

**A. Condensed interim statements of profit or loss and other comprehensive income**

Note	6 months ended	6 months ended	+ / (-) %	12 months ended	12 months ended	+ / (-) %	
	31.12.2021 S'000	31.12.2020 S'000		31.12.2021 S'000	31.12.2020 S'000		
Revenue	6	47,437	43,158	9.91	85,804	77,160	11.20
Other income	7	2,735	7,456	-63.32	6,746	16,770	-59.77
Other gains / (losses) - net							
- Impairment loss on financial assets	8	(48)	(12)	300.00	(50)	(1,830)	-97.27
- Others	8	236	71	232.39	188	84	123.81
Expenses							
- Changes in inventories of finished goods		(1,544)	(236)	554.24	(1,885)	(1,275)	47.84
- Purchases of inventories and related costs		(17,229)	(17,538)	-1.76	(31,753)	(30,348)	4.63
- Employee compensation	9	(8,011)	(7,888)	1.56	(15,644)	(15,343)	1.96
- Depreciation expense		(6,020)	(9,103)	-33.87	(11,853)	(18,699)	-36.61
- Rental expense		(1,233)	(875)	40.91	(2,377)	(1,853)	28.28
- Service charge expense		(3,112)	(2,784)	11.78	(6,223)	(5,019)	23.99
- Interest expense		(921)	(1,286)	-28.38	(1,971)	(2,510)	-21.47
- Impairment of right-of-use assets		(1,631)	(17,223)	-90.53	(1,631)	(17,223)	-90.53
- Impairment loss on property, plant and equipment		(810)	(5,386)	-84.96	(810)	(5,386)	-84.96
- Other expenses	10	(8,880)	(8,358)	6.25	(16,327)	(14,835)	10.06
Total expenses		(49,391)	(70,677)	-30.12	(90,474)	(112,491)	-19.57
Share of (loss) / profit of an associate		(63)	96	N.M.	(58)	82	N.M.
<b>Profit / (Loss) before income tax</b>		906	(19,908)	N.M.	2,156	(20,225)	N.M.
Income tax expense	23	-	-		-	-	
<b>Net profit / (loss) after tax for the financial period</b>		906	(19,908)	N.M.	2,156	(20,225)	N.M.
<b>Attributable to :</b>							
Equity holders of the Company		906	(19,908)	N.M.	2,156	(20,225)	N.M.
Earnings / (Loss) per share for net loss attributable to the equity holders of the Company (cents per share)							
- Basic		2.19 cents	(48.26) cents		5.22 cents	(49.03) cents	
- Diluted		2.19 cents	(48.26) cents		5.22 cents	(49.03) cents	
		<b>6 months ended</b>	<b>6 months ended</b>	<b>+ / (-)</b>	<b>12 months ended</b>	<b>12 months ended</b>	<b>+ / (-)</b>
		<b>31.12.2021</b>	<b>31.12.2020</b>	<b>%</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>%</b>
		<b>S'000</b>	<b>S'000</b>		<b>S'000</b>	<b>S'000</b>	
<b>Net profit / (loss) for the financial period</b>		906	(19,908)	N.M.	2,156	(20,225)	N.M.
<b>Other comprehensive income / (loss)</b>							
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation differences		39	61	-36.07	85	99	-14.14
Item that will not be reclassified subsequently to profit or loss:							
Financial assets, fair value through other comprehensive income							
- Fair value gain / (loss)		477	(148)	N.M.	(312)	5	N.M.
Actuarial loss on retirement benefit obligation		(221)	-	N.M.	(221)	-	N.M.
<b>Other comprehensive income / (loss), net of tax</b>		295	(87)	N.M.	(448)	104	N.M.
<b>Total comprehensive income / (loss) for the financial period</b>		1,201	(19,995)	N.M.	1,708	(20,121)	N.M.
<b>Total comprehensive income / (loss) attributable to :</b>							
Equity holders of the Company		1,201	(19,995)	N.M.	1,708	(20,121)	N.M.

**B. Condensed interim statements of financial position**

	Note	31.12.2021 \$'000	31.12.2020 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		70,150	49,162
Trade and other receivables	13 (a)	5,505	6,141
Other investments, at amortised cost		5,036	14,433
Inventories		5,640	7,525
Rental deposit		1,411	-
Other current assets		2,040	2,032
		<u>89,782</u>	<u>79,293</u>
<b>Non-current assets</b>			
Trade and other receivables	13 (b)	4,502	5,978
Financial assets, at FVOCI	14	4,206	4,518
Other investments, at amortised cost		24,390	29,996
Club memberships		170	170
Investment in an associate		2,060	2,033
Rental deposits		3,811	5,232
Investment properties	15	30,511	32,851
Property, plant and equipment	16	23,899	24,683
Right-of-use assets	17	20,264	29,139
		<u>113,813</u>	<u>134,600</u>
<b>Total assets</b>		<u>203,595</u>	<u>213,893</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		33,349	31,289
Provisions		1,544	-
Lease liabilities		16,623	16,758
		<u>51,516</u>	<u>48,047</u>
<b>Non-current liabilities</b>			
Trade and other payables		3,866	2,892
Provisions		2,563	2,386
Lease liabilities		37,125	53,751
		<u>43,554</u>	<u>59,029</u>
<b>Total liabilities</b>		<u>95,070</u>	<u>107,076</u>
<b>NET ASSETS</b>		<u>108,525</u>	<u>106,817</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	18	91,710	91,710
General reserve		17,000	17,000
Fair value reserve		1,534	1,846
Currency translation reserve		120	35
Other reserves		70	291
Accumulated losses		(1,909)	(4,065)
<b>Total equity</b>		<u>108,525</u>	<u>106,817</u>

**C. Condensed interim statements of changes in equity**

	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 at 1 January 2021	91,710	17,000	1,846	35	291	(4,065)	106,817
Total comprehensive (loss) / income for the year	-	-	(312)	85	(221)	2,156	1,708
Balance at 31 December 2021	<u>91,710</u>	<u>17,000</u>	<u>1,534</u>	<u>120</u>	<u>70</u>	<u>(1,909)</u>	<u>108,525</u>
Balance at 1 January 2020	91,710	17,000	1,841	(64)	291	18,223	129,001
Total comprehensive income / (loss) for the year	-	-	5	99	-	(20,225)	(20,121)
Dividend paid	-	-	-	-	-	(2,063)	(2,063)
Balance at 31 December 2020	<u>91,710</u>	<u>17,000</u>	<u>1,846</u>	<u>35</u>	<u>291</u>	<u>(4,065)</u>	<u>106,817</u>

**D. Condensed interim consolidated statement of cash flows**

	12 months ended 31.12.2021 S'000	12 months ended 31.12.2020 S'000
<b>Cash flows from operating activities</b>		
Profit / (Loss) before income tax	2,156	(20,225)
Adjustments for:		
Depreciation expense	11,853	18,699
Amortisation of capitalised letting fees	-	2
Gain on disposal of club memberships	-	(13)
Gain on disposal of other investments, at amortised cost	(157)	(74)
Gain on disposal of property, plant and equipment	(31)	-
Interest income	(1,645)	(2,600)
Changes in provisions for other liabilities and charges	71	71
Interest expense	1,971	2,510
Impairment loss on financial assets	50	1,830
Impairment loss on right-of-use assets	1,631	17,223
Impairment loss on property, plant and equipment	810	5,386
Dividend income	(91)	(142)
Rent concession income	(29)	(4,774)
Income from recognition of net investment in sublease	(109)	(2,282)
Share of loss / (profit) of an associate	58	(82)
	<u>16,538</u>	<u>15,529</u>
Changes in working capital		
Trade and other receivables	2,530	1,846
Inventories	1,885	1,275
Other assets and rental deposits	2	1,645
Trade and other payables	2,813	(8,132)
Provisions	-	(755)
Cash generated from operations	<u>23,768</u>	<u>11,408</u>
Income taxes paid	-	-
<b>Net cash provided by operating activities</b>	<u>23,768</u>	<u>11,408</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of club membership	-	45
Payment for investment property	(117)	(17)
Payment for property, plant and equipment	(939)	(8,570)
Purchases of financial assets, fair value through other comprehensive income	-	(96)
Purchases of other investments, at amortised cost	(2,654)	(502)
Proceeds from maturity / early redemption by issuers of other investments, at amortised cost	17,702	24,523
Proceeds from disposal of property, plant and equipment	134	-
Interest received	1,700	2,632
Dividend received	91	142
Net repayments from employees	6	30
<b>Net cash provided by investing activities</b>	<u>15,923</u>	<u>18,187</u>
<b>Cash flows from financing activities</b>		
Interest paid	(1,971)	(2,510)
Dividend paid	-	(2,063)
Principal payment of lease liabilities	(16,732)	(15,179)
<b>Net cash used in financing activities</b>	<u>(18,703)</u>	<u>(19,752)</u>
<b>Net increase in cash and cash equivalents</b>	20,988	9,843
Cash and cash equivalents at beginning of the financial period	<u>49,162</u>	<u>39,319</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u>70,150</u>	<u>49,162</u>

## **E. Notes to the condensed interim consolidated financial statements**

### **1. Corporate information**

Isetan (Singapore) Limited (the "Company") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These are condensed interim financial statements as at and for the six months ended 31 December 2021 of the Company. The principal activities of the Company are to carry on the business of operating department stores, operating supermarkets, to trade in general merchandise and to earn rental income from its investment properties.

### **2. Basis of Preparation**

The condensed interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance of the Company since the last interim financial statements for the period ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

#### **2.1. New and amended standards adopted by the Company**

A number of amendments to Standards have become applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

The Company had early adopted the amendments to "SFRS(I) 16 Covid-19-Related Rent Concessions beyond 30 June 2021" on 1 January 2021. Amendment to SFRS(I) 16 Covid-19-Related Rent Concessions provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19, resulting in a reduction in lease payments due on or before 30 June 2021, was a lease modification. On 31 March 2021, a further amendment was published to extend the date of the practical expedient from 30 June 2021 to 30 June 2022.

#### **2.2. Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 17 – Critical judgement over the lease terms

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

Note 11 – Impairment of property, plant and equipment ("PPE") and Right-of-use ("ROU") assets

### **3. Seasonal operations**

The Company is in the business of operating department stores, operating supermarkets, to trade in general merchandise and to earn rental income from its investment properties. Due to the seasonal nature of the department stores and supermarkets segments, higher revenues and operating profits are usually expected during the festive seasons such as Christmas and Chinese new year.

### **4. Segment information**

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Managing Director and certain key executives in charge of the various functional areas. Operating segments that have similar economic characteristics and similar nature of products and services are aggregated into a single reportable segment.

The Exco sees the business being organised into two reportable segments:

- The Retail segment is involved in the business of retailing and operating of department stores and supermarkets.
- The Property segment is mainly involved in the leasing of properties owned by the Company

Segment assets consist primarily of right-of-use assets, property, plant and equipment, inventories, receivables, investment properties and exclude cash and cash equivalents, investment in an associate, other investments at amortised cost, financial assets, at FVOCI and other assets. Segment liabilities comprise payables and provisions. Capital expenditures comprises additions to property, plant and equipment and investment properties.

There are no sales or other transactions between the reportable segments.

#### 4.1. Reportable segments

##### 1 July 2021 to 31 December 2021

	Retail	Property	Total
<b>Segment revenue</b>			
Sales to external customers	42,780	-	42,780
Rental income - investment property	-	4,657	4,657
Other rental income	683	-	683
Government grant income	1,136	20	1,156
<b>Segment result</b>	(1,947)	1,832	(115)
Other income			896
Other gains			188
Share of loss of an associate			(63)
Net profit			906
<b>Other segment items</b>			
Capital expenditure	1,807	117	1,924
Depreciation	4,791	1,229	6,020
Impairment on property, plant and equipment	810	-	810
Impairment on right-of-use assets	1,631	-	1,631
<b>Assets and liabilities</b>			
Segment assets	65,685	32,068	97,753
Unallocated assets:			
- Investment in an associate			2,060
- Cash and cash equivalents			70,150
- Other investments, at amortised costs			29,426
- Financial assets, at FVOCI			4,206
<b>Total assets</b>			203,595
Segment liabilities	91,562	3,508	95,070
<b>Total liabilities</b>			95,070

##### 1 July 2020 to 31 December 2020

	Retail	Property	Total
<b>Segment revenue</b>			
Sales to external customers	39,416	-	39,416
Rental income - investment property	-	3,742	3,742
Other rental income	548	-	548
Rental concession income	1,795	-	1,795
Government grant income	2,768	142	2,910
Income from recognition of net investment in subleases	629	-	629
<b>Segment result</b>	(24,065)	1,834	(22,231)
Other income			1,574
Other gains			653
Share of profit of an associate			96
Net loss			(19,908)
<b>Other segment items</b>			
Capital expenditure	2,303	17	2,320
Additions to right-of-use assets	450	-	450
Depreciation	7,835	1,268	9,103
Impairment on property, plant and equipment	5,386	-	5,386
Impairment on right-of-use assets	17,223	-	17,223
<b>Assets and liabilities</b>			
Segment assets	79,308	34,443	113,751
Unallocated assets:			
- Investment in an associate			2,033
- Cash and cash equivalents			49,162
- Other investments, at amortised costs			44,429
- Financial assets, at FVOCI			4,518
<b>Total assets</b>			213,893
Segment liabilities	104,559	2,517	107,076
<b>Total liabilities</b>			107,076

#### 4.1. Reportable segments (cont'd)

##### 1 January 2021 to 31 December 2021

	Retail	Property	Total
<b>Segment revenue</b>			
Sales to external customers	77,267	-	77,267
Rental income - investment property	-	8,537	8,537
Other rental income	1,530	-	1,530
Rental concession income	29	-	29
Government grant income	2,994	20	3,014
Income from recognition of net investment in subleases	109	-	109
<b>Segment result</b>	(3,046)	3,058	12
Other income			2,064
Other gains			138
Share of loss of an associate			(58)
Net profit			2,156
<b>Other segment items</b>			
Capital expenditure	2,589	117	2,706
Depreciation	9,396	2,457	11,853
Impairment on property, plant and equipment	810	-	810
Impairment on right-of-use assets	1,631	-	1,631
<b>Assets and liabilities</b>			
Segment assets	65,685	32,068	97,753
Unallocated assets:			
- Investment in an associate			2,060
- Cash and cash equivalents			70,150
- Other investments, at amortised costs			29,426
- Financial assets, at FVOCI			4,206
<b>Total assets</b>			203,595
Segment liabilities	91,562	3,508	95,070
<b>Total liabilities</b>			95,070

##### 1 January 2020 to 31 December 2020

	Retail	Property	Total
<b>Segment revenue</b>			
Sales to external customers	70,225	-	70,225
Rental income - investment property	-	6,935	6,935
Other rental income	988	-	988
Rental concession income	4,774	-	4,774
Government grant income	6,063	142	6,205
Income from recognition of net investment in subleases	1,714	-	1,714
<b>Segment result</b>	(24,695)	2,451	(22,244)
Other income			3,089
Other losses			(1,152)
Share of profit of an associate			82
Net loss			(20,225)
<b>Other segment items</b>			
Capital expenditure	6,428	17	6,445
Additions to right-of-use assets	830	-	830
Depreciation	16,244	2,455	18,699
Impairment on property, plant and equipment	5,386	-	5,386
Impairment on right-of-use assets	17,223	-	17,223
<b>Assets and liabilities</b>			
Segment assets	79,308	34,443	113,751
Unallocated assets:			
- Investment in an associate			2,033
- Cash and cash equivalents			49,162
- Other investments, at amortised costs			44,429
- Financial assets, at FVOCI			4,518
<b>Total assets</b>			213,893
Segment liabilities	104,559	2,517	107,076
<b>Total liabilities</b>			107,076

## 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Company as at 31 December 2021 and 31 December 2020:

	31.12.2021 S'000	31.12.2020 S'000
<b>Financial assets</b>		
Cash and cash equivalents	70,150	49,162
Trade and other receivables	10,007	12,119
Financial assets, at FVOCI	4,206	4,518
Other investment, at amortised cost	29,426	44,429
Other financial assets	5,262	5,263
	<u>119,051</u>	<u>115,491</u>
<b>Financial liabilities</b>		
Trade and other payables	32,774	29,156
Lease liabilities	53,748	70,509
	<u>86,522</u>	<u>99,665</u>

## 6. Revenue

	6 months ended 31.12.2021 S'000	6 months ended 31.12.2020 S'000	12 months ended 31.12.2021 S'000	12 months ended 31.12.2020 S'000
<b>Revenue</b>				
- Sales of goods	25,683	24,752	46,608	44,173
- Consignment income	17,097	14,664	30,659	26,052
- Rental income	4,657	3,742	8,537	6,935
	<u>47,437</u>	<u>43,158</u>	<u>85,804</u>	<u>77,160</u>

### 6.1. Disaggregation of Revenue

The Company derives revenue from contracts with customers through the transfer of goods at a point in time and these pertain to retail revenue derived in Singapore.

A breakdown of sales:

	Financial year ended 31 December 2021 S'000	Financial year ended 31 December 2020 S'000	Increase/(Decrease) %
Sales reported for the first half year	38,367	34,002	12.84
Operating profit / (loss) after tax reported for first half year	<u>1,250</u>	<u>(317)</u>	-494.32
Sales reported for second half year	47,437	43,158	9.91
Operating profit / (loss) after tax reported for second half year	<u>906</u>	<u>(19,908)</u>	-104.55

## 7. Other Income

	6 months ended 31.12.2021 S'000	6 months ended 31.12.2020 S'000	12 months ended 31.12.2021 S'000	12 months ended 31.12.2020 S'000
<b>Other income</b>				
- Rental income	683	287	1,530	988
- Government grant income	1,156	3,050	3,014	6,345
- Rental concession income	-	1,795	29	4,774
- Sundry income	103	51	328	172
- Dividend income from listed equity securities, at FVOCI	22	108	91	142
- Technical fee from investment in an associate	-	35	-	35
- Interest income from financial assets measured at amortised cost	771	1,240	1,645	2,600
- Income from recognition of net investment in subleases	-	890	109	1,714
	<u>2,735</u>	<u>7,456</u>	<u>6,746</u>	<u>16,770</u>

## 8. Other gains / (losses) - net

	6 months ended 31.12.2021 S'000	6 months ended 31.12.2020 S'000	12 months ended 31.12.2021 S'000	12 months ended 31.12.2020 S'000
<b>Other gains / (losses) - net</b>				
- Impairment loss on financial assets	(48)	(12)	(50)	(1,830)
- Gain on disposal of property, plant and equipment	31	-	31	-
- Gain on disposal of financial assets	205	71	157	84

## 9. Employee Compensation

	6 months ended 31.12.2021 S'000	6 months ended 31.12.2020 S'000	12 months ended 31.12.2021 S'000	12 months ended 31.12.2020 S'000
<b>Employee compensation</b>				
- Wages and salaries	7,278	7,171	14,342	14,167
- Employer's contribution to defined contribution plans including Central Provident Fund	746	722	1,440	1,406
- Retirement benefit scheme expense	19	39	56	78
	<u>8,043</u>	<u>7,932</u>	<u>15,838</u>	<u>15,651</u>
- Less: Government grants	(32)	(44)	(194)	(308)
	<u>8,011</u>	<u>7,888</u>	<u>15,644</u>	<u>15,343</u>

## 10. Other Expenses

	6 months ended 31.12.2021 S'000	6 months ended 31.12.2020 S'000	12 months ended 31.12.2021 S'000	12 months ended 31.12.2020 S'000
<b>Other expenses</b>				
- Advertising and promotion	1,957	1,938	3,289	2,898
- Amortisation of capitalised letting fees	-	-	-	2
- Delivery	666	550	1,233	1,084
- License fees, property and miscellaneous taxes	602	604	1,204	1,206
- Credit card commissions	1,439	1,211	2,523	2,029
- Royalty	471	443	885	787
- Supplies, repair and maintenance	1,218	1,504	2,572	2,655
- Utilities	976	689	1,758	1,591

## 11. Impairment

Continued losses in the Retail segment in the current financial year is an indicator of impairment of PPE and ROU assets and triggered the need for impairment assessment.

The recoverable amounts of the PPE and ROU assets in the loss-making retail stores are obtained based on the Value-in-use ("VIU") method and the discount rate used at 31 December 2021 was 7.80% (2020: 7.80%). The growth rates and rental income assumptions applied in the VIU computations are based on financial budgets prepared by management and the identification of CGU (retail store) is in line with the Company's strategic objective in managing the Retail segment.

The recoverable amount of the corporate assets under the Retail segment is based on the fair value less costs to sell ("FVLCTS") method. The fair values of these corporate assets at the balance sheet date were largely based on property valuations obtained from independent professional valuers, taking into account recently transacted values and capitalisation rates for similar properties. The fair values of the properties are classified as Level 3 fair value measurement.

For the six-months ended 31 December 2021, an impairment charge of \$810,000 and \$1,631,000 (six months ended 31 December 2020: \$5,386,000 and \$17,223,000) were recorded to reduce the carrying values of PPE and ROU assets respectively in each loss-making retail store under the Retail segment to their respective estimated recoverable amounts. No impairment charge was recorded on the corporate assets (mainly comprising of land and buildings) in the Retail segment.

## 12. Net Asset Value

	31.12.2021 \$	31.12.2020 \$
Net asset value per ordinary shares	2.63	2.59

## 13. Trade and other receivables

(a) Current	31.12.2021 S'000	31.12.2020 S'000
Trade receivables		
- Immediate holding corporation	60	72
- Non-related parties	1,933	2,222
- Associate	-	35
	<u>1,993</u>	<u>2,329</u>
Less: Allowance for impairment of receivables - non-related parties	(30)	(30)
	<u>1,963</u>	<u>2,299</u>
Staff loans	-	6
Interest receivable	243	444
Accrued receivables	1,104	821
Government grant receivables	203	808
Finance lease receivables	1,992	1,763
	<u>5,505</u>	<u>6,141</u>
(b) Non-Current		
Other receivables		
Finance lease receivables	4,221	5,890
Deposits	281	88
	<u>4,502</u>	<u>5,978</u>

## 14. Financial Assets, at fair value through other comprehensive income

Financial assets, at fair value through other comprehensive income comprise the following:

	31.12.2021 S'000	31.12.2020 S'000
Singapore listed equity securities		
- Ascendas Reit	2,658	2,684
- Others	154	137
	<u>2,812</u>	<u>2,821</u>
Unquoted equity		
- Isetan Japan Sdn. Bhd.	1,394	1,697
	<u>4,206</u>	<u>4,518</u>

During the interim period ended 31 December 2021 and 31 December 2020, the Company did not dispose any of its investments.



#### 14.1. Fair value measurement

The Company classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- Inputs for the assets or liability which are not based on observable market data (unobservable inputs) (Level 3).

The following table presented the assets measured at fair value:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>31 December 2021</b>				
<b>Financial assets</b>				
FVOCI investments	2,812	-	1,394	4,206
<b>31 December 2020</b>				
<b>Financial assets</b>				
FVOCI investments	2,821	-	1,697	4,518

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The financial instrument included in Level 3 comprises of an investment that does not have quoted prices from active markets for the fair value to be based on. Instead, the fair value is measured using the estimated EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) multiplied by the EBITDA Multiple. The estimated EBITDA incorporates assumptions based on market conditions existing at the balance sheet date, and the EBITDA Multiple is derived from a set of comparable entities. The selection of the appropriate EBITDA Multiple requires judgement, considering qualitative and quantitative factors specific to the measurement at the balance sheet date.

#### 15. Investment Properties

The Company's investment properties consist of both commercial and industrial properties, held for rental yields and/or capital appreciation and are not substantially occupied by the Company. They are leased to third parties under operating leases.

	2021 \$'000	2020 \$'000
<b>Cost</b>		
Beginning of financial period	87,816	87,799
Additions	117	17
End of interim period	87,933	87,816
<b>Accumulated depreciation</b>		
Beginning of financial period	54,965	52,509
Depreciation charge	2,457	2,455
Amortisation of letting fees	-	1
End of interim period	57,422	54,965
<b>Net book value as at 31 December</b>	<b>30,511</b>	<b>32,851</b>

#### 16. Property, plant and equipment

During the six months ended 31 December 2021, the Company acquired assets amounting to \$1,807,000 (six months ended 31 December 2020: \$2,303,000) and disposed of assets amounting to \$103,000 (six months ended 31 December 2020: \$Nil). For the six-months ended 31 December 2021, an impairment loss of \$810,000 on property, plant and equipment ("PPE") (six months ended 31 December 2020: \$5,386,000) was recorded to reduce the carrying value of PPE.

#### 17. Right-of-Use assets

Extension option is included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option.

For the six-months ended 31 December 2021, an impairment loss of \$1,631,000 on right-of-use assets ("ROU") (six months ended 31 December 2020: \$17,223,000) was recorded to reduce the carrying value of ROU.

As at 31 December 2021, management has assessed that there were no changes in key judgements over the lease term as compared to 31 December 2020.

#### 18. Share Capital

The Company's share capital comprises fully paid-up 41,250,000 (31 December 2020: 41,250,000) ordinary shares with no par value, amounting to a total of \$91,710,000 (31 December 2020: \$91,710,000).

#### 19. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following related party transactions took place between the Company and related corporations during the financial year:

	6 months ended 31.12.2021 \$'000	6 months ended 31.12.2020 \$'000	12 months ended 31.12.2021 \$'000	12 months ended 31.12.2020 \$'000
Royalty payable to immediate holding corporation	471	443	885	787
Purchases from immediate holding corporation	14	36	29	63
Technical fee receivable from an associate	-	9	-	35
Payments made on behalf by fellow subsidiary	-	65	34	110

#### 20. Commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, are as follows:

	31.12.2021 \$'000	31.12.2020 \$'000
Investment properties	489	491
Property, plant and equipment	1,726	3,041

## 21. Subsequent Events

The Company performed a review of events subsequent to the balance sheet date and determined that there were no such events requiring recognition or disclosure in the financial statements.

## 22. Dividend

	Financial year 2021	Financial year 2020
Ordinary *	\$ 1,237,500	-
Preference	-	-
Total:	\$ 1,237,500	-

\* The directors have proposed a final dividend of 3.0 cents (2020: Nil) per ordinary share, tier exempt (1-tier), totalling \$1,237,500 (2020: \$Nil) in respect of the financial year ended 31 December 2021. This proposed final tax-exempt dividend has not been recognised as at year end and will be submitted to shareholders' approval at the forthcoming Annual General Meeting of the Company to be convened.

## 23. Taxation

The Company calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. There is no income tax expense in the six months and twelve months ended 31 December 2021 and 31 December 2020.

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## Other Information

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### 1. Review

The condensed interim statement of financial position of Isetan (Singapore) Limited as at 31 December 2021 and the related condensed interim statements of profit or loss and other comprehensive income for the six-month period and full year then ended, condensed interim statement of changes in equity and condensed interim statement of cash flows for the full year then ended and certain explanatory notes have not been audited or reviewed.

### 2. Review of performance of the Company

#### Income Statement

##### Overview

The Company generated a net profit of \$906,000 for the six months ended 31 December 2021 as compared to a loss of \$19,908,000 for the six months ended 31 December 2020 and generated a net profit of \$2,156,000 for FY 2021 as compared to a loss of \$20,225,000 for FY 2020 mainly due to the following:

##### Revenue

Revenue for the six months period ended 31 December 2021 ("2H 2021") was \$47,437,000, an increase of 9.91% over the corresponding period ("2H 2020") and revenue for the year ended 31 December 2021 ("FY 2021") was \$85,804,000, an increase of 11.20% over the corresponding period ("FY 2020"). The increase in Company revenue for both 2H2021 and FY 2021 was due to the higher sale of goods from the retail segment, higher consignment income and higher rental income from the Isetan Wisma Atria investment property ("investment property"). The revenue increase in FY 2021 was mainly due to the stores being able to operate on a full twelve months basis as compared to the closure of stores during the period 7 April to 18 June 2020 as well as the impact from the safe management measures implemented last year. The improved revenue in FY 2021 was however affected by the discontinued operations of Jurong East store on 8 March 2020.

Revenue from investment property increased as compared to the same period last year where higher rental rebates were given to SME tenants in accordance with Government measures in response to the COVID-19 pandemic and new operating lease income from Isetan Wisma Atria.

##### Other income

Other income for 2H 2021 was \$2,735,000, a decrease of 63.32% over the corresponding period ("2H 2020") and other income for the FY 2021 was \$6,746,000, a decrease of 59.77% over the corresponding period ("FY 2020"). The decrease in other income for both 2H 2021 and FY 2021 was mainly due to lower grant income from the government, lower rental concession income from landlord and lower income from recognition of net investment in subleases. These more than offset the new operating lease income from Isetan Scotts.

##### Other gains / (losses) - net

Other gains for the 2H 2021 was \$188,000, an increase over the corresponding period ("2H 2020") and other gains for the FY 2021 was \$138,000, an increase over the corresponding period ("FY 2020"). The increase in other gains for 2H 2021 was mainly due to increase in gain on disposal of property, plant and equipment, increase in the gain on disposal of financial assets and offset by the increase in impairment for other investments, at amortised cost. The increase in other gains for FY 2021 was mainly due to decrease in impairment for other investments, at amortised cost, increase in gain on disposal of property, plant and equipment and increase in the gain on disposal of financial assets.

##### Changes in inventories of finished goods

Changes in inventories of finished goods for the 2H 2021 was \$1,544,000, an increase of 554.24% over the corresponding period ("2H 2020") and changes in inventories of finished goods for the FY 2021 was \$1,885,000, an increase of 47.84% over the corresponding period ("FY 2020"). The increase in 2H 2021 was mainly due to less stock purchased and higher sales in 2H 2021 as compared to 2H 2020. The increase in FY 2021 was mainly due to stores operating on a full twelve months basis as compared to last year where stores were closed from 7 April 2020 to 18 June 2020 in the financial year ended 31 December 2020.

##### Purchases of inventories and related costs

Purchases of inventories and related costs for the 2H 2021 was \$17,229,000, a decrease of 1.76% over the corresponding period ("2H 2020"). The decrease was mainly due to less stock purchased in 2H 2021 as compared to 2H 2020. Purchases of inventories and related costs for FY 2021 was \$31,753,000, an increase of 4.63% over the corresponding period ("FY 2020"). The increase was mainly due to stores operating on a full twelve months basis as compared to the previous year where stores were closed from 7 April 2020 to 18 June 2020 in the financial year ended 31 December 2020.

##### Employee compensation

Employee compensation for the 2H 2021 was \$8,011,000, an increase of 1.56% over the corresponding period ("2H 2020") and employee compensation for the FY 2021 was \$15,644,000, an increase of 1.96% over the corresponding period ("FY 2020"). The increase in 2H 2021 and FY 2021 was mainly due to higher bonus provision.

##### Depreciation expense

Depreciation expense for the 2H 2021 was \$6,020,000, a decrease of 33.87% over the corresponding period ("2H 2020") and depreciation expense for the FY 2021 was \$11,853,000, a decrease of 36.61% over the corresponding period ("FY 2020"). The decrease in 2H 2021 and FY 2021 was mainly due to the impairment of right-of-use assets and property, plant and equipment provided in the financial year ended 31 December 2020.

##### Rental expense

Rental expense for the 2H 2021 was \$1,233,000 an increase of 40.91% over the corresponding period ("2H 2020") and rental expense for the FY 2021 was \$2,377,000 an increase of 28.28% over the corresponding period ("FY 2020"). The increase in 2H 2021 and FY 2021 was mainly due to increase in gross turnover rent payment.

##### Service charge expense

Service charge expense for the 2H 2021 was \$3,112,000, an increase of 11.78% over the corresponding period ("2H 2020") and service charge expense for the FY 2021 was \$6,223,000, an increase of 23.99% over the corresponding period ("FY 2020"). The increase in 2H 2021 and FY 2021 was mainly due to the rental rebates given by landlords in 2H 2020 but not in 2H 2021.

## 2. Review of performance of the Company (cont'd)

### Income Statement (cont'd)

#### **Impairment losses**

Losses in the retail segment is reflective of the continuing challenges in the retail industry. Accordingly, an impairment charge of \$810,000 on property, plant and equipment ("PPE") and \$1,631,000 on right-of-use assets ("ROU") (FY 2020: Impairment loss of \$5,386,000 on PPE and \$17,223,000 on ROU) was recorded to reduce the carrying value of these assets in the retail segment.

#### **Other expenses**

Other expense for the 2H 2021 was \$8,880,000, an increase of 6.25% over the corresponding period ("2H 2020") and other expense for the FY 2021 was \$16,327,000, an increase of 10.06% over the corresponding period ("FY 2020"). The increase in 2H 2021 was mainly due to the higher cost incurred for delivery cost, credit card commission and utilities and offset by lower supplies, repair and maintenance cost incurred. The increase in other expense for FY 2021 was mainly due to the higher cost incurred for sales promotion, credit cards commissions, delivery fee, royalty fee and utilities expense and offset by lower supplies, repair and maintenance cost incurred.

### Balance Sheet

The reduction in other investments, at amortised cost were mainly due to the bonds which had matured and subsequently placed in fixed deposit in January 2022.

The reduction in right-of-use ("ROU") assets were mainly due to the depreciation charges and impairment loss provided for the financial year ended 31 December 2021.

Trade and other payables as at 31 December 2021 increased by \$3,034,000 compared with 31 December 2020, mainly due to more purchase has been made towards year end for financial year ended 31 December 2021.

The decrease in lease liabilities were mainly due to repayment made to the landlord.

### Statement of Cash Flows

There was an increase in cash and cash equivalents amounting to \$20,988,000 in financial year 2021, compared to a net increase of \$9,843,000 in financial year 2020. This is mainly attributed to higher cash generated from operations which partly offset by a reduction in cash generated from maturity and early-redemption of our long term other investment.

Net cash generated from operating activities of \$23,768,000 in financial year 2021 as compared to net cash generated of \$11,408,000 in financial year 2020 resulted mainly due to increase in profit during the period and increase in trade creditors as the result of more purchase has been made towards financial year ended 31 December 2021.

Net cash generated from investing activities for financial year 2021 was \$15,923,000 compared to net cash of \$18,187,000 generated in financial year 2020 which resulted due to reduction in cash inflows generated from maturity and early-redemption of investments as well as the interest income.

## 3. 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.

## 4. 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 operating period and the next 12 months

The Singapore economy grew 7.6%<sup>(a)</sup> in 2021 amid COVID-19 pandemic rebounding from a recession in 2020 of -4.1%<sup>(a)</sup>. With the government's announcement of the start of its transition to living with the pandemic late last year we are seeing a gradual recovery in the retail industry from the impact of the pandemic from 2020. The recovery however was dependent mainly on domestic consumers for 2021. It was an essential boost to the local economy as Singaporeans' travel opportunities were limited by border restrictions. However, measures undertaken to limit the spread in between for F&B and work from home guidelines continue to be limiting factors to a full recovery. The much anticipated Vaccinated Travel Lane ("VTL") at the same time was disrupted by the more infectious Delta followed by the Omicron variant. It remains to be seen how quickly travel restrictions can be further eased to open up the economy for more tourist spending. With the GDP growth in 2022 projected to be within 3-5%<sup>(a)</sup> range, the consumer-facing sectors could see a limited recovery, especially if the easing of travel restrictions remains modest.

In January 2022, the Company's Katong store which was opened since 1983, ceased operations as the lease expires on 9 March 2022 after more than 38 years of operations. Moving forward the Company has no immediate plans to find a replacement store and will continue to maintain its retailing operations via the remaining stores.

In view of the above, and barring any reversal in the relaxation of safe management measures, the expected improvement in sales revenue to be driven by the economic recovery might be weakened. In addition, the gradual withdrawal of Job Support Scheme and potential increase in rental rates will negatively impact the efforts of the Company in controlling operating expenses for 2022.

Nevertheless, the Company is focused on further driving operational performance and will continue to leverage on its online business which has seen continuous growth.

As for the investment property at Wisma Atria, the Company will continue to explore other options that may lead to a better yield including any possible sale in the future. The Company will continue to review its business strategies and make appropriate changes.

## 5. Dividend information

### (a) Current Financial Year Reported On

Any dividend recommended for the current financial period reported on? **Yes**

Name of dividend	Final
Dividend type	Cash
Dividend rate	3.0 cents per ordinary share
Tax rate	Tax exempt (1-tier)

The final dividend, payable in cash, is subject to shareholders' approval at the Company's forthcoming Annual General Meeting to be convened for the final year ended 31 December 2021.

### (b) Corresponding Period of the Immediately Preceding Financial Year

The Company did not propose any interim and final dividends for the corresponding period of the immediately preceding financial year.

### (c) Date payable

Payment of the final dividend, if approved by shareholders at the forthcoming annual general meeting to be convened for the financial year ended 31 December 2021, will be made on 18th May 2022.

### (d) Books closure date

The Share Transfer Books and Register of Members of the Company, will be closed on 11th May 2022 for the purpose of determining Members' entitlements to the proposed final dividend. Duly completed registrable transfer of shares in the Company (the "Shares") received up to the close of business at 5.00 pm on 10th May 2022 by the Company's Share Registrar at 112 Robinson Road, #05-01, Singapore 068902, will be registered to determine Members' entitlements to such dividend. Subject to the aforesaid, members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with the Shares as at 10th May 2022 will be entitled to such proposed dividend.

## 6. Interested person transactions

The Company has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

## 7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

## 8. Review of performance of the Company – turnover and earnings

Please refer to "Note 4.1 Reportable segments" of the Company for the twelve months period ended 31 December 2021.

For the year ended 31 December 2021, the retail segment continued to be our core business segment, which accounted for approximately 90.05% of the total revenue. Revenue for this segment increased by 10.03% in FY 2021 as compared to FY 2020. With the gradual recovery in the retail industry and all the stores being able to operate on a full twelve months basis in FY2021 as compared to the closure of stores during the period 7 April to 18 June 2020, the Company recorded a net profit of \$2.16 million in FY2021, improved from the net loss of \$20.23 million in FY2020.

## 9. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder.

Pursuant to Rule 704(13) of the Listing Manual, Isetan (Singapore) Limited confirms that there are no persons occupying a managerial position in the Company who is a relative of a director, chief executive officer or substantial shareholder of the Company.

## Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 31 December 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Koji Oyama  
Director

Richard Tan Chuan-Lye  
Director

Singapore  
28 February 2022