

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

Note	6 months ended		+ / (-) %	12 months ended		+ / (-) %	
	31.12.2022 S'000	31.12.2021 S'000		31.12.2022 S'000	31.12.2021 S'000		
Revenue	6	44,794	47,437	-5.57	87,620	85,804	2.12
Other income	7	2,316	2,735	-15.32	4,393	6,746	-34.88
Other gains / (losses) - net							
- Impairment loss on financial assets	8	(2)	(48)	-95.83	(24)	(50)	-52.00
- Others	8	85	236	-63.98	85	188	-54.79
Expenses							
- Changes in inventories of finished goods		747	(1,544)	N.M.	802	(1,885)	N.M.
- Purchases of inventories and related costs		(16,365)	(17,229)	-5.01	(31,686)	(31,753)	-0.21
- Employee compensation	9	(7,869)	(8,011)	-1.77	(16,049)	(15,644)	2.59
- Depreciation expense		(6,025)	(6,020)	0.08	(11,725)	(11,853)	-1.08
- Rental expense		(670)	(516)	29.84	(1,444)	(1,660)	-13.01
- Service charge expense		(2,523)	(3,829)	-34.11	(5,439)	(6,940)	-21.63
- Interest expense		(829)	(921)	-9.99	(1,620)	(1,971)	-17.81
- Impairment loss on investment in an associate		-	-	N.M.	(1,753)	-	N.M.
- Impairment of right-of-use assets		(2,795)	(1,631)	71.37	(2,795)	(1,631)	71.37
- Impairment loss on property, plant and equipment		(965)	(810)	19.14	(965)	(810)	19.14
- Other expenses	10	(9,028)	(8,880)	1.67	(17,785)	(16,327)	8.93
Total expenses		(46,322)	(49,391)	-6.21	(90,459)	(90,474)	-0.02
Share of loss of an associate		-	(63)	N.M.	(266)	(58)	358.62
Profit before income tax		871	906	-3.86	1,349	2,156	-37.43
Income tax expense	24	-	-		-	-	
Net profit after tax for the financial period		871	906	-3.86	1,349	2,156	-37.43
Attributable to :							
Equity holders of the Company		871	906	-3.86	1,349	2,156	-37.43
Earnings per share for net profit attributable to the equity holders of the Company (cents per share)							
- Basic		2.11 cents	2.19 cents		3.27 cents	5.22 cents	
- Diluted		2.11 cents	2.19 cents		3.27 cents	5.22 cents	
		6 months ended	6 months ended	+ / (-)	12 months ended	12 months ended	+ / (-)
		31.12.2022	31.12.2021	%	31.12.2022	31.12.2021	%
		S'000	S'000		S'000	S'000	
Net profit for the financial period		871	906	-3.86	1,349	2,156	-37.43
Other comprehensive (loss) / income							
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation differences		-	39	N.M.	(41)	85	N.M.
Item that will not be reclassified subsequently to profit or loss:							
Financial assets, fair value through other comprehensive income							
- Fair value gain / (loss)		81	477	-83.02	(206)	(312)	-33.97
Actuarial loss on retirement benefit obligation		(112)	(221)	-49.32	(112)	(221)	-49.32
Other comprehensive (loss) / income, net of tax		(31)	295	N.M.	(359)	(448)	-19.87
Total comprehensive income for the financial period		840	1,201	-30.06	990	1,708	-42.04
Total comprehensive income attributable to :							
Equity holders of the Company		840	1,201	-30.06	990	1,708	-42.04

B. Condensed interim statements of financial position

	Note	31.12.2022 \$'000	31.12.2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		74,542	70,150
Trade and other receivables	13 (a)	6,343	5,505
Other investments, at amortised cost		5,240	5,036
Inventories		6,442	5,640
Rental deposit		634	1,411
Other current assets		1,628	2,040
		<u>94,829</u>	<u>89,782</u>
Non-current assets			
Trade and other receivables	13 (b)	2,731	4,502
Financial assets, at FVOCI	14	4,000	4,206
Other investments, at amortised cost		22,086	24,390
Club memberships		170	170
Investment in an associate	15	-	2,060
Rental deposits		3,811	3,811
Investment properties	16	28,260	30,511
Property, plant and equipment	17	23,062	23,899
Right-of-use assets	18	18,960	20,264
		<u>103,080</u>	<u>113,813</u>
Total assets		<u>197,909</u>	<u>203,595</u>
LIABILITIES			
Current liabilities			
Trade and other payables		35,369	33,349
Provisions		-	1,544
Lease liabilities		16,686	16,623
		<u>52,055</u>	<u>51,516</u>
Non-current liabilities			
Trade and other payables		5,217	3,866
Provisions		3,417	2,563
Lease liabilities		28,943	37,125
		<u>37,577</u>	<u>43,554</u>
Total liabilities		<u>89,632</u>	<u>95,070</u>
NET ASSETS		<u>108,277</u>	<u>108,525</u>
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	19	91,710	91,710
General reserve		17,000	17,000
Fair value reserve		1,328	1,534
Currency translation reserve		79	120
Other reserves		(42)	70
Accumulated losses		(1,798)	(1,909)
Total equity		<u>108,277</u>	<u>108,525</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 \$'000	Total \$'000
Balance at 1 January 2022	91,710	17,000	1,534	120	70	(1,909)	108,525
Total comprehensive (loss) / income for the year	-	-	(206)	(41)	(112)	1,349	990
Dividend paid	-	-	-	-	-	(1,238)	(1,238)
Balance at 31 December 2022	<u>91,710</u>	<u>17,000</u>	<u>1,328</u>	<u>79</u>	<u>(42)</u>	<u>(1,798)</u>	<u>108,277</u>
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>

D. Condensed interim consolidated statement of cash flows

	12 months ended 31.12.2022 S'000	12 months ended 31.12.2021 S'000
Cash flows from operating activities		
Profit before income tax	1,349	2,156
Adjustments for:		
Depreciation expense	11,725	11,853
Gain on disposal of other investments, at amortised cost	(85)	(157)
Gain on disposal of property, plant and equipment	-	(31)
Interest income	(1,786)	(1,645)
Changes in provisions for other liabilities and charges	146	71
Interest expense	1,620	1,971
Impairment loss on financial assets	24	50
Impairment loss on investment in an associate	1,753	-
Impairment loss on right-of-use assets	2,795	1,631
Impairment loss on property, plant and equipment	965	810
Dividend income	(156)	(91)
Rent concession income	-	(29)
Income from recognition of net investment in subleases	(304)	(109)
Share of loss of an associate	266	58
	<u>18,312</u>	<u>16,538</u>
Changes in working capital		
Trade and other receivables	2,346	2,530
Inventories	(802)	1,885
Other assets and rental deposits	1,189	2
Trade and other payables	2,077	2,813
Provisions	(836)	-
Cash generated from operations	<u>22,286</u>	<u>23,768</u>
Income taxes paid	-	-
Net cash provided by operating activities	<u>22,286</u>	<u>23,768</u>
Cash flows from investing activities		
Payment for investment property	(234)	(117)
Payment for property, plant and equipment	(1,672)	(939)
Purchases of other investments, at amortised cost	(7,240)	(2,654)
Proceeds from maturity / early redemption by issuers of other investments, at amortised cost	9,219	17,702
Proceeds from disposal of property, plant and equipment	52	134
Interest received	1,396	1,700
Dividend received	156	91
Net repayments from employees	-	6
Net cash provided by investing activities	<u>1,677</u>	<u>15,923</u>
Cash flows from financing activities		
Interest paid	(1,620)	(1,971)
Dividend paid	(1,238)	-
Principal payment of lease liabilities	(16,713)	(16,732)
Net cash used in financing activities	<u>(19,571)</u>	<u>(18,703)</u>
Net increase in cash and cash equivalents	4,392	20,988
Cash and cash equivalents at beginning of the financial period	<u>70,150</u>	<u>49,162</u>
Cash and cash equivalents at end of the financial period	<u>74,542</u>	<u>70,150</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 2022 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 2022 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 annual financial statements for the year ended 31 December 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.

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.

Management has considered the current market conditions and global issues in the areas of estimation. 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 2021.

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 18 – 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 2022 to 31 December 2022

	Retail	Property	Total
Segment revenue			
Sales to external customers	39,605	-	39,605
Rental income - investment property	-	5,189	5,189
Other rental income	972	-	972
Income from recognition of net investment in subleases	122	-	122
Segment result	(2,932)	2,498	(434)
Other income			1,222
Other gains			83
Net profit			871
Other segment items			
Capital expenditure	887	91	978
Addition to right-of-use assets	8,341	-	8,341
Depreciation	4,780	1,245	6,025
Impairment on property, plant and equipment	965	-	965
Impairment on right-of-use assets	2,795	-	2,795
Assets and liabilities			
Segment assets	62,157	29,884	92,041
Unallocated assets:			
- Cash and cash equivalents			74,542
- Other investments, at amortised costs			27,326
- Financial assets, at FVOCI			4,000
Total assets			197,909
Segment liabilities	86,839	2,793	89,632
Total liabilities			89,632

1 July 2021 to 30 December 2021

	Retail	Property	Total
Segment revenue			
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
Segment result	(1,947)	1,832	(115)
Other income			896
Other gains			188
Share of loss of an associate			(63)
Net profit			906
Other segment items			
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
Assets and liabilities			
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
Total assets			203,595
Segment liabilities	91,562	3,508	95,070
Total liabilities			95,070

4.1. Reportable segments (cont'd)

1 January 2022 to 31 December 2022

	Retail	Property	Total
Segment revenue			
Sales to external customers	77,334	-	77,334
Rental income - investment property	-	10,286	10,286
Other rental income	1,841	-	1,841
Government grant income	66	-	66
Income from recognition of net investment in subleases	304	-	304
Segment result	(3,700)	4,825	1,125
Other income			2,182
Other gains			61
Share of loss of an associate			(266)
Impairment loss on investment in an associate			(1,753)
Net profit			1,349
Other segment items			
Capital expenditure	2,854	234	3,088
Addition to right-of-use assets	8,594	-	8,594
Depreciation	9,240	2,485	11,725
Impairment on property, plant and equipment	965	-	965
Impairment on right-of-use assets	2,795	-	2,795
Assets and liabilities			
Segment assets	62,157	29,884	92,041
Unallocated assets:			
- Cash and cash equivalents			74,542
- Other investments, at amortised costs			27,326
- Financial assets, at FVOCI			4,000
Total assets			197,909
Segment liabilities	86,839	2,793	89,632
Total liabilities			89,632

1 January 2021 to 31 December 2021

	Retail	Property	Total
Segment revenue			
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
Segment result	(3,046)	3,058	12
Other income			2,064
Other gains			138
Share of loss of an associate			(58)
Net profit			2,156
Other segment items			
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
Assets and liabilities			
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
Total assets			203,595
Segment liabilities	91,562	3,508	95,070
Total liabilities			95,070

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 2022 and 31 December 2021:

	31.12.2022 S'000	31.12.2021 S'000
Financial assets		
Cash and cash equivalents	74,542	70,150
Trade and other receivables	9,074	10,007
Financial assets, at FVOCI	4,000	4,206
Other investment, at amortised cost	27,326	29,426
Other financial assets	4,492	5,262
	<u>119,434</u>	<u>119,051</u>
Financial liabilities		
Trade and other payables	36,468	32,774
Lease liabilities	45,629	53,748
	<u>82,097</u>	<u>86,522</u>

6. Revenue

	6 months ended 31.12.2022 S'000	6 months ended 31.12.2021 S'000	12 months ended 31.12.2022 S'000	12 months ended 31.12.2021 S'000
Revenue				
- Sales of goods	22,456	25,683	43,493	46,608
- Consignment income	17,149	17,097	33,841	30,659
- Rental income	5,189	4,657	10,286	8,537
	<u>44,794</u>	<u>47,437</u>	<u>87,620</u>	<u>85,804</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. Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

A breakdown of sales:

	Financial year ended 31 December 2022 S'000	Financial year ended 31 December 2021 S'000	Increase/(Decrease)	
			%	
Sales reported for the first half year	42,826	38,367	11.62	
Operating profit after tax reported for first half year	<u>478</u>	<u>1,250</u>	-61.76	
Sales reported for second half year	44,794	47,437	-5.57	
Operating profit after tax reported for second half year	<u>871</u>	<u>906</u>	-3.86	

7. Other Income

	6 months ended 31.12.2022 S'000	6 months ended 31.12.2021 S'000	12 months ended 31.12.2022 S'000	12 months ended 31.12.2021 S'000
Other income				
- Rental income	972	683	1,841	1,530
- Government grant income	-	1,156	66	3,014
- Rental concession income	-	-	-	29
- Sundry income	137	103	240	328
- Dividend income from listed equity securities, at FVOCI	92	22	156	91
- Interest income from financial assets measured at amortised cost	993	771	1,786	1,645
- Income from recognition of net investment in subleases	122	-	304	109
	<u>2,316</u>	<u>2,735</u>	<u>4,393</u>	<u>6,746</u>

8. Other gains / (losses) - net

	6 months ended 31.12.2022 S'000	6 months ended 31.12.2021 S'000	12 months ended 31.12.2022 S'000	12 months ended 31.12.2021 S'000
Other gains / (losses)				
- Impairment loss on financial assets	(2)	(48)	(24)	(50)
- Gain on disposal of property, plant and equipment	-	31	-	31
- Gain on disposal of financial assets	85	205	85	157
	<u>83</u>	<u>188</u>	<u>61</u>	<u>98</u>

9. Employee Compensation

	6 months ended 31.12.2022 S'000	6 months ended 31.12.2021 S'000	12 months ended 31.12.2022 S'000	12 months ended 31.12.2021 S'000
Employee compensation				
- Wages and salaries	7,242	7,278	14,824	14,342
- Employer's contribution to defined contribution plans including Central Provident Fund	781	746	1,519	1,440
- Retirement benefit scheme expense	38	19	77	56
	<u>8,061</u>	<u>8,043</u>	<u>16,420</u>	<u>15,838</u>
- Less: Government grants	(192)	(32)	(371)	(194)
	<u>7,869</u>	<u>8,011</u>	<u>16,049</u>	<u>15,644</u>

10. Other Expenses

	6 months ended 31.12.2022 S'000	6 months ended 31.12.2021 S'000	12 months ended 31.12.2022 S'000	12 months ended 31.12.2021 S'000
Other expenses				
- Advertising and promotion	1,941	1,957	3,871	3,470
- Delivery	660	666	1,347	1,233
- License fees, property and miscellaneous taxes	504	602	1,102	1,204
- Credit card commissions	1,305	1,439	2,604	2,523
- Royalty	473	471	928	885
- Supplies, repair and maintenance	1,694	1,218	3,052	2,854
- Utilities	1,361	976	2,466	2,074

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 2022 was 9.00% (2021: 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 and twelve-months ended 31 December 2022, an impairment charge of \$965,000 and \$2,795,000 (six months ended 31 December 2021: \$810,000 and \$1,631,000) 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

	31.12.2022 \$	31.12.2021 \$
Net asset value per ordinary shares	2.62	2.63

13. Trade and other receivables

(a) Current

	31.12.2022 S'000	31.12.2021 S'000
Trade receivables		
- Immediate holding corporation	-	60
- Non-related parties	1,948	1,933
	1,948	1,993
Less: Allowance for impairment of receivables - non-related parties	(30)	(30)
	1,918	1,963
Interest receivable	640	243
Accrued receivables	1,425	1,104
Government grant receivables	-	203
Finance lease receivables	2,360	1,992
	6,343	5,505

(b) Non-Current

Other receivables		
Finance lease receivables	2,583	4,221
Deposits	148	281
	2,731	4,502

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

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

	31.12.2022 S'000	31.12.2021 S'000
Singapore listed equity securities		
- Ascendas Reit	2,468	2,658
- Others	146	154
	2,614	2,812
Unquoted equity		
- Isetan of Japan Sdn. Bhd.	1,386	1,394
	4,000	4,206

During the six-months and twelve-months period ended 31 December 2022 and 31 December 2021, 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
31 December 2022				
Financial assets				
FVOCI investments	2,614	-	1,386	4,000
31 December 2021				
Financial assets				
FVOCI investments	2,812	-	1,394	4,206

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 in an associate

Following the announcement regarding the ceasing of the associate's business operations of its two stores on 31 December 2022 and voluntary liquidation from 1 January 2023, the Company has obtained information from the associate regarding its projected closure and liquidation expenses and determined the recoverable amount of the investment. Based on the impairment assessment performed for financial year 2022, the carrying amount of the investment in an associate was determined to be higher than its recoverable amount, hence an impairment charge of \$1,753,000 equivalent to the net book value of the investment as at 30 June 2022 was recognised in financial year 2022.

16. 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.

	2022 \$'000	2021 \$'000
Cost		
Beginning of financial period	87,933	87,816
Additions	234	117
Transfer from property, plant and equipment	2	-
End of interim period	88,169	87,933
Accumulated depreciation		
Beginning of financial period	57,422	54,965
Depreciation charge	2,485	2,457
Transfer from property, plant and equipment	2	-
End of interim period	59,909	57,422
Net book value as at 31 December	28,260	30,511

17. Property, plant and equipment

During the six months ended 31 December 2022, the Company acquired assets amounting to \$887,000 (six months ended 31 December 2021: \$1,807,000) and disposed of assets amounting to \$42,000 (six months ended 31 December 2021: \$103,000). For the six-months ended 31 December 2022, an impairment loss of \$965,000 on property, plant and equipment ("PPE") (six months ended 31 December 2021: \$810,000) was recorded to reduce the carrying value of PPE.

18. 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 2022, an impairment loss of \$2,795,000 on right-of-use assets ("ROU") (six months ended 31 December 2021: \$1,631,000) was recorded to reduce the carrying value of ROU.

As at 31 December 2022, management has assessed that there were no changes in key judgements over the lease term as compared to 31 December 2021.

19. Share Capital

The Company's share capital comprises fully paid-up 41,250,000 (31 December 2021: 41,250,000) ordinary shares with no par value, amounting to a total of \$91,710,000 (31 December 2021: \$91,710,000).

20. 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 31.12.2022 S'000	6 months ended 31.12.2021 S'000	12 months ended 31.12.2022 S'000	12 months ended 31.12.2021 S'000
Royalty payable to immediate holding corporation	473	471	928	885
Purchases from immediate holding corporation	13	14	23	29
Payments made on behalf of fellow subsidiary	-	-	-	34

21. Commitments

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

	31.12.2022 S'000	31.12.2021 S'000
Investment properties	489	489
Property, plant and equipment	982	1,726

22. 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.

23. Dividend

	Financial year 2022	Financial year 2021
Ordinary *	\$ -	\$ 1,237,500
Preference	\$ -	\$ -
Total:	\$ -	\$ 1,237,500

* For prior year, amount of \$1,237,500 relates to the final dividend declared for the financial year ended 31 December 2021 that was approved for payment to shareholders at the Annual General Meeting held on 28th April 2022.

24. 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 2022 and 31 December 2021 due to tax losses brought forward from prior years.

Other Information

1. Review

The condensed interim statement of financial position of Isetan (Singapore) Limited as at 31 December 2022 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 \$871,000 for the six months ended 31 December 2022 as compared to a profit of \$906,000 for the six months ended 31 December 2021 and generated a net profit of \$1,349,000 for FY 2022 as compared to a profit of \$2,156,000 for FY 2021 mainly due to the following:

Revenue

Revenue for the six months period ended 31 December 2022 ("2H 2022") was \$44,794,000, a decrease of 5.57% over the corresponding period ("2H 2021") and revenue for the year ended 31 December 2022 ("FY 2022") was \$87,620,000, an increase of 2.12% over the corresponding period ("FY 2021"). The decrease in Company revenue for 2H2022 was due to the lower sale of goods from the retail segment offset with higher rental income from the Isetan Wisma Atria investment property ("investment property"). The increase in Company revenue for FY 2022 was due to higher consignment income and rental income from the investment property offset with the lower sale of goods from the retail segment. The improved revenue in FY 2022 was however affected by the discontinued operations of Katong store on 30 January 2022.

Revenue from investment property for 2H 2022 and FY2022 increased as compared to the same period last year due to new operating lease income from Isetan Wisma Atria.

Other income

Other income for 2H 2022 was \$2,316,000, a decrease of 15.32% over the corresponding period ("2H 2021") and other income for the FY 2022 was \$4,393,000, a decrease of 34.88% over the corresponding period ("FY 2021"). The decrease in other income for both 2H 2022 and FY 2022 was mainly due to lower grant income from the government and lower rental concession income from landlord. These more than offset the higher operating lease income from Isetan Scotts, higher dividend income, higher interest income from financial assets measured at amortised cost and higher income from recognition of net investment in subleases.

Other gains / (losses) - net

Other gains for the 2H 2022 was \$83,000, a decrease over the corresponding period ("2H 2021") and other gains for the FY 2022 was \$61,000, a decrease over the corresponding period ("FY 2021"). The decrease in other gains for 2H 2022 and FY 2022 was mainly due to decrease in gain on disposal of financial assets, decrease in gain on disposal of property, plant and equipment and offset by the decrease in impairment for other investments, at amortised cost.

Changes in inventories of finished goods

Changes in inventories of finished goods for the 2H 2022 was \$747,000, an increase of \$2,291,000 over the corresponding period ("2H 2021") and changes in inventories of finished goods for the FY 2022 was \$802,000, an increase of \$2,687,000 over the corresponding period ("FY 2021"). The increase in 2H 2022 and FY2022 was mainly due to more stock purchased during the period ended 31 December 2022, and slower sales of goods in FY 2022.

Purchases of inventories and related costs

Purchases of inventories and related costs for the 2H 2022 was \$16,365,000, a decrease of 5.01% over the corresponding period ("2H 2021"). Purchases of inventories and related costs for FY 2022 was \$31,686,000, a decrease of 0.21% over the corresponding period ("FY 2021"). The decrease in 2H 2022 was mainly due to lower sale of goods from the retail segment. No significant fluctuation noted for FY 2022 as compared to FY 2021.

Employee compensation

Employee compensation for the 2H 2022 was \$7,869,000, a decrease of 1.77% over the corresponding period ("2H 2021") and employee compensation for the FY 2022 was \$16,049,000, an increase of 2.59% over the corresponding period ("FY 2021"). The decrease in 2H 2022 was mainly due to higher government grants received in 2H 2022 as compared to 2H 2021. The increase in FY 2022 was mainly due to higher wages and salaries.

Depreciation expense

Depreciation expense for the 2H 2022 was \$6,025,000, an increase of 0.08% over the corresponding period ("2H 2021") and depreciation expense for the FY 2022 was \$11,725,000, a decrease of 1.08% over the corresponding period ("FY 2021"). No significant fluctuation noted for 2H 2022 as compared to 2H 2021. The decrease in FY 2022 was mainly due to the impairment of right-of-use assets and property, plant and equipment provided in the financial year ended 31 December 2021.

Rental expense

Rental expense for the 2H 2022 was \$670,000 an increase of 29.84% over the corresponding period ("2H 2021") and rental expense for the FY 2022 was \$1,444,000 a decrease of 13.01% over the corresponding period ("FY 2021"). The increase in 2H 2022 was mainly due to higher gross turnover rent payment. The decrease in FY 2022 was mainly due to closure of the Katong store in end January 2022.

Service charge expense

Service charge expense for the 2H 2022 was \$2,523,000, a decrease of 34.11% over the corresponding period ("2H 2021") and service charge expense for the FY 2022 was \$5,439,000, a decrease of 21.63% over the corresponding period ("FY 2021"). The decrease in 2H 2022 and FY 2022 was mainly due to closure of the Katong store in end January 2022.

Impairment losses

Losses in the retail segment is reflective of the continuing challenges in the retail industry. Accordingly, an impairment charge of \$965,000 on property, plant and equipment ("PPE") and \$2,795,000 on right-of-use assets ("ROU") (2H 2021: Impairment loss of \$810,000 on PPE and \$1,631,000 on ROU) was recorded in the 2H 2022 to reduce the carrying value of these assets in the retail segment.

Based on the impairment assessment performed for investment in an associate, an impairment charge of \$1,753,000 which equivalent to the net book value of the investment as at the end of June 2022 has been provided for the FY 2022.

Other expenses

Other expense for the 2H 2022 was \$9,028,000, an increase of 1.67% over the corresponding period ("2H 2021") and other expense for the FY 2022 was \$17,785,000, an increase of 8.93% over the corresponding period ("FY 2021"). The increase in 2H 2022 was mainly due to the higher cost incurred for supplies, repair and maintenance and utilities expense and offset by lower credit card commission incurred. The increase in other expense for FY 2022 was mainly due to the higher cost incurred for sales promotion, delivery fee, credit cards commissions, royalty fee, utilities expense and supplies, repair and maintenance.

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

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.

The reduction in investment in an associate were mainly due to the impairment charge of \$1,753,000 was recorded to reduce the carrying value of the asset to Nil during the financial year 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 2022.

Trade and other payables as at 31 December 2022 increased by \$3,371,000 compared with 31 December 2021, mainly due to more purchase made towards year end for financial year ended 31 December 2022.

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 \$4,392,000 in financial year 2022, compared to a net increase of \$20,988,000 in financial year 2021. This is mainly attributed to lower cash generated from operations, reduction in cash generated from maturity and early-redemption of our long term other investments and higher purchases of other investments, at amortised cost.

Net cash generated from operating activities of \$22,286,000 in financial year 2022 as compared to net cash generated of \$23,768,000 in financial year 2021 resulted mainly due to decrease in profit during the period and increase in inventories balance as the result of more purchase made towards financial year ended.

Net cash provided by investing activities for financial year 2022 was \$1,677,000 compared to net cash of \$15,923,000 generated in financial year 2021 which resulted mainly due to higher payment for property, plant and equipment, higher purchases of the other investments, at amortised cost and lower cash inflows generated from maturity and early-redemption of investments.

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

Operating Environment Update

According to the press release from the Ministry of Trade and Industry (MTI) on 13 February 2023, Singapore's economy grew by 3.6 per cent in 2022, slowing sharply from the 8.9 per cent growth achieved a year earlier. For 2023, private sector economists have cut Singapore's growth forecast to 1.8 per cent, down from the previous estimate of 2.8 per cent, whilst MTI's forecast on 13 February 2023 maintained at 0.5% and 2.5%. GDP growth rates in most major economies are expected to moderate further from 2022 levels, with sharp slowdowns projected in the US and Eurozone. Regionally, GDP growth in the Southeast Asian economies is expected to moderate amidst weaker demand for their merchandise exports, although the ongoing recovery in domestic and tourism demand will provide some support. Other downside risks in the global economy include rising interest rates, the ongoing war in Ukraine and geopolitical tensions among major global powers that could worsen supply disruptions, dampen consumer and business confidence.

Against this backdrop of slower forecasted growth in Singapore and the World, there could be mitigating factors like growing air travel and international visitor arrivals, in particular the relaxation of ZERO-COVID 19 measures in China beginning this year. This will support accommodation, arts, entertainment, recreation, as well as other related retail activities.

Moving forward, key factors weighing on the retail sector include rising rentals, utilities cost, staff cost and the increase in GST. Other operating costs which were relatively stable in the past have become major component of concern, impacting the performance of retailers. These include logistics and IT-related costs which are either new or have increased substantially over the last 2 years.

Under the Company's Property segment, revenue is expected to remain stable as the existing tenancies are mostly ongoing in 2023.

5. Dividend information

(a) Current Financial Year Reported On

Any dividend recommended for the current financial year reported on? **No**

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year **Yes**

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

6. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

No dividend has been declared or recommended for FY 2022 as the Board is of the view that the Company should achieve more stable and significant distributable profits before resuming payment of dividend in accordance with the Company's dividend policy.

7. Interested person transactions

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

8. 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.

9. 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 2022.

For the year ended 31 December 2022, the retail segment continued to be our core business segment, which accounted for approximately 88% of the total revenue. Revenue for this segment increased by approximately 0.1% in FY2022 as compared to FY 2021. With the full easing of Safe Management Measures and the relaxation of domestic and border restrictions in FY2022, the Company has experiencing a faster pace of recovery and recorded higher revenue of \$87.62 million for FY2022, improved from the revenue of \$85.80 million in FY2021. Despite of this, Company recorded a net profit of \$1.35 million in FY2022 which lower than the net profit of \$2.16 million in FY2021 mainly due to higher impairment losses in FY2022.

10. 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 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Shioji Hiramatsu
Director

Richard Tan Chuan-Lye
Director

Singapore
1 March 2023