

Third Quarter Financial Statement and Dividend Announcement for the period ended 30 September 2017

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 period ended 30 September 2017

	Group		
	30.09.2017	30.09.2016	+ / (-)
	\$'000	\$'000	%
Revenue	64,936	69,109	(6.04)
Other income	1,381	1,366	1.10
Other gains	27	7,514	(99.64)
Expenses			
- Changes in inventories of finished goods	(545)	(574)	(5.05)
- Purchases of inventories and related costs	(45,722)	(48,774)	(6.26)
- Employee compensation	(4,574)	(5,321)	(14.04)
- Depreciation expense	(1,811)	(1,941)	(6.70)
- Rental expense	(9,873)	(10,980)	(10.08)
- Other expenses	(4,807)	(5,027)	(4.38)
Total expenses	(67,332)	(72,617)	(7.28)
Share of profit of an associated company	97	10	870.00
(Loss) / profit before income tax	(891)	5,382	(116.56)
Income tax expense	-	(36)	-
Net (loss) / profit after tax for the financial period	(891)	5,346	(116.67)
Attributable to :			
Equity holders of the Company	(891)	5,346	(116.67)

Consolidated Statement of Comprehensive Income for the financial period ended 30 September 2017

	30.09.2017	30.09.2016	+ / (-)
	\$'000	\$'000	%
(Loss) / profit for the financial period	(891)	5,346	(116.67)
Other comprehensive gain			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
- Fair value gain	10	29	(65.52)
Currency translation differences arising from consolidation			
- Gain / (loss)	1	(3)	(133.33)
Other comprehensive gain, net of tax	11	26	(57.69)
Total comprehensive (loss) / income for the financial period	(880)	5,372	(116.38)
Total comprehensive (loss) / income attributable to :			
Equity holders of the Company	(880)	5,372	(116.38)

Additional Disclosure

(i)	Group		+ / (-) %
	30.09.2017	30.09.2016	
	\$'000	\$'000	
Revenue			
- Sale of goods	62,228	66,571	(6.52)
- Rental income	2,708	2,538	6.70
	64,936	69,109	(6.04)
Other income:			
- Dividend income	1	38	(97.37)
- Other rental income	703	649	8.32
- Interest income	619	639	(3.13)
- Sundry income	58	40	45.00
Gain on disposal of investment property	-	7,319	N.M.

(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 30 September 2017**

	Group		Company	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents	56,470	54,688	51,345	42,660
Trade and other receivables	7,106	12,293	7,102	12,292
Financial assets, held-to-maturity	2,508	11,753	2,508	11,753
Inventories	11,146	11,489	11,146	11,489
Other current assets	5,607	709	5,607	709
	82,837	90,932	77,708	78,903
Non-current assets				
Other receivables	197	246	197	246
Financial assets, available-for-sale	3,726	3,455	3,726	3,429
Financial assets, held-to-maturity	45,922	44,534	45,922	44,534
Club memberships	235	235	235	235
Investment in an associated company	312	124	2,598	2,598
Investment in a subsidiary	-	-	5,000	5,000
Rental deposits	6,431	7,692	6,431	7,692
Investment property	30,034	31,486	30,034	31,486
Property, plant and equipment	44,682	48,045	44,682	48,045
	131,539	135,817	138,825	143,265
Total assets	214,376	226,749	216,533	222,168

LIABILITIES**Current liabilities**

Trade and other payables	37,117	47,186	37,117	47,177
	37,117	47,186	37,117	47,177

Non-current liabilities

Trade and other payables	5,243	5,245	5,243	5,245
Provisions for other liabilities and charges	1,993	1,938	1,993	1,938
	7,236	7,183	7,236	7,183

Total liabilities

	44,353	54,369	44,353	54,360
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NET ASSETS

	170,023	172,380	172,180	167,808
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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	1,551	1,278	1,551	1,255
Currency translation reserve	(214)	(203)	-	-
Other reserves	(140)	(140)	(140)	(140)
Retained earnings	60,116	62,735	62,059	57,983
Total equity	170,023	172,380	172,180	167,808

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

As at 30.09.17		As at 30.09.16	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.09.17		As at 30.09.16	
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 30 September 2017

	Group	
	30.09.2017	30.09.2016
	\$'000	\$'000
Cash flows from operating activities		
(Loss) / profit before income tax	(891)	5,382
Adjustments for:		
Depreciation expense	1,811	1,941
Amortisation of capitalised letting fees	23	-
Property, plant and equipment written off	23	-
Gain on disposal of club memberships	-	(186)
Gain on disposal of investment property	-	(7,319)
Loss / (gain) on early redemption by issuers of financial assets, held-to-maturity	1	(9)
Interest income	(619)	(639)
Increase in provisions for other liabilities and charges	19	22
Dividend income	(1)	(38)
Share of profit of an associated company	(97)	(10)
	<u>269</u>	<u>(856)</u>
Changes in working capital:		
Trade and other receivables	339	(997)
Inventories	545	574
Other assets and rental deposits	(1,246)	(731)
Trade and other payables	7	(555)
Cash used in operations	<u>(86)</u>	<u>(2,565)</u>
Income taxes paid	-	(36)
Net cash used in operating activities	<u>(86)</u>	<u>(2,601)</u>
Cash flows from investing activities		
Proceeds from disposal of club memberships	-	249
Proceeds from disposal of investment property	-	9,819
Payments for property, plant and equipment and investment property	(552)	(1,723)
Purchases of financial assets, held-to-maturity	(3,395)	-
Proceeds from maturity / early redemption by issuers of financial assets, held-to-maturity	5,250	254
Payments for letting fees	(28)	-
Payments for club membership	-	(8)
Interest received	465	457
Dividend received	1	38
Net repayments from / (loan to) employee	47	(16)
Net cash provided by investing activities	<u>1,788</u>	<u>9,070</u>
Net increase in cash and cash equivalents	<u>1,702</u>	<u>6,469</u>
Cash and cash equivalents at beginning of the financial period	<u>54,768</u>	<u>40,691</u>
Cash and cash equivalents at end of the financial period	<u>56,470</u>	<u>47,160</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 2017

	<u>Share capital</u> \$'000	<u>General reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Currency translation reserve</u> \$'000	<u>Other reserves</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Group							
Balance at 1 July 2017	91,710	17,000	1,541	(215)	(140)	61,007	170,903
Total comprehensive income/(loss) for the period	-	-	10	1	-	(891)	(880)
Balance at 30 September 2017	<u>91,710</u>	<u>17,000</u>	<u>1,551</u>	<u>(214)</u>	<u>(140)</u>	<u>60,116</u>	<u>170,023</u>
Balance at 1 July 2016	91,710	17,000	1,427	(201)	-	53,482	163,418
Total comprehensive income/(loss) for the period	-	-	29	(3)	-	5,346	5,372
Balance at 30 September 2016	<u>91,710</u>	<u>17,000</u>	<u>1,456</u>	<u>(204)</u>	<u>-</u>	<u>58,828</u>	<u>168,790</u>
	<u>Share capital</u> \$'000	<u>General reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Currency translation reserve</u> \$'000	<u>Other reserves</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Company							
Balance at 1 July 2017	91,710	17,000	1,513	-	(140)	56,100	166,183
Total comprehensive income for the period	-	-	38	-	-	5,959	5,997
Balance at 30 September 2017	<u>91,710</u>	<u>17,000</u>	<u>1,551</u>	<u>-</u>	<u>(140)</u>	<u>62,059</u>	<u>172,180</u>
Balance at 1 July 2016	91,710	17,000	1,404	-	-	55,894	166,008
Total comprehensive income/(loss) for the period	-	-	31	-	-	(2,041)	(2,010)
Balance at 30 September 2016	<u>91,710</u>	<u>17,000</u>	<u>1,435</u>	<u>-</u>	<u>-</u>	<u>53,853</u>	<u>163,998</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 2017	As at the end of financial year ended 31 December 2016
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 2016.

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.

Not applicable.

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>	
	30.09.2017	30.09.2016
(Loss) / profit per ordinary share for the financial period based on net (loss) / profit attributable to shareholders :-		
(i) Based on weighted average number of ordinary shares in issue (cents)+	(2.16)	12.96
(ii) On a fully diluted basis (cents)++	(2.16)	12.96

+ The (loss) / profit per share are calculated based on the issued ordinary shares of 41,250,000 (30 September 2016: 41,250,000)

++ The fully diluted (loss) / profit per share are calculated based on the issued ordinary shares of 41,250,000 (30 September 2016: 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>	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
Net asset value per ordinary share based on issued share capital at the end of financial period / year	\$4.12	\$4.18	\$4.17	\$4.07

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 period ended 30 September 2017 ("Q3 2017") was \$64.936 million, a decrease of 6.04% over the corresponding period ("Q3 2016"). The retail segment registered lower sales due to weaker consumer sentiment. Rental revenue from Isetan Wisma Atria investment property in Q3 2017 was higher than in Q3 2016 due to more tenants operating at the premises and this helped to mitigate the decrease in retail sales.

For Q3 2017, the Group incurred a net loss of \$0.891 million as compared to a net profit after tax of \$5.346 million in Q3 2016. Q3 2016's net profit was achieved on the back of a \$7.319 million gain on the disposal of an investment property owned by the subsidiary in September 2016 which was included in other gains. The losses incurred in the current period were 54.8% lower than those in Q3 2016 if the effect of gain on disposal was excluded. This is in spite of the reduction in revenue from sales of goods. The reduction in loss was attributed mainly to higher rental revenue from Isetan Wisma Atria investment property and reduction in expenses.

Under current assets, trade and other receivables decreased mainly due to the discontinuation of the credit facility of the in-house Isetan Credit Card from 1 April 2017. Financial assets, held-to-maturity ("HTMs") under current assets decreased due to the maturity and early redemption by the issuers of certain HTMs. Other current assets increased due to higher prepaid expenses and investments. Under non-current assets, rental deposits decreased due to lower rental upon rental revision. Under current liabilities, trade and other payables decreased due to the settlement of amounts owing to trade and other creditors.

Under cash flows from operating activities, the net cash outflow in Q3 2017 was lower than Q3 2016 mainly due to the decrease in the trade and other receivables balance in Q3 2017 as compared to the increase during Q3 2016. Under cash flows from investing activities, the lower cash inflow in Q3 2017 as opposed to Q3 2016 was mainly due to the absence of proceeds from the disposal of investment property which was observed in Q3 2016.

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 government has forecast economic growth of 2.0% to 3.0% for 2017, before moderating in 2018. Despite the improvement in the overall business climate, the Group remains cautious on its business outlook amidst the weak labour market conditions and does not expect significant uplift in consumer sentiment. Hence, the retail sector is expected to remain highly competitive and challenging.

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 2017 financial results to be false or misleading in any material respect.

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.

Not applicable.

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.

Not applicable.

18. A breakdown of sales.

Not applicable.

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	-	-
Preference	-	-
Total:	-	-

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
10 November 2017