

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

	Note	6 months ended 30.06.2022 S'000	6 months ended 30.06.2021 S'000	+/(-) %
Revenue	6	42,826	38,367	11.62
Other income	7	2,077	4,011	-48.22
Other losses				
- Impairment loss on financial assets	8	(22)	(2)	1,244.09
- Others	8	-	(48)	N.M.
Expenses				
- Changes in inventories of finished goods		55	(341)	N.M.
- Purchases of inventories and related costs		(15,321)	(14,524)	5.49
- Employee compensation	9	(8,180)	(7,633)	7.17
- Depreciation expense		(5,700)	(5,833)	-2.28
- Rental expense		(774)	(1,144)	-32.34
- Service charge expense		(2,916)	(3,111)	-6.27
- Interest expense		(791)	(1,050)	-24.67
- Impairment loss on investment in an associate		(1,753)	-	N.M.
- Other expenses	10	(8,757)	(7,447)	17.59
Total expenses		(44,137)	(41,083)	7.43
Share of (loss) / profit of an associate		(266)	5	N.M.
Profit before income tax		478	1,250	-61.77
Income tax expense	24	-	-	
Net profit after tax for the financial period		478	1,250	-61.77
Attributable to :				
Equity holders of the Company		478	1,250	-61.77
Earnings per share for net profit attributable to the equity holders of the Company (cents per share)				
- Basic		1.16 cents	3.03 cents	
- Diluted		1.16 cents	3.03 cents	
		6 months ended 30.06.2022 S'000	6 months ended 30.06.2021 S'000	+/(-) %
Net profit for the financial period		478	1,250	-61.77
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences		(41)	46	N.M.
Item that will not be reclassified subsequently to profit or loss:				
Financial assets, fair value through other comprehensive income				
- Fair value loss		(287)	(789)	-63.62
Other comprehensive loss, net of tax		(328)	(743)	-55.85
Total comprehensive income for the financial period		150	507	-70.44
Total comprehensive income attributable to :				
Equity holders of the Company		150	507	-70.44

B. Condensed interim statements of financial position

	Note	30.06.2022 S'000	31.12.2021 S'000
ASSETS			
Current assets			
Cash and cash equivalents		63,893	70,150
Trade and other receivables	13 (a)	6,106	5,505
Other investments, at amortised cost		9,051	5,036
Inventories		5,695	5,640
Rental deposit		663	1,411
Other current assets		2,002	2,040
		<u>87,410</u>	<u>89,782</u>
Non-current assets			
Trade and other receivables	13 (b)	3,826	4,502
Financial assets, at FVOCI	14	3,919	4,206
Other investments, at amortised cost		19,583	24,390
Club memberships		170	170
Investment in an associate	15	-	2,060
Rental deposits		3,811	3,811
Investment properties	16	29,414	30,511
Property, plant and equipment	17	24,565	23,899
Right-of-use assets	18	16,976	20,264
		<u>102,264</u>	<u>113,813</u>
Total assets		<u>189,674</u>	<u>203,595</u>
LIABILITIES			
Current liabilities			
Trade and other payables		28,857	33,349
Provisions		730	1,544
Lease liabilities		15,073	16,623
		<u>44,660</u>	<u>51,516</u>
Non-current liabilities			
Trade and other payables		4,508	3,866
Provisions		2,615	2,563
Lease liabilities		30,454	37,125
		<u>37,577</u>	<u>43,554</u>
Total liabilities		<u>82,237</u>	<u>95,070</u>
NET ASSETS		<u>107,437</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		1,247	1,534
Currency translation reserve		79	120
Other reserves		70	70
Accumulated losses		(2,669)	(1,909)
Total equity		<u>107,437</u>	<u>108,525</u>

C. Condensed interim statements of changes in equity

	Share capital S'000	General reserve S'000	Fair value reserve S'000	Currency translation reserve S'000	Other reserves S'000	Accumulated loss S'000	Total S'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	-	-	(287)	(41)	-	478	150
Dividend for year ended 31 December 2021	-	-	-	-	-	(1,238)	(1,238)
Balance at 30 June 2022	<u>91,710</u>	<u>17,000</u>	<u>1,247</u>	<u>79</u>	<u>70</u>	<u>(2,669)</u>	<u>107,437</u>
Balance at 1 January 2021	91,710	17,000	1,847	34	291	(4,065)	106,817
Total comprehensive (loss) / income for the year	-	-	(789)	46	-	1,250	507
Balance at 30 June 2021	<u>91,710</u>	<u>17,000</u>	<u>1,058</u>	<u>80</u>	<u>291</u>	<u>(2,815)</u>	<u>107,324</u>

D. Condensed interim consolidated statement of cash flows

	6 months ended 30.06.2022 S'000	6 months ended 30.06.2021 S'000
Cash flows from operating activities		
Profit before income tax	478	1,250
Adjustments for:		
Depreciation expense	5,700	5,833
Loss on disposal of other investments, at amortised cost	-	48
Interest income	(793)	(874)
Changes in provisions for other liabilities and charges	74	25
Interest expense	791	1,050
Impairment loss on financial assets	22	2
Impairment loss on investment in an associate	1,753	-
Dividend income	(64)	(69)
Rent concession income	-	(29)
Income from recognition of net investment in sublease	(182)	(109)
Share of loss / (profit) of an associate	266	(5)
	<u>8,045</u>	<u>7,122</u>
Changes in working capital		
Trade and other receivables	561	2,031
Inventories	(55)	341
Other assets and rental deposits	786	(93)
Trade and other payables	(5,576)	(9,926)
Provisions	(836)	-
Cash generated from / (used in) operations	<u>2,925</u>	<u>(525)</u>
Income taxes paid	-	-
Net cash provided by / (used in) operating activities	<u>2,925</u>	<u>(525)</u>
Cash flows from investing activities		
Payment for investment property	(143)	-
Payment for property, plant and equipment	(241)	(782)
Purchases of other investments, at amortised cost	(2,253)	(2,654)
Proceeds from maturity / early redemption by issuers of other investments, at amortised cost	3,000	10,451
Proceeds from disposal of property, plant and equipment	10	-
Interest received	631	918
Dividend received	64	69
Net repayments from employees	-	6
Net cash provided by investing activities	<u>1,068</u>	<u>8,008</u>
Cash flows from financing activities		
Interest paid	(791)	(1,050)
Dividend paid	(1,238)	-
Principal payment of lease liabilities	(8,221)	(8,286)
Net cash used in financing activities	<u>(10,250)</u>	<u>(9,336)</u>
Net decrease in cash and cash equivalents	(6,257)	(1,853)
Cash and cash equivalents at beginning of the financial period	70,150	49,162
Cash and cash equivalents at end of the financial period	<u>63,893</u>	<u>47,309</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 30 June 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 30 June 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 January 2022 to 30 June 2022	Retail	Property	Total
Segment revenue			
Sales to external customers	37,729	-	37,729
Rental income - investment property	-	5,097	5,097
Other rental income	869	-	869
Government grant income	66	-	66
Income from recognition of net investment in subleases	182	-	182
Segment result	(768)	2,327	1,559
Other income			960
Other losses			(22)
Share of loss of an associate			(266)
Impairment loss on investment in an associate			(1,753)
Net profit			478
Other segment items			
Capital expenditure	1,967	143	2,110
Addition to right-of-use assets	253	-	253
Depreciation	4,460	1,240	5,700
Assets and liabilities			
Segment assets	61,858	31,370	93,228
Unallocated assets:			
- Cash and cash equivalents			63,893
- Other investments, at amortised costs			28,634
- Financial assets, at FVOCI			3,919
Total assets			189,674
Segment liabilities	78,727	3,510	82,237
Total liabilities			82,237
1 January 2021 to 30 June 2021			
Segment revenue			
Sales to external customers	34,487	-	34,487
Rental income - investment property	-	3,880	3,880
Other rental income	847	-	847
Rental concession income	29	-	29
Government grant income	1,858	-	1,858
Income from recognition of net investment in subleases	109	-	109
Segment result	(1,099)	1,226	127
Other income			1,168
Other losses			(50)
Share of profit of an associate			5
Net profit			1,250
Other segment items			
Capital expenditure	782	-	782
Depreciation	4,605	1,228	5,833
Assets and liabilities			
Segment assets	74,608	31,914	106,522
Unallocated assets:			
- Investment in an associate			2,083
- Cash and cash equivalents			47,309
- Other investments, at amortised costs			36,540
- Financial assets, at FVOCI			3,730
Total assets			196,184
Segment liabilities	86,256	2,604	88,860
Total liabilities			88,860

4.2. 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.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Company as at 30 June 2022 and 31 December 2021:

	30.06.2022 \$'000	31.12.2021 \$'000
Financial assets		
Cash and cash equivalents	63,893	70,150
Trade and other receivables	9,932	10,007
Financial assets, at FVOCI	3,919	4,206
Other investment, at amortised cost	28,634	29,426
Other financial assets	4,502	5,262
	<u>110,880</u>	<u>119,051</u>
Financial liabilities		
Trade and other payables	28,721	32,774
Lease liabilities	45,527	53,748
	<u>74,248</u>	<u>86,522</u>

6. Revenue

	6 months ended 30.06.2022 \$'000	6 months ended 30.06.2021 \$'000
Revenue		
- Sales of goods	21,037	20,925
- Consignment income	16,692	13,562
- Rental income	5,097	3,880
	<u>42,826</u>	<u>38,367</u>

7. Other Income

	6 months ended 30.06.2022 \$'000	6 months ended 30.06.2021 \$'000
Other income		
- Rental income	869	847
- Government grant income	66	1,858
- Rental concession income	-	29
- Sundry income	103	225
- Dividend income from listed equity securities, at FVOCI	64	69
- Interest income from financial assets measured at amortised cost	793	874
- Income from recognition of net investment in subleases	182	109
	<u>2,077</u>	<u>4,011</u>

8. Other losses

	6 months ended 30.06.2022 \$'000	6 months ended 30.06.2021 \$'000
Other losses		
- Impairment loss on financial assets	(22)	(2)
- Loss on disposal of financial assets	-	(48)
	<u>-</u>	<u>(50)</u>

9. Employee Compensation

	6 months ended 30.06.2022 \$'000	6 months ended 30.06.2021 \$'000
Employee compensation		
- Wages and salaries	7,582	7,216
- Employer's contribution to defined contribution plans including Central Provident Fund	738	695
- Retirement benefit scheme expense	39	37
	<u>8,359</u>	<u>7,948</u>
- Less: Government grants	(179)	(315)
	<u>8,180</u>	<u>7,633</u>

10. Other Expenses

	6 months ended 30.06.2022 \$'000	6 months ended 30.06.2021 \$'000
Other expenses		
- Advertising and promotion	1,930	1,332
- Delivery	687	567
- License fees, property and miscellaneous taxes	598	602
- Credit card commissions	1,299	1,084
- Royalty	455	414
- Supplies, repair and maintenance	1,358	1,354
- Utilities	1,105	782
	<u>11,332</u>	<u>9,071</u>

11. Impairment

Continued losses in the Retail segment in the current financial period is an indicator of impairment of PPE and ROU assets.

For the purpose of impairment testing, the recoverable amounts of the PPE and ROU assets are determined based on the higher of value-in-use ("VIU") and fair value less costs to sell ("FVLCTS"), for the cash-generating-unit ("CGU") (i.e. retail store) to which the assets belong.

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. Value in use as at 30 June 2022 was determined similarly to the 31 December 2021 impairment test and was based on key assumptions which include the discount rate, growth rates and rental income assumptions.

The recoverable amount of the corporate assets under the Retail segment is based on the fair value less costs to sell ("FVLCTS") method, which was determined similarly to the 31 December 2021 impairment test.

No impairment loss was required for the carrying amounts of the PPE and ROU assets as at 30 June 2022.

12. Net Asset Value

	30.06.2022	31.12.2021
	\$	\$
Net asset value per ordinary shares	2.60	2.63

13. Trade and other receivables

(a) Current	30.06.2022	31.12.2021
	\$'000	\$'000
Trade receivables		
- Immediate holding corporation	52	60
- Non-related parties	2,151	1,933
	2,203	1,993
Less: Allowance for impairment of receivables - non-related parties	(30)	(30)
	2,173	1,963
Interest receivable	335	243
Accrued receivables	1,382	1,104
Government grant receivables	-	203
Finance lease receivables	2,216	1,992
	6,106	5,505
(b) Non-Current		
Other receivables		
Finance lease receivables	3,541	4,221
Deposits	285	281
	3,826	4,502

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

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

	30.06.2022	31.12.2021
	\$'000	\$'000
Singapore listed equity securities		
- Ascendas Reit	2,567	2,658
- Others	143	154
	2,710	2,812
Unquoted equity		
- Isetan of Japan Sdn. Bhd.	1,209	1,394
	3,919	4,206

During the interim period, 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	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
30 June 2022				
Financial assets				
FVOCI investments	2,710	-	1,209	3,919
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 by 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 as at 30 June 2022. Based on the impairment assessment performed, 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 (30 June 2021: \$Nil).

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	143	-
End of interim period	<u>88,076</u>	<u>87,816</u>
Accumulated depreciation		
Beginning of financial period	57,422	54,965
Depreciation charge	1,240	1,228
End of interim period	<u>58,662</u>	<u>56,193</u>
Net book value as at 30 June	<u>29,414</u>	<u>31,623</u>

17. Property, plant and equipment

During the six months ended 30 June 2022, the Company acquired assets amounting to \$1,967,000 (30 June 2021: \$782,000) and disposed of assets amounting to \$10,000 (30 June 2021: \$Nil).

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.

As at 30 June 2022, management has assessed that there were no changes in key judgements over the lease term as compared to 31 December 2021. The recoverable amounts of the PPE and ROU assets are obtained based on the VIU method and the discount rate used at 30 June 2022 was 8.00% (31 December 2021: 7.80%). The growth rates and rental income assumptions applied in the VIU computations are based on the 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.

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 30.06.2022 \$'000	6 months ended 30.06.2021 \$'000
Royalty payable to immediate holding corporation	455	414
Purchases from immediate holding corporation	10	15
Payments made on behalf by fellow subsidiary	-	34

21. Commitments

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

	30.06.2022 \$'000	31.12.2021 \$'000
Investment properties	489	489
Property, plant and equipment	-	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

The Company did not propose any interim dividends for the period ended 30 June 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 ended 30 June 2022.

Other Information

1. Review

The condensed interim balance sheet of Isetan (Singapore) Limited as at 30 June 2022 and the related condensed interim income statement and condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the six-month period 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 \$478,000 for the six months ended 30 June 2022 as compared to a net profit of \$1,250,000 for the six months ended 30 June 2021 mainly due to the following:

Revenue

Revenue for the period ended 30 June 2022 ("1H 2022") was \$42,826,000, an increase of 11.62% over the corresponding period ("1H 2021"). The overall increase in Company revenue was due to higher sale of goods from the retail segment, higher consignment income and higher rental income from Isetan Wisma Atria investment property ("investment property").

Revenue from investment property increased as compared to the same period last year due to new operating lease income from Isetan Wisma Atria.

Other income

Other income for 1H 2022 was \$2,077,000, a decrease of 48.22% over the corresponding period ("1H 2021"). The decrease in other income was mainly due to lower grant income from the government, lower interest income from financial assets measured at amortised cost, lower rental concession income from landlord and offset with higher income from recognition of net investment in subleases.

Other losses

Other losses for the 1H 2022 was \$22,000, a decrease over the corresponding period ("1H 2021"). The decrease in other losses was mainly due to impairment for other investments, at amortised cost and reduced in loss on disposal of financial assets.

Changes in inventories of finished goods

Changes in inventories of finished goods for 1H 2022 was \$55,000, an increase of \$396,000 as compared to the corresponding period ("1H 2021"). The increase was mainly due to more stock purchased in 1H 2022 as compared to 1H 2021.

Purchases of inventories and related costs

Purchases of inventories and related costs for the 1H 2022 was \$15,321,000, an increase of 5.49% over the corresponding period ("1H 2021"). The increase was mainly due to more stock purchased in 1H 2022 as compared to 1H 2021.

Employee compensation

Employee compensation for the 1H 2022 was \$8,180,000, an increase of 7.17% over the corresponding period ("1H 2021"). The increase was mainly due to higher wages and salaries.

Depreciation expense

Depreciation expense for the 1H 2022 was \$5,700,000, a decrease of 2.28% over the corresponding period ("1H 2021"). 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 2021.

Rental expense

Rental expense for the 1H 2022 was \$774,000, a decrease of 32.34% over the corresponding period ("1H 2021"). The decrease was mainly due to closure of the Katong store in end January 2022 which resulted reduced in gross turnover rent payment.

Service charge expense

Service charge expense for the 1H 2022 was \$2,916,000, a decrease of 6.27% over the corresponding period ("1H 2021"). The decrease was mainly due to closure of the Katong store in end January 2022 and offset by the rental rebates given by landlords in 1H 2021 but not in 1H 2022.

Impairment losses

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 as at 30 June 2022.

Other expenses

Other expense for the 1H 2022 was \$8,757,000, an increase of 17.59% over the corresponding period ("1H 2021"). The increase was mainly due to the higher cost incurred for sales promotion, delivery cost, credit card commission and utilities.

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.

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.

Trade and other payables as at 30 June 2022 decreased by \$3,850,000 compared with 31 December 2021, mainly due to the repayment made to trade creditors.

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

Statement of Cash Flows

There was a decrease in cash and cash equivalents amounting to \$6,257,000 in 1H 2022, compared to a net decrease of \$1,853,000 in 1H 2021. This is mainly attributed to the reduction in cash generated from maturity and early-redemption of our long term other investments and offset by higher cash generated from operations.

Net cash generated from operating activities of \$2,925,000 in 1H 2022 as compared to net cash used of \$525,000 in 1H 2021 resulted mainly due to better sales which generated a higher net operating cash inflow.

Net cash used in investing activities for 1H 2022 was \$1,068,000 compared to net cash of \$8,008,000 generated in 1H 2021 which resulted due to higher payment for investment property, 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

With the full easing of Safe Management Measures and the relaxation of domestic and border restrictions, our retail stores are experiencing a faster pace of recovery and long-awaited boost to its revenue since the impact of the pandemic. Moving forward, with instore sales regaining momentum, we welcome back the resumption of mall atrium sales in suburban stores under a new normal and at the same time prepare for our food fairs from May 2022. With the easing of travel restrictions, our Japanese promoters can return and create a more authentic food fair with a wide array of offerings.

Other than the disruption and delay in the supply of some European dry goods and dairy produce which forms a small segment of our merchandise assortment, the direct impact of the war in Europe has been limited. Other than the above-mentioned delays in supply, the indirect cost is taking a toll on prices of incoming merchandise moving forward. Fuel prices, food cost, global inflationary trend and the recent interest rates spike will continue to impact operating cost across the globe for all companies as well as consumer spending. This may affect business in the retail sector significantly and may hamper recuperation efforts following the negative impact of the Covid-19 pandemic.

In Budget 2022, the Minister for Finance (MOF) announced that the GST rate will be increased from 7% to 8% with effect from 1 January 2023 and from 8% to 9% with effect from 1 January 2024. This may have an impact on the Company's businesses from 2023 onward as consumers may moderate their spending when prices of goods and services increase due to the tax hikes. This would further impact the performance of businesses already pressured by rising costs in manpower, logistics and electricity.

Update on Associate Company

The Company announced on 27 June 2022 that its associate, Chengdu Isetan Company Limited, will cease the business operations of its two stores by 31 December 2022 and subsequently commence proceedings on the dissolution and voluntary liquidation of the company from 1 January 2023. Further to the subsequent announcement made on 18 July 2022, the Company has performed the impairment testing of the investment in the associate and recorded full impairment of \$1.75 million which is equivalent to the net book value of the investment as at 30 June 2022.

5. Dividend information

(a) Current Financial Year Reported On

The Company did not propose any interim dividends for the period ended 30 June 2022.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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.

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 30 June 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
11 August 2022