

**ISETAN (SINGAPORE) LIMITED**

Co. Reg. No. 197001177H

**Second Quarter Financial Statement and Dividend Announcement for the financial period ended 30 June 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 June 2015**

	<b>Group</b>		<b>+ / (-)</b>
	<b>30.06.2015</b>	<b>30.06.2014</b>	
	<b>\$'000</b>	<b>\$'000</b>	
Sales	71,467	82,286	(13.15)
Other income	1,325	2,486	(46.70)
Expenses			
- Changes in inventories of finished goods	(848)	19	N.M.
- Purchases of inventories and related costs	(52,218)	(61,097)	(14.53)
- Employee compensation	(5,264)	(5,501)	(4.31)
- Depreciation expense	(2,020)	(2,120)	(4.72)
- Rental expense	(11,608)	(10,732)	8.16
- Other expenses	(6,667)	(6,555)	1.71
Total expenses	<u>(78,625)</u>	<u>(85,986)</u>	(8.56)
Share of loss of an associated company	(14)	-	N.M.
<b>Loss before income tax</b>	<b>(5,847)</b>	<b>(1,214)</b>	<b>381.63</b>
Income tax expense	-	-	N.M.
<b>Net loss for the financial period</b>	<b><u>(5,847)</u></b>	<b><u>(1,214)</u></b>	<b>381.63</b>
<b>Attributable to :</b>			
Equity holders of the Company	<u>(5,847)</u>	<u>(1,214)</u>	381.63

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

	<b>Group</b>		<b>+ / (-)</b>
	<b>30.06.2015</b>	<b>30.06.2014</b>	
	<b>\$'000</b>	<b>\$'000</b>	
Net loss for the period	(5,847)	(1,214)	381.63
<b>Other comprehensive loss / (gain)</b>			
Item that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
- Fair value (loss) / gain	(92)	35	(362.86)
Currency translation differences arising from consolidation			
- Gains	9	-	N.M.
<b>Other comprehensive loss / (gain), net of tax</b>	<u>(83)</u>	<u>35</u>	<u>(337.14)</u>
<b>Total comprehensive loss for the financial period</b>	<b><u>(5,930)</u></b>	<b><u>(1,179)</u></b>	<b>402.97</b>
<b>Total comprehensive loss attributable to :</b>			
Equity holders of the Company	<u>(5,930)</u>	<u>(1,179)</u>	402.97

N.M. not meaningful

**Additional Disclosure**

(i)	<b>Group</b>		+ / (-) %
	<b>30.06.2015</b> <b>\$'000</b>	<b>30.06.2014</b> <b>\$'000</b>	
Dividend income	53	93	(43.01)
Gross rental income	627	1,737	(63.90)
Interest income	575	544	5.70

(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 June 2015**

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2015</b> <b>\$'000</b>	<b>31.12.2014</b> <b>\$'000</b>	<b>30.06.2015</b> <b>\$'000</b>	<b>31.12.2014</b> <b>\$'000</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	72,060	87,976	70,164	86,191
Trade and other receivables	7,615	11,612	7,584	11,575
Financial assets, held-to-maturity	3,500	16,500	3,500	16,500
Inventories	13,165	13,950	13,165	13,950
Other current assets	1,069	878	1,067	878
	<b>97,409</b>	<b>130,916</b>	<b>95,480</b>	<b>129,094</b>
<b>Non-current assets</b>				
Other receivables	285	330	285	330
Financial assets, available-for-sale	3,536	3,482	3,510	3,458
Financial assets, held-to-maturity	40,484	31,996	40,484	31,996
Club memberships	616	616	616	616
Investment in an associated company	49	-	2,598	2,598
Investment in a subsidiary	-	-	5,000	5,000
Rental deposits	7,854	6,973	7,854	6,973
Investment property	29,257	2,692	26,595	-
Property, plant and equipment	55,185	84,583	55,185	84,583
	<b>137,266</b>	<b>130,672</b>	<b>142,127</b>	<b>135,554</b>
<b>Total assets</b>	<b>234,675</b>	<b>261,588</b>	<b>237,607</b>	<b>264,648</b>

**LIABILITIES****Current liabilities**

Trade and other payables	40,368	56,135	40,242	56,001
Current income tax liabilities	-	141	-	141
	<b>40,368</b>	<b>56,276</b>	<b>40,242</b>	<b>56,142</b>

**Non-current liabilities**

Other payables	2,485	2,377	2,485	2,377
Provisions for other liabilities and charges	1,557	1,549	1,557	1,549
Deferred income tax liabilities	392	392	725	725
	<b>4,434</b>	<b>4,318</b>	<b>4,767</b>	<b>4,651</b>

**Total liabilities**

	<b>44,802</b>	<b>60,594</b>	<b>45,009</b>	<b>60,793</b>
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**NET ASSETS**

	<b>189,873</b>	<b>200,994</b>	<b>192,598</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	1,419	1,365	1,397	1,344
Currency translation reserve	(196)	(228)	-	-
Retained earnings	79,940	91,147	82,491	93,801
<b>Shareholders' equity</b>	<b>189,873</b>	<b>200,994</b>	<b>192,598</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 30.06.2015		As at 30.06.2014	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Amount repayable after one year**

As at 30.06.2015		As at 30.06.2014	
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 June 2015**

	<b>Group</b>	
	<b>30.06.2015</b>	30.06.2014
	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>		
Loss before income tax	(5,847)	(1,214)
Adjustments for:		
Depreciation expense	2,020	2,120
Property, plant and equipment written off	58	-
Loss from disposal of financial assets, available-for-sales	1	-
Interest income	(575)	(544)
Increase in provisions for other liabilities and charges	4	4
Dividend income	(53)	(93)
Share of loss of an associated company	14	-
	<u>(4,378)</u>	273
Changes in working capital		
Trade and other receivables	1,708	522
Inventories	848	(19)
Other assets	(1,002)	(54)
Trade and other payables	(4,861)	865
Cash (used in) / generated from operations	<u>(7,685)</u>	1,587
Income taxes paid	(156)	(560)
Loan repayments from directors	4	5
<b>Net cash (used in) / provided by operating activities</b>	<u>(7,837)</u>	1,032
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(837)	(3,501)
Proceeds from maturity of financial assets, held-to-maturity	11,000	-
Purchase of financial assets, held-to-maturity	(4,500)	-
Interest received	749	718
Dividend received	53	93
<b>Net cash provided by / (used in) investing activities</b>	<u>6,465</u>	(2,690)
<b>Cash flows from financing activities</b>		
Dividend paid	(3,094)	(3,094)
<b>Net cash used in financing activities</b>	<u>(3,094)</u>	(3,094)
<b>Net decrease in cash and cash equivalents</b>	(4,466)	(4,752)
Cash and cash equivalents at beginning of the financial period	<u>76,526</u>	86,603
<b>Cash and cash equivalents at end of the financial period</b>	<u>72,060</u>	81,851

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 June 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 April 2015	91,710	17,000	1,511	(205)	88,881	198,897
Total comprehensive loss for the period	-	-	(92)	9	(5,847)	(5,930)
Dividend for year ended 31 December 2014	-	-	-	-	(3,094)	(3,094)
Balance at 30 June 2015	<b>91,710</b>	<b>17,000</b>	<b>1,419</b>	<b>(196)</b>	<b>79,940</b>	<b>189,873</b>
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Balance at 1 April 2014	91,710	17,000	1,270	(228)	97,642	207,394
Total comprehensive loss for the period	-	-	35	-	(1,214)	(1,179)
Dividend for year ended 31 December 2013	-	-	-	-	(3,094)	(3,094)
Balance at 30 June 2014	<b>91,710</b>	<b>17,000</b>	<b>1,305</b>	<b>(228)</b>	<b>93,334</b>	<b>203,121</b>
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	<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 April 2015	91,710	17,000	1,489	-	91,462	201,661
Total comprehensive loss for the period	-	-	(92)	-	(5,877)	(5,969)
Dividend for year ended 31 December 2014	-	-	-	-	(3,094)	(3,094)
Balance at 30 June 2015	<b>91,710</b>	<b>17,000</b>	<b>1,397</b>	<b>-</b>	<b>82,491</b>	<b>192,598</b>
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Balance at 1 April 2014	91,710	17,000	1,250	-	99,072	209,032
Total comprehensive loss for the period	-	-	31	-	(1,257)	(1,226)
Dividend for year ended 31 December 2013	-	-	-	-	(3,094)	(3,094)
Balance at 30 June 2014	<b>91,710</b>	<b>17,000</b>	<b>1,281</b>	<b>-</b>	<b>94,721</b>	<b>204,712</b>

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 June 2015	As at the end of financial year ended 30 June 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>	
	30.06.2015	30.06.2014
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)+	(14.17)	(2.94)
(ii) On a fully diluted basis (cents)++	(14.17)	(2.94)

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

++ The fully diluted loss per share are calculated based on the issued ordinary shares of 41,250,000 (30 June 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>	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Net asset value per ordinary share based on issued share capital at the end of financial period / year	\$4.60	\$4.87	\$4.67	\$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 June 2015 ("Q2 2015") was \$71.467 million, a decrease of \$10.819 million or 13.15% over the corresponding period ("Q2 2014"). The decrease was largely due to the ceasing of retail operations at Isetan Orchard at the end of March 2015 to prepare the store space for renting out and the slowdown in sales for all stores (except Isetan Jurong East) due to an environment of slower economic growth and stiff competition amongst retailers.

For Q2 2015, the Group incurred a loss after tax of \$5.847 million as compared to a loss after tax of \$1.214 million in Q2 2014. At Isetan Scotts, the higher rental expense affected the results of the store and was also the main reason for the overall increase in the rental expense. At Isetan Orchard, the process of finding tenants and converting the space for renting out is ongoing. In this respect, there was no rental income from this store during Q2 2015 and this has affected Other Income. At Isetan Jurong East, although the store is experiencing sales growth, it is not contributing to profits yet. The general slowdown in sales was also a drag on the results of the Group for Q2 2015. For the associated company, there was a share of loss of \$14,000.

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 decreased due to the maturity of certain HTMs. 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 property ("IP"), thereby explaining the increase in the value of the IP line item (\* please see footnote) 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 higher losses incurred and higher amounts used to settle Trade and other payables led to the net outflow of cash in Q2 2015 as compared to a cash inflow in Q2 2014. Under cash flows from investing activities, the proceeds from the maturity of HTMs exceeded the amount used to purchase new HTMs and led to the net inflow of cash in Q2 2015 as compared to a net outflow in Q2 2014.

(\* Similar to the IP owned by the subsidiary, the Group has applied the cost model with respect to the IP at Isetan Orchard. The market value of the property will be disclosed in the next Annual Report as a note to the accounts.)

**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 Singapore economy grew by 1.8 per cent on a year-on-year basis in the second quarter of 2015 and the Government has revised the 2015 economic growth forecast to 2.0 to 2.5 percent from 2.0 to 4.0 percent. This downward adjustment signals a tougher trading environment for the rest of the year. Moving forward, group sales will be affected by major renovations being carried out in phases at Isetan Scotts supermarket that will last into 2016. Sales will also be impacted by Isetan Orchard where there has been no sales since the beginning of April 2015 as the store space is being converted into rental area. As such, the group results for 2015 is not expected to be better than that of 2014.

**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 second 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  
14 August 2015