend received	47	2
<b>Net cash provided by / (used in) investing activities</b>	<u>2,338</u>	<u>(1,387)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(1,304)</u>	<u>(5,185)</u>
Cash and cash equivalents at beginning of the financial period	<u>72,060</u>	<u>81,851</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u>70,756</u>	<u>76,666</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 30 September 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
<b>Group</b>						
Balance at 1 July 2015	91,710	17,000	1,419	(196)	79,940	189,873
Total comprehensive loss for the period	-	-	(101)	2	(6,149)	(6,248)
Balance at 30 September 2015	<u>91,710</u>	<u>17,000</u>	<u>1,318</u>	<u>(194)</u>	<u>73,791</u>	<u>183,625</u>
Balance at 1 July 2014	91,710	17,000	1,305	(228)	93,334	203,121
Total comprehensive loss for the period	-	-	(39)	-	(2,930)	(2,969)
Balance at 30 September 2014	<u>91,710</u>	<u>17,000</u>	<u>1,266</u>	<u>(228)</u>	<u>90,404</u>	<u>200,152</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
<b>Company</b>						
Balance at 1 July 2015	91,710	17,000	1,397	-	82,491	192,598
Total comprehensive loss for the period	-	-	(98)	-	(6,217)	(6,315)
Balance at 30 September 2015	<u>91,710</u>	<u>17,000</u>	<u>1,299</u>	<u>-</u>	<u>76,274</u>	<u>186,283</u>
Balance at 1 July 2014	91,710	17,000	1,281	-	94,721	204,712
Total comprehensive loss for the period	-	-	(36)	-	(2,978)	(3,014)
Balance at 30 September 2014	<u>91,710</u>	<u>17,000</u>	<u>1,245</u>	<u>-</u>	<u>91,743</u>	<u>201,698</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 30 September 2015	As at the end of financial year ended 30 September 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 has applied 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>	
	30.09.2015	30.09.2014
Loss per ordinary share for the period based on net loss attributable to shareholders :-		
(i) Based on weighted average number of ordinary shares in issue (cents)+	(14.91)	(7.10)
(ii) On a fully diluted basis (cents)++	(14.91)	(7.10)

+ The loss per share are calculated based on the issued ordinary shares of 41,250,000 (30 September 2014: 41,250,000)

++ The fully diluted loss per share are calculated based on the issued ordinary shares of 41,250,000 (30 September 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>	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
Net asset value per ordinary share based on issued share capital at the end of financial period / year	\$4.45	\$4.87	\$4.52	\$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 30 September 2015 ("Q3 2015") was \$68.713 million, a decrease of 14.05% over the corresponding period ("Q3 2014"). Similar to the preceding quarter ("Q2 2015"), the ceasing of retail operations at Isetan Orchard since end March 2015 to prepare the store space for renting out had a negative impact on the Group's sales for Q3 2015. With the exception of Isetan Jurong East which is still experiencing growth in sales, the other stores had lower sales. This is due to ongoing renovations at Isetan Scotts supermarket, more competition in certain malls that the Group's stores operate in as well as the impact of the slower economic growth.

For Q3 2015, the Group incurred a loss after tax of \$6.149 million as compared to a loss after tax of \$2.930 million in Q3 2014. Other income for Q3 2015 was lower than Q3 2014 mainly due to the lower rental income received from Isetan Orchard; the rental income from the first tenant at Isetan Orchard in Q3 2015 could not match the rental income received in Q3 2014. At Isetan Scotts, the higher rental expense continued to impact the results of the store and was also a major reason for the overall increase in the rental expense. Efforts were put in to reduce operating expenses and that resulted in lower "other expenses" in Q3 2015 as compared to Q3 2014. For the associated company, there was a share of profit of \$28,000.

As compared to 31 December 2014, the decrease in cash and cash equivalents was contributed by the loss incurred, settlement of amounts relating to trade and other payables, payments for property, plant and equipment and dividend. Under current assets, trade and other receivables decreased mainly due to the settlement of outstanding amounts owing by debtors. Financial Assets, held-to-maturity ("HTMs") under current assets have all matured, thereby leading to a zero balance. Part of Club memberships has been reclassified as "Non-current assets classified as held for sale" under current assets as the group has already disposed of one membership and has the intention of selling additional memberships. Under non-current assets, the purchase of new bonds led to the increase in HTMs. The property at Isetan Orchard was re-classified from property, plant and equipment ("PPE") to Investment properties ("IP") in Q2 2015, which explains the increase in the value of the IP line item as well as the decrease in the PPE line item. 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 losses incurred contributed mainly to the net outflow of cash in Q3 2015. Under cash flows from investing activities, the proceeds from the maturity of HTMs was the main reason for the net inflow of cash in Q3 2015 as compared to a net outflow in Q3 2014.

**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.**

Sales for the next two quarters will continue to be impacted by Isetan Orchard where store operations have stopped since end March 2015 for the conversion of the store space for rental purposes. However, the Group expects to receive more rental income from Isetan Orchard when the confirmed tenants are likely to start their lease terms in Q1 2016. Moving forward, the slower economic growth may impact sales and the trading environment is expected to remain very competitive among retailers.

#### **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/recommended, 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 third 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

**BY ORDER OF THE BOARD**

Lun Chee Leong  
Company Secretary  
13 November 2015