

First Half Financial Statement and Dividend Announcement for the period ended 30 June 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited Income Statement for the half year ended 30 June 2020

	30.06.2020 \$'000	30.06.2019 \$'000	+ / (-) %
Revenue	34,002	56,253	(39.56)
Other income	9,314	3,976	134.26
Other (losses)/gains - net			
- Impairment loss on financial assets	(1,818)	(11)	N.M.
- Others	13	1	N.M.
Expenses			
- Changes in inventories of finished goods	(1,039)	(514)	102.14
- Purchases of inventories and related costs	(12,810)	(20,670)	(38.03)
- Employee compensation	(7,455)	(8,734)	(14.64)
- Depreciation expense	(9,596)	(12,537)	(23.46)
- Rental expense	(978)	(3,122)	(68.67)
- Service charge expense	(2,235)	(3,150)	(29.05)
- Interest expense	(1,224)	(1,180)	3.73
- Other expenses	(6,477)	(8,836)	(26.70)
Total expenses	(41,814)	(58,743)	(28.82)
Share of (loss) / profit of an associate	(14)	99	(114.14)
(Loss) / Profit before income tax	(317)	1,575	(120.13)
Income tax expense	-	-	-
Net (loss) / profit after tax for the financial period	(317)	1,575	(120.13)
Attributable to :			
Equity holders of the Company	(317)	1,575	(120.13)

N.M. Not meaningful

Unaudited Statement of Comprehensive Income for the half year ended 30 June 2020

	30.06.2020 \$'000	30.06.2019 \$'000	+ / (-) %
Net (loss) / profit for the financial period	(317)	1,575	(120.13)
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	38	(16)	N.M.
Item that will not be reclassified subsequently to profit or loss:			
Financial assets, fair value through other comprehensive income			
- Fair value gain	153	428	(64.25)
Other comprehensive income, net of tax	191	412	(53.64)
Total comprehensive (loss) / income for the financial period	(126)	1,987	(106.34)
Total comprehensive (loss) / income attributable to :			
Equity holders of the Company	(126)	1,987	(106.34)

N.M. Not meaningful

Additional Disclosure

(i)	30.06.2020 \$'000	30.06.2019 \$'000	+ / (-) %
Revenue			
- Sale of goods	19,421	29,421	(33.99)
- Consignment income	11,388	21,585	(47.24)
- Rental income	3,193	5,247	(39.15)
	<u>34,002</u>	<u>56,253</u>	(39.56)
Other income			
- Dividend income	34	56	(39.29)
- Rental income	440	1,961	(77.56)
- Interest income	1,360	1,748	(22.20)
- Sundry income	121	211	(42.65)
- Government grants	3,295	-	N.M.
- Rental rebates from landlord	2,979	-	N.M.
- Income from recognition of net investment in sublease	1,085	-	N.M.
	<u>9,314</u>	<u>3,976</u>	134.26

(ii) There was 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), together with a comparative statement as at the end of the immediately preceding financial year.

Unaudited Balance Sheet as at 30 June 2020

	30.06.2020 \$'000	31.12.2019 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	33,148	39,319
Trade and other receivables	9,167	6,335
Other investments, at amortised cost	8,055	20,200
Inventories	7,761	8,800
Rental deposit	748	748
Other current assets	2,137	2,636
	<u>61,016</u>	<u>78,038</u>
Non-current assets		
Trade and other receivables	5,799	4,357
Financial assets, at FVOCI	4,570	4,417
Other investments, at amortised cost	42,373	49,429
Club memberships	170	205
Investment in an associate	1,876	1,852
Rental deposits	5,514	5,525
Investment properties	34,102	35,290
Property, plant and equipment	27,901	26,432
Right-of-use assets	52,710	60,616
	<u>175,015</u>	<u>188,123</u>
Total assets	<u>236,031</u>	<u>266,161</u>
LIABILITIES		
Current liabilities		
Trade and other payables	21,244	40,938
Provisions	469	1,214
Lease liabilities	18,034	19,892
	<u>39,747</u>	<u>62,044</u>
Non-current liabilities		
Trade and other payables	3,505	3,520
Provisions	1,888	1,856
Lease liabilities	62,016	69,740
	<u>67,409</u>	<u>75,116</u>
Total liabilities	<u>107,156</u>	<u>137,160</u>
NET ASSETS	<u>128,875</u>	<u>129,001</u>
EQUITY		
Capital and reserves attributable to the equity holders of the Company		
Share capital	91,710	91,710
General reserve	17,000	17,000
Fair value reserve	1,994	1,841
Currency translation reserve	(26)	(64)
Other reserves	291	291
Retained earnings	17,906	18,223
Total equity	<u>128,875</u>	<u>129,001</u>

1(b)(ii) Aggregate amount of Company's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30.06.2020		As at 31.12.2019	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.06.2020		As at 31.12.2019	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Not applicable.

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

Unaudited Statement of Cash Flows for the half year ended 30 June 2020

	30.06.2020 \$'000	30.06.2019 \$'000
Cash flows from operating activities		
(Loss) / Profit before income tax	(317)	1,575
Adjustments for:		
Depreciation expense	9,596	12,537
Amortisation of capitalised letting fees	2	7
Gain in disposal of club memberships	(13)	-
Interest income	(1,360)	(1,748)
Changes in provisions for other liabilities and charges	42	(53)
Interest expense	1,224	1,180
Impairment loss on financial assets	1,818	11
Impairment loss on club membership	-	30
Dividend income	(34)	(56)
Property, plant and equipment written off	-	2
Income from recognition of net investment in sublease	(1,393)	-
Share of loss / (profit) of an associate	14	(99)
	<u>9,579</u>	<u>13,386</u>
Changes in working capital		
Trade and other receivables	(2,316)	1,161
Inventories	1,039	514
Other assets and rental deposits	510	204
Trade and other payables	(18,394)	(11,458)
Provisions	(755)	(264)
Cash (used in) / generated from operations	<u>(10,337)</u>	<u>3,543</u>
Net cash (used in) / generated from operating activities	<u>(10,337)</u>	<u>3,543</u>
Cash flows from investing activities		
Proceeds from disposal of club membership	45	-
Payments for property, plant and equipment	(4,125)	(1,444)
Payments for investment property	-	(805)
Purchases of other investments, at amortised cost	(502)	(4,011)
Proceeds from maturity / early redemption by issuers of other investments, at amortised cost	18,450	2,000
Interest received	1,554	1,755
Dividend received	34	56
Net repayments from employees	7	17
Net cash generated from / (used in) investing activities	<u>15,463</u>	<u>(2,432)</u>
Cash flows from financing activities		
Dividend paid	-	(2,063)
Interest paid	(1,334)	(1,180)
Payment of finance lease liabilities	(9,963)	(10,460)
Net cash used in financing activities	<u>(11,297)</u>	<u>(13,703)</u>
Net decrease in cash and cash equivalents	<u>(6,171)</u>	<u>(12,592)</u>
Cash and cash equivalents at beginning of the financial period	39,319	50,706
Cash and cash equivalents at end of the financial period	<u>33,148</u>	<u>38,114</u>

1(d)(i) A statement (for the issuer) 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.

Unaudited Statement of Changes in Equity for the half year ended 30 June 2020

	<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
Balance at 1 January 2020	91,710	17,000	1,841	(64)	291	18,223	129,001
Total comprehensive (loss) / income for the period	-	-	153	38	-	(317)	(126)
Balance at 30 June 2020	91,710	17,000	1,994	(26)	291	17,906	128,875
Balance at 1 January 2019	91,710	17,000	1,483	(15)	291	46,818	157,287
Total comprehensive income for the period	-	-	428	(16)	-	1,575	1,987
Dividend for year ended 31 December 2018	-	-	-	-	-	(2,063)	(2,063)
Balance at 30 June 2019	91,710	17,000	1,911	(31)	291	46,330	157,211

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period 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 2020	As at the end of financial year ended 31 December 2019
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.

1(d) (iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

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.

Except as disclosed in Note 5 below, the Company has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2019.

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.

The Company adopted the revised SFRS(I) that is effective for annual periods beginning on or after 1 January 2020. Changes to the Company's accounting policies have been made as required in accordance with the transitional provisions in the respective SFRS(I). The following is the amended SFRS(I) that is relevant to the Company:

- Amendments to SFRS(I) 16 Covid-19-Related Rent Concessions

The Company is a lessee of retail properties and has received rent concessions as a direct consequence of the COVID-19 pandemic. The Company has elected to adopt the practical expedient to not assess whether eligible rent concessions are lease modifications as it has met the following conditions:

- (i) the revised lease payments are substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (ii) reduction in lease payments relates to payment due on or before 30th June 2021; and
- (iii) there is no substantive change to the other terms and conditions of the lease. Rent concessions fulfilling the above conditions are recognised in the profit and loss over the period in which they cover.

The impact has been reflected in the profit and loss in current financial period.

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

	30.06.2020	30.06.2019
(Loss) / Earnings 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)+	(0.77)	3.82
(ii) On a fully diluted basis (cents)++	(0.77)	3.82

+ The (loss) / earnings per share are calculated based on the issued ordinary shares of 41,250,000 (30 June 2019: 41,250,000)

++ The fully diluted loss / (earnings) per share are calculated based on the issued ordinary shares of 41,250,000 (30 June 2019: 41,250,000)

7. Net asset value (for the issuer) 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.

	30.06.2020	31.12.2019
Net asset value per ordinary share based on issued share capital at the end of financial period / year	\$3.12	\$3.13

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

(a) any significant factors that affected the turnover, costs, and earnings of the Company 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 Company during the current financial year reported on.

Review of Company Performance

Unaudited Income Statement

Overview

The company suffered a net loss of (\$317,000) for 1H 2020 compared with profit of \$1,575,000 for 1H 2019, mainly due to the following explanations:

Revenue

Revenue for the period ended 30 June 2020 ("1H 2020") was \$34,002,000, a decrease of 39.56% over the corresponding period ("1H 2019"). The decrease in Company revenue was due to the lower sale of goods from the retail segment, lower consignment income and lower rental income from the Isetan Wisma Atria investment property ("investment property"). The decrease was mainly due to the temporary closure of department stores from 7 April to 18 June 2020 and the general impact that the Covid 19 pandemic has had on the retail industry together with the discontinued operations for Jurong East on 8 March 2020.

Other income

Other income for 1H 2020 was \$9,314,000, an increase of 134.26% over the corresponding period ("1H 2019"). The increase in other income was mainly due to the recognition of finance leases under SFRS(I) 16, grant income from the government and rental rebates from landlord. These more than offset the lower rental revenue generated by the Scotts store which granted rebates to the tenants for the months of March to June 2020 following government recommendations and industry practice in response to the impact of circuit breaker measures implemented following the Covid 19 outbreak in Singapore.

Other (losses)/gains - net

Other losses for the 1H 2020 was \$1,805,000, an increase over the corresponding period ("1H 2019"). The increase in other losses was mainly due to the increase in impairment for other investments, at amortised cost and trade receivables.

Changes in inventories of finished goods and purchases of inventories and related costs

Changes in inventories of finished goods for the 1H 2020 was \$1,039,000, an increase of 102.14% over the corresponding period ("1H 2019"). The increase was mainly due to the closure of Jurong East store which lowered inventory balances in the book.

Purchases of inventories and related costs

Purchases of inventories and related costs for the 1H 2020 was \$12,810,000, a decrease of 38.03% over the corresponding period ("1H 2019"). The decrease was mainly due to the drop in sales as stores closed from 7 April 2020 to 19 June 2020.

Employee compensation

Employee compensation for the 1H 2020 was \$7,455,000, a decrease of 14.64% over the corresponding period ("1H 2019"). The decrease was mainly due to the lower number of full-time staff as compared to prior year which was in line with the closure of Jurong East store.

Depreciation expense

Depreciation expense for the 1H 2020 was \$9,596,000, a decrease of 23.46% over the corresponding period ("1H 2019"). The decrease was mainly due to the impairment of right-of-use assets and property, plant and equipment provided in financial year ended 31 December 2019.

Rental expense

Rental expense for the 1H 2020 was \$978,000, a decrease of 68.67% over the corresponding period ("1H 2019"). The decrease was mainly due to the closure of one short-term lease for Jurong East and reduction in gross turnover rent payment.

Service charge expense

Service charge expense for the 1H 2020 was \$2,235,000, a decrease of 29.05% over the corresponding period ("1H 2019"). The decrease was mainly due to the rental rebates given by landlords.

Other expenses

Other expense for the 1H 2020 was \$6,477,000, a decrease of 26.70% over the corresponding period ("1H 2019"). The decrease was mainly due to the lower cost incurred for sales promotion, credit cards commissions and repair works performed.

Unaudited Balance Sheet

The reduction in other investments, at amortised cost were mainly due to the matured bonds which were placed in fixed deposit and an increase in estimated credit losses.

The reduction in right-of-use ("ROU") assets were mainly due to the depreciation charges for six months and de-recognition of ROU to recognise finance lease receivables.

Current trade and other payables as at 30 June 2020 decreased by \$19,694,000 compared with 31 December 2019, mainly due to the repayment made to trade creditors and decrease in trade purchases.

The reduction in lease liabilities were mainly due to the repayment made to the landlord and de-recognition of lease liabilities for the rebates received from landlords.

Unaudited Statement of Cash Flows

There was a decrease in cash and cash equivalents amounting to \$6,171,000 in 1H 2020, compared to a net decrease of \$12,592,000 in 1H 2019. This is mainly attributed to the maturity of our long term other investment.

Net cash generated from operating activities of \$3,543,000 in 1H 2019 compared to net cash used of \$10,337,000 in 1H 2020 resulted mainly due to repayment made to trade creditors.

Net cash generated from investing activities for 1H 2020 was \$15,463,000 compared to net cash used of \$2,432,000 in 1H 2019 resulted due to cash generated from financial assets which were offset by payments made for property, plant and equipment.

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 Company operates and any known factors or events that may affect the Company in the next reporting period and the next 12 months.

According to the Ministry of Trade and Industry, the forecast for the Singapore economy's growth rate for 2020 has been adjusted downwards to a range of -7.0% to -5.0%. The retail environment remains very challenging for the Company. A material recovery in business level is not expected for 2020. It is anticipated that the negative effect of Covid 19 on the retail industry as a whole will be present for some time. As such, the Company expects its sales revenue to be negatively impacted over the coming months, the duration and extent of which is difficult to predict at this point in time. The Company is focussed on driving operational performance across its business, which includes leveraging on its online business to expand its product offerings and customers reach so as to remain competitive. We will also continue to explore other potential opportunities for growth. The Company's strong balance sheet, long-term perspective and liquidity position it well to take advantage of any new opportunities that may arise.

The Isetan Scotts renovation project is on track to be completed in 2020. The Company remains cautiously optimistic that the project will contribute positively towards the revenue of the Company upon completion.

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) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) Date payable

Not applicable.

(e) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason for the decision

No interim dividend has been declared during this period.

13. If the Company 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). (Not required for announcement on full year results)

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the first half of 2020 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 Company) 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.

Not applicable.

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
13 August 2020