

ANNUAL  
REPORT  
2011/12



FJ BENJAMIN

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## CORPORATE PROFILE

### LUXURY AND LIFESTYLE FASHION RETAILING AND DISTRIBUTION

F J Benjamin exclusively retails and distributes brands such as Banana Republic, Catherine Deane, Céline, Gap, Givenchy, Goyard, Guess, La Senza, RAOUL, Sheridan and VNC across various territories.

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With a rich heritage dating back to 1959, SGX-listed F J Benjamin Holdings Ltd is an industry leader in brand building and management, and development of retail and distribution networks for international luxury and lifestyle brands across Asia. Headquartered in Singapore and listed on the Singapore Exchange since November 1996, F J Benjamin has offices in eight cities, manages over 20 iconic brands and operates 191 stores.

The Group employs over 3,000 employees and runs four core businesses:

Its retail footprint includes Southeast Asia and Hong Kong.

It distributes in-house labels RAOUL and Catherine Deane through points-of-sale across Europe, the United States and the Middle East.

### TIMEPIECE DISTRIBUTION

F J Benjamin exclusively distributes timepiece brands – Bell & Ross, ChronoSwiss, Converse, Devon, DeWitt, Girard-Perregaux, Gc, Guess, Marc Ecko, Nautica, Rado, Sottomarino, Victorinox Swiss Army and Vulcain across Asia.

### CREATIVE AND DESIGN

F J Benjamin's Creative & Design division has conceptualised and developed house label RAOUL and handles the design and manufacturing of RAOUL.

### INVESTING IN LIFESTYLE CONCEPTS

F J Benjamin strategically invests in iconic lifestyle concepts as part of its search for meaningful value creation opportunities for shareholders and customers. The Group has a significant investment in Catalyst-listed St. James Holdings Limited.

# CORPORATE DIRECTORY

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## DIRECTORS

**Mr Frank Benjamin**  
*Executive Chairman*

**Mr Keith Tay Ah Kee**  
*Non-Executive Deputy Chairman*

**Mr Eli Manasseh (Nash) Benjamin**  
*Chief Executive Officer*

**Mr Douglas Jackie Benjamin**  
*Executive Director*

**Ms Karen Chong Mee Keng**  
*Executive Director*

**Mr Reggie Thein**  
*Independent Director*

**Ms Wong Ai Fong**  
*Independent Director*

**Mr Chew Kwee San**  
*Independent Director*

**Mr Daniel Ong Jen Yaw**  
*Independent Director*

## REGISTERED OFFICE

10 Science Park Road  
#04-01 The Alpha  
Singapore Science Park II  
Singapore 117684  
Tel : (65) 6737 0155  
Fax : (65) 6732 9616  
Website : [www.fjbenjamin.com](http://www.fjbenjamin.com)

## SOLICITORS

Drew & Napier LLC  
10 Collyer Quay  
#10-01 Ocean Financial Centre  
Singapore 049315

## COMPANY SECRETARY

**Ms Karen Chong Mee Keng**

## SHARE REGISTRAR

Boardroom Corporate & Advisory  
Services Pte Ltd  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

## AUDITORS

Ernst & Young LLP  
One Raffles Quay  
North Tower Level 18  
Singapore 048583  
Partner: Mr Tan Seng Choon  
(since financial year ended 2008)

## PRINCIPAL BANKERS

Citibank Berhad  
DBS Bank Ltd  
HSBC Hong Kong  
HSBC Bank Malaysia Berhad  
HSBC Singapore  
Malayan Banking Berhad  
Oversea-Chinese Banking  
Corporation Ltd  
RHB Bank Berhad  
Standard Chartered Bank

## EXECUTIVE CHAIRMAN'S REVIEW



### Dear Shareholders

IN THE CURRENT  
FINANCIAL YEAR  
ENDING 30 JUNE 2013  
(FY13), WE LOOK TO  
ORGANIC GROWTH  
AND ACQUISITION  
OF NEW BRANDS  
TO DRIVE OUR  
FRANCHISE  
BUSINESS FORWARD.

>>

We are at an exciting stage in the development of the F J Benjamin Group, notwithstanding the slowdown in Asia as the region feels the chills of the Eurozone debt crisis and the sluggish US economy.

Our performance for the financial year ended 30 June 2012 (FY12) underscores our uncompromising focus on delivering value to our customers and shareholders. It also reflects our fundamental strengths of knowing our markets and ensuring that our markets know us. The Group's fashion and timepiece businesses continue to make good progress and we are realising the benefits of our long-term strategy and investments.

In the current financial year ending 30 June 2013 (FY13), we look to organic growth and acquisition of new brands to drive our franchise business forward. Since the 1997 Asian financial crisis, we have added more mid-market labels to

our portfolio as we recognised the importance of having scalable brands to mitigate the vulnerability of luxury brands in an economic downturn. In line with this strategy, we took on labels like Gap, Banana Republic and La Senza, and in August this year, we made inroads into the mass market with a new franchise agreement for the very affordable VNC shoes and accessories for Indonesia. Our principal, the Padini Group, is a leading apparel and accessories manufacturer in Malaysia and sells VNC shoes under the Vincci brand in Malaysia. Our target is to open 25 VNC stores in key cities in Indonesia within the next five years.

We are currently working to bring in another affordable international fashion brand to our portfolio in the not distant future, which should provide us with some buttress should the regional economies take a sharper turn downwards.

As we grow and develop our franchise fashion business, our strategy is to maintain a mix of luxury and lifestyle brands that are relevant and scalable and are a strategic fit to our existing portfolio. In recent years, the rising affluence of Asian consumers have made luxury more accessible, benefitting some of our brands such as Céline, Givenchy, Catherine Deane and Goyard, and timepiece labels including Girard-Perregaux, DeWitt, Bell & Ross and ChronoSwiss. After a successful first year at our Goyard store in Hong Kong, we are ready to introduce the upscale French luggage and handbags brand to Singapore in the fourth quarter of 2013. At the same time, we are negotiating to sign up another well-known luxury label to optimise our branding mix.



**NET PROFIT ROSE  
6% TO \$13.5 MILLION  
WHILE OUR OPERATING  
EXPENSES INCREASED  
14% TO \$158.1 MILLION.**

As we scale up regionally and internationally, we have also been steadily building up our end-to-end infrastructure to support the front and back end operations internationally. Our FY12 investments in a new showroom in Milan and a warehousing and logistics centre in China, is a case in point. With these investments, we are poised to enter a new era of growth for our two in-house brands, RAOUL and Catherine Deane, both of which have the potential to go global. We started serious efforts to market them in the fashion capitals of the US and Europe more than a year ago and are encouraged by the results so far. The two brands have enjoyed favourable editorial coverage in leading fashion media in the US and Europe, and we were particularly pleased when the Duchess of Cambridge, Kate Middleton, wore a blouse and skirt from RAOUL's pre-fall 2012 collection during her September visit to Singapore with Prince William. The flurry of media reporting on the Princess' choice of clothing during her visit has lifted RAOUL's international image considerably.

The Milan showroom will help us promote the brand in Europe beyond the 10 days we spent at the Paris fashion week, while the warehouse and logistics centre in Shenzhen, China, will ensure timely deliveries as we secure bigger orders and as the number of collections for RAOUL increases. Our New York showroom, opened in 2009, is testament to the benefits of having a permanent presence. The on-ground visibility has led to the opening of our first in-store outlet in Bloomingdales' flagship store at 59th Street early this year, and we are now in almost 100 points-of-sale in the US and Europe including major department stores like Neiman Marcus, Saks Fifth Avenue, Selfridges, Harrods in London, and Printemps in Paris. Plans are afoot to develop a line of leather accessories for RAOUL in Europe, and expanding the distribution network for Catherine Deane.

During the financial year under review, the Group also seized opportunities to scale up in Indonesia and Malaysia, two countries in Southeast Asia with a burgeoning middle class and more disposable income to spend on branded consumer products.

Turnover for our fashion retail business in Southeast Asia and our timepiece wholesale distribution in North Asia grew by double-digits in FY12, helping to lift Group turnover by 11% to \$393 million. Net profit rose six percent to \$13.5 million while our operating expenses increased 14% to \$158.1 million.

We are planning to open a net total of seven stores in Singapore and Malaysia, and eight in Indonesia in the current financial year ending 30 June 2013. This will enlarge our retail network to 206 stores in Southeast and North Asia.

Financially, the Group's balance sheet remains strong with net gearing at 39 percent. The Board has recommended a first and final dividend payout of one cent per ordinary share (tax-exempt one-tier), totalling \$5.687 million or 42% of earnings. The lower dividend was necessitated by the need to reinvest funds into the business to grow our retail footprint, reduce gearing and continue our expansion and growth of in-house brands in the global markets.

Looking ahead, I have confidence that our disciplined and focused approach to executing our growth initiatives will help us deliver consistent and sustained value for our shareholders. I want to thank our management and staff for their dedication and hard work which has made our strong performance in FY12 possible. I am grateful for the support of our landlords, bankers, business partners and associates. My appreciation also goes to my fellow Board members whose wise counsel and guidance helped steer the company through a very successful year.



**FRANK BENJAMIN**  
Executive Chairman  
F J Benjamin Holdings Ltd

## Dear Shareholders

>>

FOR THE YEAR UNDER REVIEW, SALES FOR THE GROUP'S FASHION BUSINESS ROSE 10% TO \$251.8 MILLION FROM \$229.6 MILLION. SALES FOR TIMEPIECES GREW 14% TO \$140.6 MILLION.

A focused execution of our growth strategy has enabled us to report another excellent trading year for financial year 2012 while delivering value to our shareholders and positioning the Group for future growth.

Group turnover reached a record level on across-the-board growth in our fashion and timepiece businesses in Asia, the US and Europe. This is a notable achievement given the more trying macro economic conditions in the 12 months to 30 June 2012. The strong numbers were underpinned by double-digit revenue growth in Hong Kong and China. The rising tide of affluence in Asia has sustained demand for our portfolio of iconic luxury and lifestyle brands as consumer spending becomes increasingly aspirational.

The Group's distribution network of more than 190 stores as well as other points-of-sale in leading department stores, specialty stores and select partners positioned us well to take advantage of the consumer demand in our markets.

CHIEF  
EXECUTIVE  
OFFICER'S  
REPORT





## FINANCIAL REVIEW

For the year under review, Group financial performance remained robust.

- Turnover rose 11% to \$393.2 million, with strong double-digit growth registered in both the fashion and timepiece businesses.
- Operating profit was eight percent above the previous year's at \$19.7 million.
- Net profit grew six percent to \$13.5 million.
- Gross margins remained at the 43% level.
- Cost-to-revenue ratio rose to 40% from 39% last year.

By business segment, the fashion business remained the mainstay of Group turnover, accounting for 64% of total turnover, with the timepiece business making up the remaining 36%. For the year under review, sales for the Group's fashion business rose 10% to \$251.8 million from \$229.6 million. Sales for timepieces grew 14% to \$140.6 million.

Geographically, fashion and timepiece sales in Southeast Asia were five percent and nine percent higher respectively than the previous year.

Sales in Indonesia in both fashion and timepieces were strong, rising 15% from the previous year on the back of robust domestic demand. Indonesia is the most populous Asean country and one of the fastest growing in the region, and I'm pleased that our track record there has been noticed particularly by Malaysia's Padini Group which has appointed us as their exclusive franchise partner for VNC shoes and accessories in Indonesia.

In North Asia, sales of watches were buoyant with revenue rising 19% to \$77.8 million, up from \$65.5 million last year. In particular, demand was strong for brands like Girard-Perregaux and Bell & Ross in both Hong Kong and China.

Cost of operations grew mainly due to the expansion of our store network, higher staff costs and advertising. In addition, a new showroom in Milan as well as a logistics and warehousing centre in China were set up to support the RAOUL business. All these contributed to a 14% increase in total operating expenses to \$158.1 million from last year's \$139.0 million. Notwithstanding this, we will remain vigilant in managing our costs while not compromising the quality of our services.



Givenchy at  
Paragon,  
Singapore

**WE CONSTANTLY  
MONITOR AND REVIEW  
THE NUMBER OF STORES  
AND THE QUALITY OF  
THE SPACE LEASED TO  
ENSURE THAT WE ARE IN  
THE BEST MALLS WITH  
THE RIGHT TENANT MIX  
AND TRAFFIC.**



## RETAIL NETWORK

As at 30 June 2012, the Group's retail network comprised of 191 stores in total with 28 stores in Singapore, 65 in Malaysia, and five in Hong Kong operated directly; and 93 in Indonesia operated by our joint venture partner.

Consistent with our strategic expansion plan, we opened 37 stores and closed 12. The total square footage space occupied by our stores rose seven percent to 373,354 sq. feet. We constantly monitor and review the number of stores and the quality of the space leased to ensure that we are in the best malls with the right tenant mix and traffic.

Capital expenditure rose eight percent to \$8.5 million from \$7.8 million in the last financial year mainly due to the opening and refurbishment of stores.

## BRANDS

The Group will open a Goyard store in Singapore in the prime Orchard Road area in the fourth quarter of 2013. Goyard is one of France's most established luxury luggage and bag labels. The Singapore launch is coming after a very successful launch of the Goyard store in Hong Kong a year ago.



DeWitt at  
Elements,  
Hong Kong



We also signed an exclusive distribution agreement with the Padini Group for VNC shoes and accessories in Indonesia in August this year. VNC, with its trendy looks and affordable prices, is popular with young, professional women. The brand is ideally suited for the Indonesian market, which has a population of 250 million with rising income levels. We plan to open three VNC stores in the next 12 months, starting with the first in Jakarta in December.

We continue to grow organically our fashion business for brands like Gap, Banana Republic, Guess, La Senza, Givenchy and Céline. We also plan to grow our distribution points-of-sale for our luxury timepiece brands such as Girard-Perregaux, Bell & Ross, ChronoSwiss and DeWitt.

Our business for RAOUL and Catherine Deane is taking on a new level of interest with the opening of more points-of-sale in Europe and the United States.

During her recent visit to Singapore, the Duchess of Cambridge, Kate Middleton, wore a blouse and skirt from RAOUL's Pre-Fall 2012 collection. This was reported by media and social networks internationally and has lifted the international image of the brand.

### OUTLOOK

Whilst we continue to grow our business in FY13 by planning new store openings, we are approaching the year with a mixture of caution and optimism given the uncertain economic environment. We will continue to take a prudent approach to managing our business risks and costs as we focus on growth opportunities.

### APPRECIATION

I would like to extend my appreciation to all the management and staff of the Group who have worked tirelessly to deliver our result in these trying market conditions. I am also grateful to our principals, business associates, partners and landlords for their support. We will endeavour to do our best for this coming year.

**WE PLAN TO OPEN  
THREE VNC STORES IN  
THE NEXT 12 MONTHS,  
STARTING WITH THE  
FIRST IN JAKARTA  
IN DECEMBER.**



Goyard at  
The Peninsula Hotel,  
Hong Kong

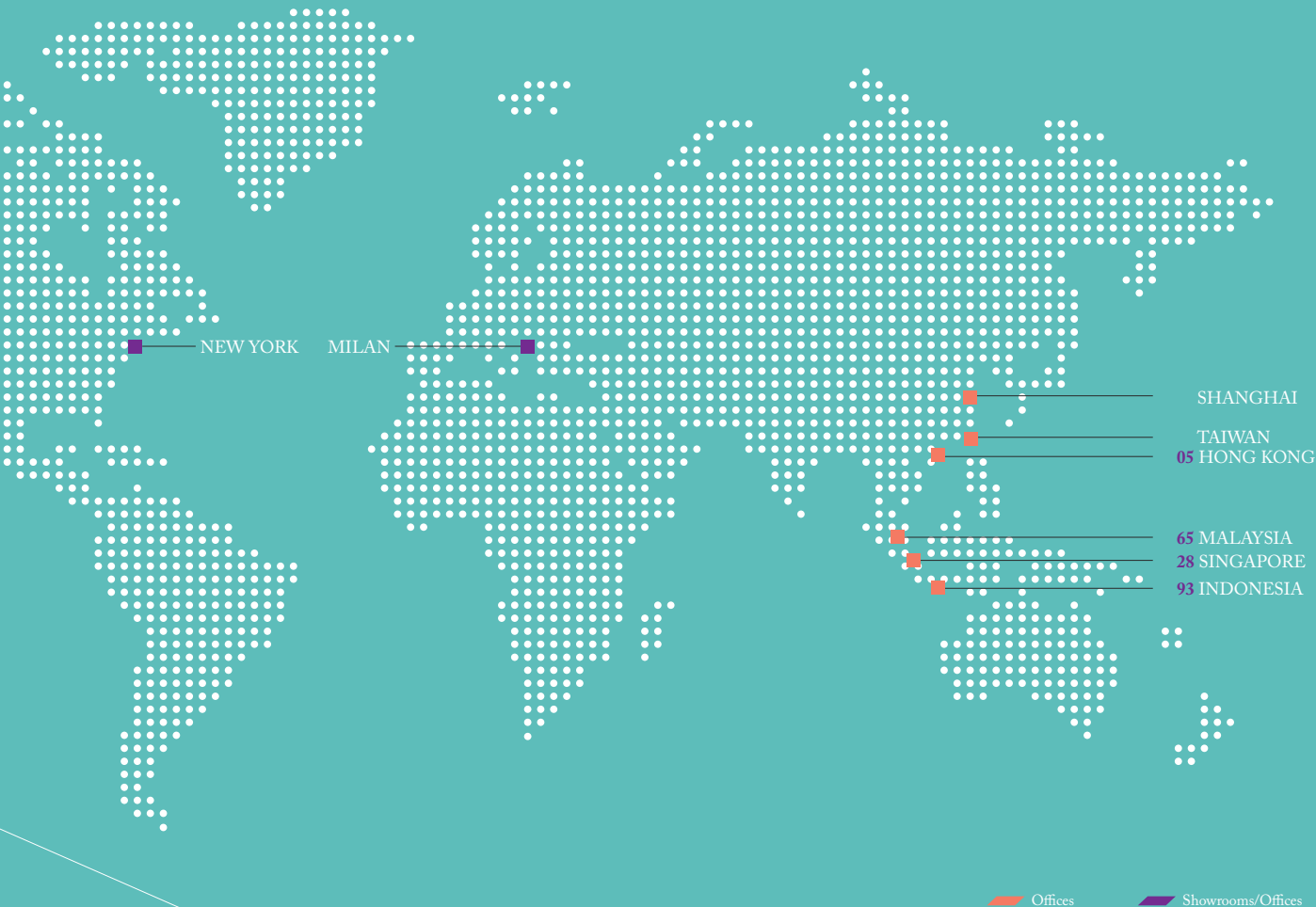
**ELI MANASSEH (NASH) BENJAMIN**  
Chief Executive Officer  
F J Benjamin Holdings Ltd



RETAIL FOOTPRINT

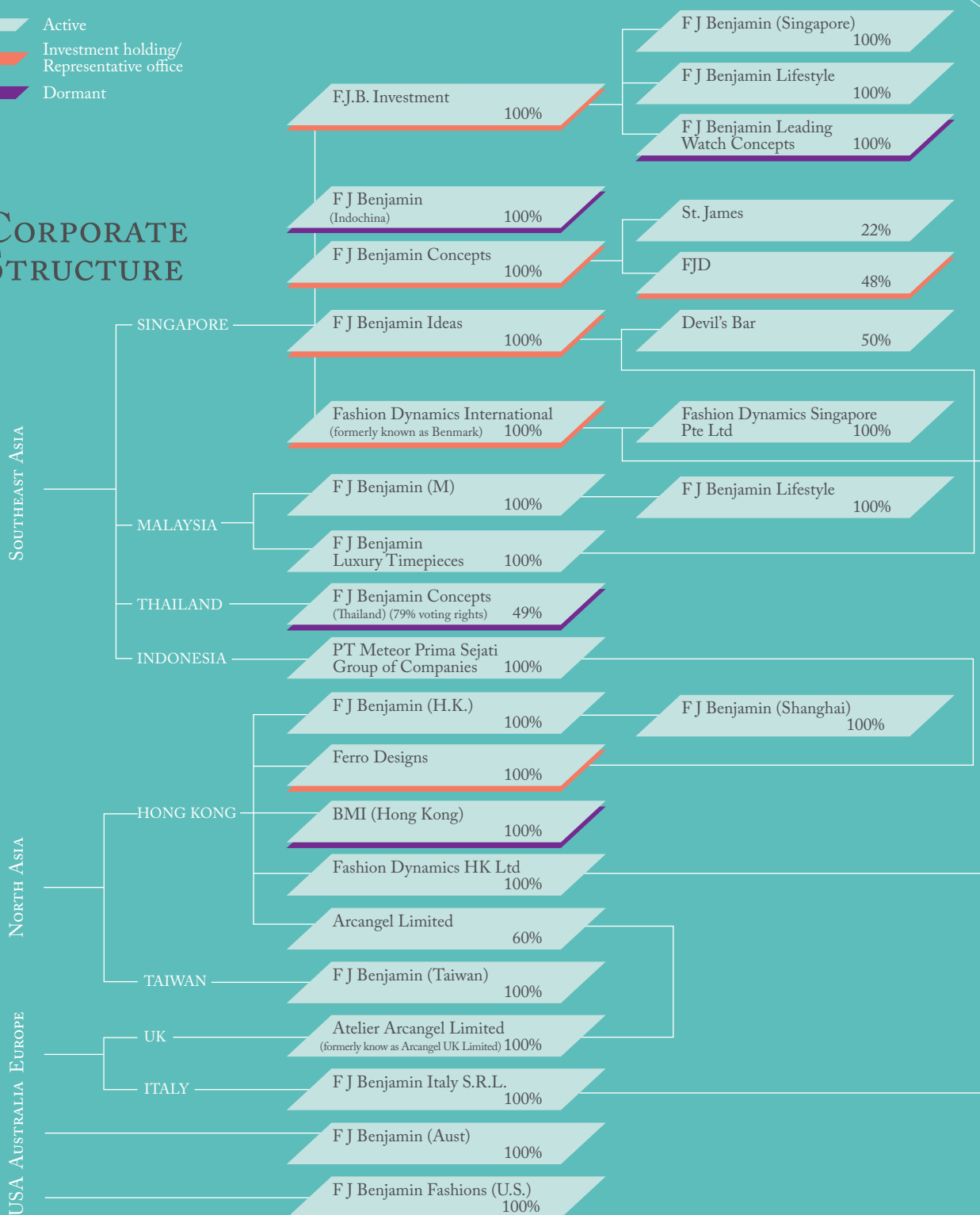
	FY 2010	FY 2011	FY 2012
Singapore	32	32	28
Malaysia	63	55	65
Indonesia	64	75	93
Hong Kong	–	3	5
Australia	6	1	–
Thailand	2	–	–
<b>Total</b>	<b>167</b>	<b>166</b>	<b>191</b>

GEOGRAPHICAL  
PRESENCE



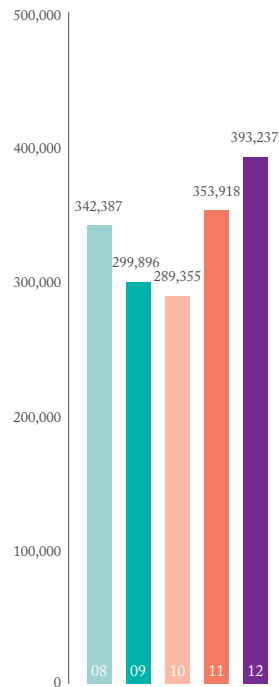
## F J BENJAMIN HOLDINGS LTD

-  Active  
 Investment holding/  
Representative office  
 Dormant

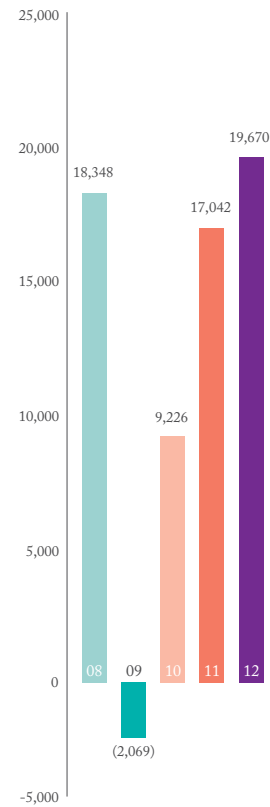
CORPORATE  
STRUCTURE

# GROUP FIVE-YEAR FINANCIAL SUMMARY

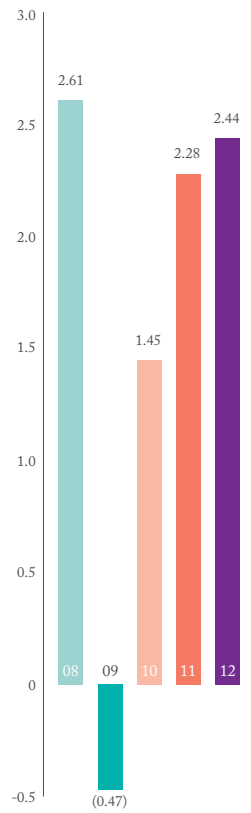
**Turnover  
(\$'000)**



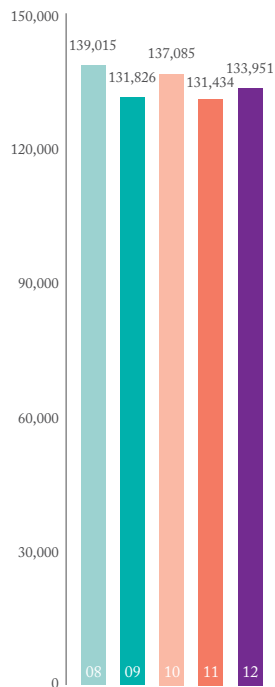
**Profit/(Loss)  
Before Taxation  
(\$'000)**



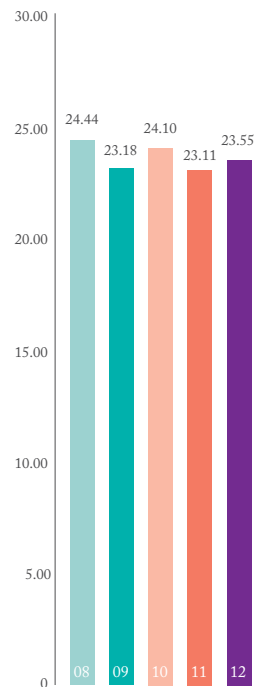
**Basic Earnings/(Loss)  
(cents)**



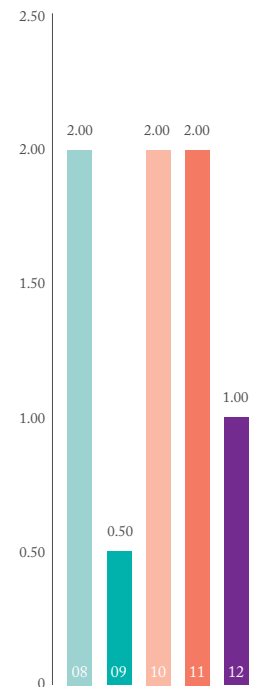
**Shareholders' Equity  
(\$'000)**



**NTA Per Share  
(cents)**



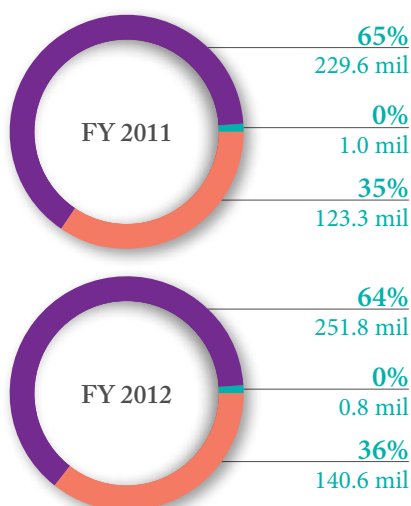
**Dividend Per Share  
(cents)**



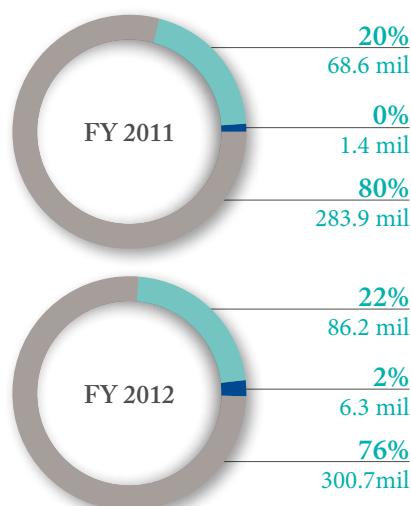


	2008	2009	2010	2011	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>PROFIT &amp; LOSS</b>					
Turnover	342,387	299,896	289,355	353,918	393,237
Operating Profit before Borrowing Costs and Exceptional Items	17,174	1,992	9,558	18,102	22,046
Borrowing Costs	(1,716)	(1,970)	(1,758)	(1,775)	(2,663)
Exceptional Items	105	(3,061)	(367)	(771)	(289)
Share of Results of Associates	2,785	970	1,793	1,486	576
Profit/(Loss) Before Taxation	18,348	(2,069)	9,226	17,042	19,670
Profit/(Loss) After Taxation and Minority Interest	14,804	(2,661)	8,260	12,963	13,898
Basic Earnings/(Loss) Per Share (cents)	2.61	(0.47)	1.45	2.28	2.44
Operating Margin (%)	5%	0.7%	3.3%	5.1%	5.6%
<b>BALANCE SHEET</b>					
Non-Current Assets	59,820	55,266	43,842	44,432	61,920
Net Current Assets	83,498	79,848	97,582	90,859	81,942
Shareholders' Equity attributable to owners of parent	139,015	131,826	137,085	131,434	133,951
Net Debt/(Net Cash)	29,895	20,151	(7,356)	7,259	52,108
Return on Equity (%)	11%	-2.0%	6.0%	9.9%	10.4%
Net Debt to Equity	0.22	0.15	N/A	0.06	0.39
Net Tangible Assets Per Share (cents)	24.44	23.18	24.10	23.11	23.55
Dividend Per Share (cents)	2.00	0.50	2.00	2.00	1.00

Turnover by Business Segment



Turnover by Geographical Segment



Timepieces Licensing Fashion

Southeast Asia North Asia Others

## BOARD OF DIRECTORS



### MR FRANK BENJAMIN

Date of appointment as Director:

**5 June 1973**

Date of last re-election:

**28 October 2011**

Nature of appointment:

**Executive**

Board committees served on:

**Executive Committee (Chairman)  
and Nominating Committee**

Mr Frank Benjamin is the Executive Chairman and founder of F J Benjamin. With more than 50 years of experience in the retail industry, Mr Benjamin formulates the Group's strategy for growth and future expansion into new markets. He is also responsible for defining the overall strategy and vision of the Group, and oversees developmental activities to create long-term growth drivers and enhance shareholder value.



### MR KEITH TAY AH KEE

Date of appointment as Director:

**1 August 1996**

Date of last re-election:

**28 October 2010**

Nature of appointment:

**Independent**

Board committees served on:

**Executive Committee,  
Nominating Committee (Chairman)  
and Remuneration Committee**

Mr Keith Tay is the Non-Executive Deputy Chairman of the Group. He was Chairman and Managing Partner of KPMG Peat Marwick from 1984 to 1993. He also serves on the board of the Singapore International Chamber of Commerce, of which he was Chairman from 1995 to 1997.

He is Chairman of Stirling Coleman Capital Ltd. He sits on the boards of Rotary Engineering Limited, SP PowerAssets Limited, Singapore Airport Terminal Services Limited, Singapore Reinsurance Corporation Ltd and Singapore Post.





**MR ELI MANASSEH (NASH)  
BENJAMIN**

Date of appointment as Director:

**26 July 1973**

Date of last re-election:

**28 October 2010**

Nature of appointment:

**Executive**

Board committees served on:

**Executive Committee**

Mr Eli Manasseh (Nash) Benjamin is the Chief Executive Officer of the Group, and has been with F J Benjamin since 1968. He has over 40 years of experience in the fashion retail and timepiece distribution businesses. He is involved in the formulation of long-term corporate strategies and policies of the Group, maintains a close relationship with all the Group's principals and oversees the business development arm of the Group.

In 2007, Nash was awarded the Ernst & Young Entrepreneur of the Year Award in the Lifestyle category. He also won the Chief Executive Officer Award (market cap. below S\$300 million) in 2009 at the Singapore Corporate Awards.

Mr Benjamin sits on the boards of the National Museum of Singapore and St. James Holdings Limited.



**MR REGGIE THEIN**

Date of appointment as Director:

**8 July 2002**

Date of last re-election:

**28 October 2011**

Nature of appointment:

**Independent**

Board committees served on:

**Audit Committee (Chairman),  
Remuneration Committee  
(Chairman) and Nominating  
Committee**

Mr Reggie Thein is a member of the Governing Council of The Singapore Institute of Directors, a Fellow of the Institute of Chartered Accountants in England and Wales, and member of the Institute of Certified Public Accountants of Singapore. He was previously a Senior Partner and Vice-Chairman of Coopers & Lybrand, a legacy firm of PricewaterhouseCoopers and Managing Partner of its consulting services firm.

He sits on the boards of GuocoLeisure Limited, Guocoland Ltd, Haw Par Corporation Limited, MobileOne Ltd, United Overseas Bank Limited and Otto Marine Limited.



## BOARD OF DIRECTORS (CONT'D)



### MR DOUGLAS BENJAMIN

Date of appointment as Director:

**3 November 2000**

Date of last re-election:

**28 October 2011**

Nature of appointment:

**Executive**

Board committees served on:

**Executive Committee**

With F J Benjamin since 1989,

Mr Douglas Benjamin is the Chief Operating Officer of the Group.

He directs the international expansion of house label RAOUL and helms the RAOUL design team in his capacity as co-creative director.

Mr Douglas Benjamin sits on the board of trustees for the KK Hospital & Health Endowment Fund.



### MS KAREN CHONG MEE KENG

Date of appointment as Director:

**1 April 2005**

Date of last re-election:

**28 October 2011**

Nature of appointment:

**Executive**

Board committees served on:

**Executive Committee**

Ms Karen Chong is the Chief Financial Officer

and Company Secretary of the Group. She has

been with the Group since 1997. She is a Fellow of

CPA Australia, Association of Chartered Certified

Accountants and a member of the Institute of

Certified Public Accountants of Singapore. Prior to

joining the Group, she was with a public accounting

firm for several years and had accumulated more than

20 years of financial and operational experience in

the local and overseas retail industry.

**MS WONG AI FONG**

Date of appointment as Director:

**3 November 2000**

Date of last re-election:

**26 October 2009**

Nature of appointment:

**Independent**

Board committees served on:

**Audit Committee  
and Remuneration Committee**

Ms Wong Ai Fong was formerly the General Manager of Marketing Communications, responsible for leading the Group's marketing and public relations in Singapore as well as its regional markets between 1994 and 2000. Ms Wong was previously Director of Communications, Nokia Asia Pacific for over 10 years. She has more than 20 years of marketing and communications experience in various industries including financial services, media, entertainment and publishing as well as arts and culture.

**MR CHEW KWEE SAN**

Date of appointment as Director:

**3 November 2008**

Date of last re-election:

**26 October 2009**

Nature of appointment:

**Independent**

Board committees served on:

**Audit Committee**

Mr Chew is an Executive Director of the Tecity Group and Council Member of the Tan Chin Tuan Foundation. The Tecity Group was founded by the late banker and philanthropist, Tan Sri (Dr) Tan Chin Tuan; its philanthropic arm is the Tan Chin Tuan Foundation. He sits on the boards of Malaysia Smelting Corporation Bhd and the National Council of Social Service.

**MR DANIEL ONG JEN YAW**

Date of appointment as Director:

**30 November 2011**

Date of last re-election:

**Not applicable**

Nature of appointment:

**Independent**

Board committees served on:

**None**

Mr Ong is the executive director of food and beverage company, Sushi-Tei Pte Ltd. Mr Ong has over 20 years of working experience in diverse fields ranging from banking and finance, property investment and development, manufacturing, cruise operations and food and beverage business. Mr Ong sits on the board of St. James Holdings Ltd.



## SENIOR MANAGEMENT

### SINGAPORE

#### IAN LIM

**Chief Executive Officer  
F J Benjamin (Singapore) Pte Ltd**

Mr Lim joined the Group in 2009 with 15 years of experience in the fashion and retail industry. Mr Lim is responsible for the operations and business development in Singapore, and also heads the Group's Gap and Banana Republic business in Singapore, Malaysia and Indonesia.

#### DIMITRI AUBERT

**General Manager  
– Luxury Timepieces  
F J Benjamin (Singapore) Pte Ltd**

Mr Aubert is responsible for high-end timepiece labels Girard-Perregaux, Bell & Ross and DeWitt in Singapore, Thailand and Indonesia. Based in Singapore, he oversees the overall operations of the businesses in these markets, including sales, brand-building and growth of the distribution network.

#### BEN BENJAMIN

**General Manager – Luxury Division  
F J Benjamin (Singapore) Pte Ltd**

Mr Benjamin joined the Group in 2005 and is responsible for the overall business operations of the Group's luxury brands Céline, Givenchy and Goyard as well as the development and identification of new brands for the division. Mr Benjamin also oversees the retail operations of RAOUL in Southeast Asia.

#### ODILE BENJAMIN

**Divisional CEO /  
Co-Creative Director  
Fashion Dynamics Singapore Pte Ltd**

Mrs Benjamin joined the Group in 1993 and heads the Creative & Design division, which is responsible for the design and development of in-house label RAOUL. Mrs Benjamin has been instrumental in the brand-building, strategic and operational direction of the brand.

#### KIM TIONG QUAH

**Director – Wholesale  
F J Benjamin (Singapore) Pte Ltd**

Mr Quah joined the Group as Product Manager in 1982 and rose through the ranks, and now oversees the distribution business of Sheridan and Guess Handbags.

#### WEE ONN TONG

**General Manager  
– Lifestyle Timepieces  
F J Benjamin (Singapore) Pte Ltd**

Ms Tong joined the Group in 2008 and is responsible for sales and marketing of lifestyle timepieces including Converse, Guess, Gc, Marc Ecko, Nautica, Sottomarino and Victorinox Swiss Army in Singapore.

#### JACQUELINE TEE

**General Manager – Gap and  
Banana Republic  
F J Benjamin Lifestyle Pte Ltd**

Ms Tee joined the Group in 2005 and is responsible for the lifestyle brands Gap and Banana Republic in Singapore, Malaysia and Indonesia. Ms Tee oversees the overall operations as well as the sales and marketing of the brands.

**MALAYSIA****SOON WAI HOOI**

**Chief Operating Officer /  
Chief Financial Officer  
F J Benjamin (M) Sdn. Bhd.**

Mr Hooi joined the Group in 2010 and oversees the operations as well as the financial and accounting functions of the Group's entities in Malaysia.

**CHEE WEI TONG**

**General Manager  
– Timepiece Division  
F J Benjamin (M) Sdn. Bhd.**

Mr Tong joined the Group in 1992 and is responsible for the business operations, sales and marketing of the luxury timepieces in Malaysia.

**CINDY LEE**

**Assistant General Manager  
– Fashion  
F J Benjamin (M) Sdn. Bhd.**

Ms Lee joined the Group in 2004 and is responsible for the business operations and marketing of the fashion brands in Malaysia.

**HONG KONG / CHINA /  
TAIWAN****TONY FUNG**

**Chief Executive Officer  
F J Benjamin (H.K.) Limited /  
F J Benjamin (Taiwan) Ltd  
F J Benjamin (Shanghai) Co., Ltd.**

With the Group since 1997, Mr Fung is responsible for the operations, marketing and distribution of the Group's timepiece business in Hong Kong, Macau, Mainland China and Taiwan.

**LYDIA CHAU**

**Chief Financial Officer  
F J Benjamin (H.K.) Limited**

Ms Chau joined the Group in 1996 and is responsible for overseeing the operations in Finance, Logistics, Information Technology and Administration in Hong Kong, China and Taiwan.

**DAVID NAM**

**General Manager  
F J Benjamin (Shanghai) Co., Ltd  
Commercial Director –  
F J Benjamin (Hong Kong) Ltd**

Mr Nam has been with the Group since 2001 and is responsible for the day-to-day running of the business, marketing and distribution of timepieces in Mainland China, as well as the management of the Bell & Ross business in Hong Kong.

**HONG KONG****GARY DEAN STRASHOON**

**Chief Executive Officer  
Fashion Dynamics HK Ltd**

Mr Dean joined the Group in 2011 and oversees the sourcing and production of the in-house brand RAOUL.

**UNITED STATES****SAMUEL BENJAMIN**

**Group Director – Timepiece  
Division  
Senior Vice-President  
F J Benjamin Fashions (U.S.) Inc.**

Mr Benjamin joined the Group in 1991 and was appointed Senior Vice-President of F J Benjamin Fashions (U.S.) Inc. in 2009. Mr Benjamin is responsible for the New York office and the RAOUL operations in the United States.

Mr Benjamin also oversees the operations of the timepiece businesses in the region.

**KAREN KATZMAN**

**President – Sales  
F J Benjamin Fashions (U.S.) Inc.**

Ms Katzman joined the Group in 2010 and works closely with Mr Sam Benjamin to formulate sales strategies and to develop relationships with specialty retailers, on-line retailers and major department stores in the United States for RAOUL and Catherine Deane.









## BRAND HIGHLIGHTS



## CATHERINE DEANE

Catherine Deane, established in London in 2005, is the Group's second in-house label, acquired in August 2010.

Born in Ireland and raised in South Africa, Catherine Deane is influenced by multiple cultural reference points, and inspired by a deep passion for reviving vintage craft techniques. Deane's eponymous label is well-known for its luxurious fabrics and textiles that have made her evening, daywear and bridal dresses famous.

Catherine Deane celebrates traditional dress-making techniques for the classicist but includes a contemporary twist of simplicity for the modernist. This design philosophy is seen in her dresses where leather, lace, chiffon and silk are combined to accomplish beautiful works of living art.

Catherine Deane delights in craftsmanship and uses techniques such as leavers lace and crafted silk flowers, even embracing the Italian technique of Frastaglio embroidery and soutache—where loops of silk ribbon are attached by hand into an intricate pattern on fabric. The opening of Catherine Deane's first own showroom in New York in May 2012 was a significant and exciting milestone for the brand, which only served to add to the momentum and growing recognition that the brand currently enjoys.

2012 also saw a surge of activity in the worldwide distribution channels. Various key department stores around the world were added to the brand's distribution network, including Neiman Marcus in the US, Harvey Nichols in the UK, Holt Renfrew in Canada and Isetan in Japan, adding to the list of retail stockists. As at June 30, 2012, Catherine Deane is represented by over 50 stockists worldwide.

In May 2012, Catherine became an ambassador for the South African-based charitable project, The Unlimited Child. Catherine will be raising awareness and funds for the organisation. In this regard, she has pledged that commencing with her Autumn Winter 2012 collection, a percentage of the sale from every dress will be donated to The Unlimited Child charity. The proceeds will be used to supply educational toys for the beneficiaries.

Catherine has recently added a new category to the dress line, called "Étoile", dresses in the spirit of the main collection, but with additional detailing and embellishment and commanding a higher price point. This category is seen as the aspirational pieces for the brand, and also targeted at celebrity dressing.





# CÉLINE

Céline is a French luxury fashion house owned by the Moët Hennessy Louis Vuitton Group. It is known for its luxury women's wear and is in its fifth year with F J Benjamin as its exclusive partner and distributor in Singapore, Malaysia and Indonesia.

With British fashion designer Phoebe Philo at the helm as Creative Director since 2008, Céline is now synonymous with modern, forward-looking but wearable women's fashion. Ms Philo, Vogue's Designer of the Year in 2010, was credited for reviving the sartorial sparkle of Céline with her designs that focus on proportion, line, cut and silhouette. She presented her first Céline ready-to-wear collection for Spring/Summer 2010 at the Paris Fashion Week.

Céline is now undeniably considered to be a trendsetter for the fashion industry. In the past few years, its accessories have built up a proud cachet, which is evidenced by the significant waitlist around the world for its famous luggage bags.

Since the reconstruction of Céline's design philosophy, the brand has captured new customer segments, and is now celebrated by opinion leaders, fashion-influencers and insiders, and Céline consumers alike.

As at June 30, 2012, Céline is represented by four stores across Southeast Asia – one in Singapore, two in Malaysia and another one in Indonesia.





# GIVENCHY

Givenchy, the French luxury label owned by Moët Hennessy Louis Vuitton, was founded in 1952 by Hubert de Givenchy. F J Benjamin was appointed franchisee for the brand two years ago for Singapore and Indonesia. The first store at Paragon, Singapore, opened in August 2010 and has since been a big hit with the Republic's fashionistas.

Givenchy captures the essence of sophistication and elegance through the sharp tailoring and the edgy designs of Riccardo Tisci, Creative Director since 2005. The designs are infused with a gothic yet sensual spirit, and the ready-to-wear collections feature a unique pairing of hard and soft materials, making Givenchy by Riccardo Tisci unforgettable.

With his cool and chic taste, Tisci has translated the feminine and aristocratic codes of the House of Givenchy into modern day romanticism and sensuality.

As at June 30, 2012, in addition to the Singapore store, Givenchy is also in Plaza Indonesia, Jakarta.

Founded in 1853, Goyard is the archetypal luxury luggage manufacturer in France. The brand was born through Francois Goyard's apprenticeship at Morel, official trunk maker to the French royalty. After Morel's passing in 1853, Francois Goyard took over the business and renamed it La Maison Goyard.

Goyard grew to fame through its innovative use of wood and leather with linen, cotton and hemp woven together to develop a resistant and waterproof canvas. This tradition carries on to this day, showing the natural character of each material. Goyard's famous quartet of colours is manually applied in the four phases of the manufacturing process that is performed in its workshop at Carcassonne, France. This workshop is also where the made-to-order bespoke pieces are produced.

The brand has since expanded its repertoire beyond trunks, and today produces a collection of leather goods to go alongside its classic luggage range.

Goyard's first store in Singapore will open at Takashimaya S.C., in the fourth quarter of 2013. The planned opening will be the second in Asia outside Japan. Last year, F J Benjamin launched the brand in Hong Kong where the store is located at the iconic Peninsula Hotel, Kowloon.

F J Benjamin is the exclusive retailer for Goyard in Singapore and Hong Kong.





## BANANA REPUBLIC

Banana Republic is an international label offering versatile work wear that can be styled for any occasion—from desk to dinner. Its contemporary collections include clothing, handbags, jewellery and eyewear.

In Fall 2011, Banana Republic launched its “Mad Men” collection, inspired by the award winning TV series of the same name. This limited edition collection was a collaboration between Banana Republic Creative Director, Simon Kneen and “Mad Men” costume designer, Janie Bryant, who won an Emmy Award for his designs. The result was an apparel range with accessories that encapsulated a modern take on the

cool polish and panache of the 1960s era. In keeping with the spirit of the occasion, customers that met the qualifying minimum spend received a free retro inspired vanity case. The collection immediately found approval with the media, judging by the extensive editorial coverage garnered in Singapore, Malaysia and Indonesia, and with customers.

For the second year running, Banana Republic was the Official Apparel partner of the popular “Female 50 Gorgeous People” contest, where beautiful and stylish contestants were selected by the Female magazine team. The gorgeous 50 then showcased their talents in the clothing of the Fall and Holiday collection from Banana Republic, which was featured in a spread in the November issue of Female magazine.

The 2012 Spring collection was all about offering customers versatile separates that could seamlessly take them from the office to a fashionable after-work event. The campaign spanned Singapore, Malaysia and Indonesia and was helmed by David Gandy and Shalom Harlow, two of the biggest names in the modelling industry.

David Gandy, together with super model Coco Roca, also featured in the Summer 2012 advertising campaign for the Summer collection with a “Rio Romance” theme. The collection comprised tailored cardigans, trim walking shorts, lithe patio dresses and twist-neck halters which cut an authentic but sophisticated look and exemplified everything that the brand stands for. Another Summer collection, “Resort Chic”, featured splashes of vibrant tropical colours, such as, tangerine, tamarillo and fresh watermelon.

As at June 30, 2012, Banana Republic has seven stores across Southeast Asia – two in Singapore, two in Malaysia and three in Indonesia.





GAP

Gap is a cultural, iconic brand that is known for its clean, classic clothing and accessories that help customers express their individual sense of style.

Fall 2011 was the first season under the marketing stewardship of Seth Farbman, the new Chief Marketing Officer for Gap. That season was all about the highly successful Premium Pants collection, the range of black workwear pants in the classic cut, similar to the Gap 1969 Premium Jeans collection. The range was initiated through a series of preview events that were held in selected stores, where some media and privileged customers could sample the collection first-hand. The Premium Pants collection forms part of the core product offering from Gap.

Gap, sharing the honour with sister brand, Banana Republic, continued to be the Official Apparel partner for the “Female 50 Gorgeous People Contest” in Singapore for the third year running. To spice up the event, Gap, along with Female magazine, created a special window display featuring behind-the-scenes footage of the fashion shoot that featured the glamorous contestants.

Another highlight for the year was the first capsule collection by Diane von Furstenberg for GapKids and BabyGap in Summer 2012. This collection had vintage Diane von Furstenberg signature prints and was the perfect foil for Gap’s relaxed and playful style.

Since 2009, the annual Earth Day project, which promotes a zero percent plastic bag message, has been a key feature of Gap’s Summer Collection. As part of the efforts this year, the Singapore, Malaysia and Indonesia divisions collaborated with selected local street-art artists to create exclusive limited edition designs for bags made from

100% unbleached cotton, which encapsulated the urban feel of street art designs.

During the year under review, Gap also inspired customers’ creativity and individual flair by inviting customers to create their own “T” collages via a customised Facebook application where they could fill a letter “T” with their own photographs in a manner that best portrayed their personalities. This initiative was inspired by Gap’s well known tagline, “Be Your Own T”, where “T” popularly refers to the perennial Gap favourite – the cotton t-shirt.

As at June 30, 2012, Gap has 17 stores across Southeast Asia – three in Singapore, eight in Malaysia and six in Indonesia.



Known for quality, marketing creativity, and popularisation of new trends and styles, GUESS has grown into one of the most widely recognised brands in the world over the past three decades. GUESS is synonymous with a young, sexy and adventurous lifestyle.

In Singapore, during a 20-year partnership with Guess Inc., the Group has significantly grown the brand's retail footprint. From a single store at Wisma Atria back in

May 1991, the Group now boasts a network of 86 stores in five different concepts across Singapore, Malaysia and Indonesia.

In 2012, GUESS celebrated its 30th anniversary with the launch of a special anniversary campaign that starred former GUESS model, Claudia Schiffer. She has been the face of GUESS, participating in GUESS campaigns since the company's early years. A series of anniversary events were also held in Singapore, Malaysia and Indonesia to mark the occasion.

The store at ION Orchard, Singapore, was relocated and remodelled in 2012 to give the brand a better presence in the shopping precinct.

In the current financial year ending 30 June 2013, the Group will continue to enhance the brand and refresh key stores in the region with the introduction of the latest retail concepts.

For the financial year ended 30 June 2012, the Guess retail network in Singapore, Malaysia and Indonesia spanned 86 stores over five different retail concepts – Guess Jeans, Guess by Marciano, Guess Accessory Store, Guess Kids and Guess Factory Store. There are ten stores located in Singapore, 33 in Malaysia and 43 in Indonesia.



With a comprehensive collection of watches, bags, shoes, jewellery, sunglasses and perfume, the Guess Accessory Store (GAS) concept has established itself as a leader in providing one-stop fashion accessories solutions. Since its debut in 2005, the Group has rapidly established its presence with more than 34 stores to date across Singapore, Malaysia and Indonesia as consumers continue to accessorise away.

The GAS store continues to reinvent itself and regularly refreshes its store concept and product offering to supply the lifestyle needs of the aspirational young adult.

Following the success of the "Black Concept", introduced in December 2010, all Singapore stores will be modelled after this concept by the latter part of 2012. The "Black Concept" incorporates many innovative and progressive ways of displaying the products such as using black mannequins, fibre optic lighting, and even a special concept "runway" table.

Fourteen out of 23 stores in Indonesia have already been converted to the "Black Concept". Malaysia operates nine GAS stores, of which three are Black Concept stores.





La Senza is where fashion meets lingerie and is the natural destination for the youthfully flirtatious who are in pursuit of the hottest trends in bras, panties and sexy lingerie at affordable prices.

The Pin-Up concept store, that was launched in 2010, epitomises the young, sassy and sexy attitude to life. With iconic imaging and emotive branding, the store provides a provocative experience that strikes a chord with the aspirational consumer in her early twenties. Store windows are continuously refreshed and energetically provide a compelling product story, while the in-store experience evocatively titillates the fashion senses. In-store bra experts, trained in the latest product knowledge, are on hand to recommend the best fit for each customer, completing the brand experience with attentive service.

La Senza has a loyal following in Singapore, with stores at Ion and VivoCity regularly outperforming other La Senza stores around the world in terms of sales.

The successful marketing strategy, which is driven by social media, demonstrates La Senza's creative presence in popular social media networks like Facebook and Twitter. La Senza's fun loving "lingeristas" are given top priority and are kept up-to-date with the latest La Senza happenings through active interaction on Facebook and Twitter.

The Group operated 30 La Senza retail stores in the region as at 30 June 2012 - five in Singapore, 11 in Malaysia and 14 in Indonesia.

During the current financial year ending 30 June 2013, the Group will open two additional stores in Singapore, three in Malaysia and two in Indonesia.

# RAOUL

RAOUL, the in-house brand of F J Benjamin, celebrates its 10th anniversary this year. Beginning as a men's shirt label, RAOUL has evolved into a full-fledged collection of clothing and accessories for men and women.

With boutiques in Singapore, Malaysia and Indonesia, and over 100 points-of-sale in Europe and the US, RAOUL's presence is fast growing internationally. The brand continues to make headway with its focus on quality products with great design at sharp pricing.

RAOUL has received strong global coverage from leading periodicals such as The Times, Vogue UK, Marie Claire UK and Gioia Italy. Celebrities including Freida Pinto, Kourtney Kardashian, Jennifer Lawrence, Viola Davis, Minnie Driver, Elle Macpherson and Zhang Ziyi, have been seen wearing RAOUL at international red carpet events. Soccer stars Fabio Cannavaro and Pepe were also spotted at RAOUL stores in Singapore.

With its team of consultants in Milan, New York and London, RAOUL stepped up its marketing efforts and expansion of its collection in the European and US markets. RAOUL participated in the New York Fashion Week and has a growing list of stockists such as Harrods and Matches in London and Neiman Marcus and Saks in New York.

The brand has also recently opened stores in department stores such as Bloomingdales in New York and Printemps Hausmann in Paris. The showrooms in New York and Milan support the growth in the US and European markets. RAOUL is also available to the online retail market through portals such as Neiman Marcus Direct, Saks Direct, matchesfashion.com and mywardrobe.com.

For four years running, RAOUL has taken part in the Audi Fashion Festival, the most prestigious fashion event on the Singapore calendar.

As of 30 June 2012, the Group operated nine RAOUL standalone stores in South East Asia, comprising three stores each in Singapore, Malaysia and Indonesia.





# Bell & Ross

TIME INSTRUMENTS

Designed for professionals, and known for its classic time instrument square case, the Swiss luxury watch brand is driven by the philosophy that "function initiates form". The brand's timepieces were originally designed 19 years ago by a team of designers and aircraft controls specialists. Today the watches are known by their distinctive pure lines and dark, masculine reflective glass and wooden panels.

In November 2012, Bell & Ross' new collection, 'WW1', was launched at an exclusive event in Singapore. This collection pays tribute to the history of military timepieces and showcases both an army pocket-watch and wrist-watch version. The reinterpretation of historical military watch design has always influenced the brand's designs.

The brand's standalone boutique outlet at Mandarin Gallery in Singapore continues to attract consumers in droves and registered positive growth for the year. The brand's other boutiques include one in Kuala Lumpur, Malaysia, one in Jakarta, Indonesia and two in Hong Kong.

Indonesia also played a key role in the growth of the brand with its growing sales and distribution network.

# DE WITT

The DeWitt brand exudes a unique air of luxury and charm by being daringly different and unconventional.

The brand has quickly established itself as a leader in mechanical watchmaking with its innovative and fresh horological advances. Right from winning the 'Innovation' category at the 2005 Geneva Watchmaking Grand Prix, with the brilliant 'Academia Tourbillon Différentiel' which combines a tourbillon complication alongside a patented spherical differential system, the brand continues to be a leader.

With its distinctive 'Imperial Columns', the brand continues to be highly sought after by international watch aficionados and has established a powerful presence in the sphere of exclusive Haute Horlogerie within the space of four short years. The architecture of DeWitt's Twenty-8-Eight Skeleton Tourbillon personifies the reason for this popularity, with its balanced design and 48 imperial columns, the signature feature of practically all DeWitt masterpieces.

The brand has one boutique in Hong Kong.





# GP

## GIRARD-PERREGAUX

WATCHES FOR THE FEW SINCE 1791

This year, the Girard-Perregaux brand celebrated its 220th anniversary in style by unveiling an exhibit of its rich heritage and history at the iconic Art & Science Museum, Marina Bay Sands. A unique collection of historical pocket watches and timepieces were used in the display in honour of the milestone. A similar exhibition occurred in Shanghai in October 2011.

Girard-Perregaux has now enjoyed over two centuries of renown for its remarkable Haute Horlogerie. Its strength continues to be built on two fundamental principles: the desire for constant progress and improvement, and the respect for its stylish heritage dating back to 1791. The result is an authentic product, steeped in horological tradition, replete with the trappings of modern creativity, craftsmanship and ingenuity.

After 23 years of partnership with the Group in the region, we continued to optimise our widespread existing distribution network. In particular, this year has seen the extensive promotion of the emblematic Three Gold Bridges Tourbillon as well as the pillar collection of the brands such as Vintage 1945, GP1966, Cat's Eye and ww.tc.

Allied with the PPR Group, the brand benefits from the Group's experience and resources to reach an ever widening pool of consumers.





## CHRONOSWISS

Mechanical wristwatches went through something of a renaissance in the late 1980s, and have since become a high-carat collector's item. Marked by fascinating and complex technology, the watches epitomise the traditional values of artful craftsmanship and expensive materials. Once more, these ticking artworks are highly prized.

The ChronoSwiss watch brand, with its new headquarters in Switzerland, has played a significant role in this evolution. As the oldest of the "young" mechanical watch brands, ChronoSwiss will celebrate its 30th anniversary in 2013.

F J Benjamin was appointed the exclusive distributor for the label in 2010 and today, wholesales ChronoSwiss through 18 points-of-sale in Hong Kong and Mainland China.

## RADO

SWITZERLAND

F J Benjamin established a relationship with the Swatch Group in May 2008 to retail and distribute Rado timepieces in Indonesia. The Group opened a boutique store in Senayan City, Jakarta, Indonesia in 2008 and also distributes watches through 17 points-of-sale throughout Indonesia.

In the year under review, the Group successfully launched the brand's latest product, the Centrix, at the Senayan City store. The launch was attended by VIP customers as well as the media. The Group intends to continue the momentum created through further media, trade and customer events.



# GUESS

GUESS watches launched its collection 30 years ago, as an extension of the GUESS lifestyle which is "young, sexy and adventurous". Today, GUESS watches remain synonymous with these characteristics and enhance GUESS' image as an undeniably global fashion icon.

This year, GUESS watches unveiled its contemporary animal print wrist wear. This glamorous predatory print design became a second skin for the GUESS girl, giving her an everyday exotic look, demonstrating how GUESS watches can complement her look through innovative product designs.

GUESS watches for men are daring and adventurous, boasting a fearlessness in design and technology by putting an eye-catching spin on the traditional sporty image. Perfect for every adventure seeking enthusiast, this year's unique collection blends sport, fashion and function into a must-have item.

Gc  
SMART LUXURY™

Gc watches blend timeless fashion with Swiss quality. Each Gc watch runs with a heartbeat of Swiss precision combined with a composition of luxurious sophistication and refined European aesthetic design.

To celebrate its 15th Anniversary, Gc introduced two sophisticated Limited Edition 'Swiss Made' mechanical watches – Gc-4 LE for him and Gc Class Lady LE for her. Traditional Swiss savoir-faire combines with bold and expressive design in the Gc-4 LE, while the Gc Class Lady LE, the first mechanical Gc watch for ladies, is the epitome of refined, modern feminine design.

Singapore opened its first Gc boutique in Marina Square in September 2011 and Indonesia opened its third Gc boutique in Bali's Kuta Beach Walk resort in April 2012.







## VICTORINOX SWISS ARMY

Founded by Karl Elsener in 1884, Victorinox is known for its first creation – the Original Swiss Army Knife. This global icon that is beloved the world over, inspires all the Victorinox Swiss Army timepieces.

Victorinox Swiss Army constantly enhances its timepiece lines with new design elements and innovative functions while seeking creative ways of upgrading existing components to enhance their capabilities. The timepieces are multi-functional precision instruments engineered to last, timeless and yet contemporary in style.

From functionality to innovation, from iconic design to quality, Victorinox Swiss Army ensures that every timepiece is designed, engineered and manufactured like the Swiss Army Knife that inspired it, turning it into a true “companion for life”.



Marc Ecko watches offer a diverse range of timepieces characterised by aggressive styling, unique details and unlimited possibilities. With strong roots in hip-hop and youth culture, the Ecko Unlimited collection has become the leading force in a generation without boundaries. Ecko Unlimited remains in a class of its own in the emerging street trends and talent genre.

The Tran is UNLTD.’s newest addition to its collection of street inspired timepieces. The Tran features a multi-material, transparent case that offers a “street view” of the watch’s artful dials. This innovative, attention-grabbing timepiece features a lightweight integrated plastic and metal case with a soft silicon strap.

Marc Ecko is Americana re-imagined – classic design with an avant-garde twist. This latest evolution is an exquisite capture of the brand’s mixture of bad boy chic and sophistication.

## NAUTICA

Introduced in 1994, Nautica watches for men and women combine distinctive styling, bold colours and unique design. Inspired by sailing, Nautica watches reflect an energetic lifestyle that appeals to consumers around the globe, fusing classic American style with technical innovation.

The Nautica watch NSR 100 collection continues to deliver bursts of energy to the Nautica brand. Infused with the vibrant colours of summer, the collection makes a strong statement with their unique translucent straps. Perfect for warm summer days, NSR 100 captures the essence of an active, adventurous and spirited lifestyle.

For the ladies, the Nautica BFD 101 Dive-Style watch is femininity in a classic midsize watch which wears as easily in the evening as it does during the day. It features authentic nautical dive-style details in a classic design with a modern twist.



# CORPORATE GOVERNANCE REPORT

The Board of Directors (the “Board”) of F J Benjamin Holdings Ltd (the “Company”) is committed to high standards of corporate governance and fully supports and upholds the principles in the Code of Corporate Governance (the “Code”). For effective corporate governance, the Company has put in place various self-regulatory and monitoring mechanisms as described below.

## BOARD OF DIRECTORS

### The Board’s Conduct of its Affairs – Principle 1

Apart from its statutory responsibilities, the Board sets the overall strategy of the Company and its subsidiaries (the “Group”) as well as policies on various matters including major investments, key operational initiatives and financial controls, reviews the Group’s financial performance and establishes risk management procedures. These functions are carried out either directly or through the various Board Committees that have been set up, namely the Executive Committee, the Nominating Committee, the Remuneration Committee and the Audit Committee.

The Board meets regularly on a quarterly basis and as required. Important and critical matters concerning the Group are also tabled for the Board’s decision by way of written resolutions, faxes, electronic mails and tele-conferencing. The Board has adopted a set of internal controls which lists out the approval limits for capital expenditure, investments and divestments and bank borrowings at Board level. Approval of sub-limits are also provided at management level to facilitate operational efficiency.

The attendance of the Directors at these meetings during the financial year is as follows:

	Board		Executive Committee		Nominating Committee		Remuneration Committee		Audit Committee	
	No. of meetings									
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Frank Benjamin	4	4	3	2	1	1	NA	NA	NA	NA
Keith Tay Ah Kee	4	4	3	3	1	1	1	1	NA	NA
Eli Manasseh (Nash) Benjamin	4	4	3	3	NA	NA	NA	NA	NA	NA
Douglas Benjamin	4	4	3	3	NA	NA	NA	NA	NA	NA
Karen Chong	4	4	3	3	NA	NA	NA	NA	NA	NA
Reggie Thein	4	4	NA	NA	1	1	1	1	4	4
Wong Ai Fong	4	4	NA	NA	NA	NA	1	1	4	4
Chew Kwee San	4	4	NA	NA	NA	NA	NA	NA	4	4
Daniel Ong Jen Yaw*	4	2	NA	NA	NA	NA	NA	NA	NA	NA

\* Appointed on 30 November 2011

Newly appointed Directors are briefed on the Group’s business activities, strategic direction, corporate governance and the regulatory environment in which the Group operates as well as relevant laws and regulations.

# CORPORATE GOVERNANCE REPORT

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## **Board Composition and Balance – Principle 2**

As at the end of the financial year, the Board comprises nine Directors, five of whom are Independent Directors.

Based on its composition, the Board is able to exercise objective judgement on corporate affairs. The composition of the Board is reviewed annually by the Nominating Committee to ensure that the Board has an appropriate mix of expertise, experience and independence needed to discharge its duties effectively. The diversity of the Directors' experience allows for the useful exchange of ideas and views. The Board is satisfied that no individual member of the Board dominates the Board's decision making and that there is sufficient accountability and capacity for independent decision-making.

The Board, taking into account the nature of operations of the Group, considers its current size to be adequate for effective decision-making.

## **Chairman and Chief Executive Officer – Principle 3**

The Chairman and Chief Executive Officer ("CEO") functions are assumed by different individuals, thus ensuring an appropriate balance of power and authority.

The Chairman, Mr Frank Benjamin, is an Executive Director. Besides giving guidance on the corporate direction of the Group, his role includes the scheduling and chairing of Board meetings and the controlling of the quality, quantity and timeliness of information supplied to the Board and assists in ensuring compliance with the Company's corporate governance guidelines.

The CEO, Mr Eli Manasseh (Nash) Benjamin, brother of Mr Frank Benjamin, is also an Executive Director. He supervises the day-to-day business operations with the support of the other Executive Directors and Management, as well as formulating long-term corporate strategies and policies of the Group.

## **Access to Information – Principle 6**

The Board members are provided with board papers a few days in advance of meetings so that sufficient time is given to the Board members. The board papers set out the relevant financial information that review the Group's performance in the most recent quarter and other information which includes background or explanatory information relating to the matters to be brought before the Board. The Directors make enquiries and request for additional information, if needed, during the presentations.

The Board also has access to minutes and documents concerning all Board and Board Committee meetings. In addition, the Board members also have access to all minutes of Executive Committee meetings.

The Board also has separate and independent access to the Management and Company Secretary. The Company Secretary attends all Board meetings and is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with. The Board also has access to independent professional advice, if necessary, at the Company's expense.



# CORPORATE GOVERNANCE REPORT

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## NOMINATING COMMITTEE (NC)

The NC is chaired by Mr Keith Tay and its members are Mr Reggie Thein and Mr Frank Benjamin. With the exception of Mr Frank Benjamin, the other two are Independent Directors.

### Board Membership – Principle 4

In accordance with the Articles of Association, the Directors are required to submit themselves for re-election and re-nomination at regular intervals of at least once every three years. Under its written terms of reference approved by the Board, the NC has the following main responsibilities:

- (a) to make recommendations to the Board on all Board appointments and re-appointments, including making recommendations on the composition of the Board;
- (b) to review the Board structure, size, composition and independence;
- (c) to develop the criteria for the selection of Directors and identify candidates for approval by the Board, to fill Board vacancies as and when they arise as well as put in place plans for succession;
- (d) to determine independence of each Director; and
- (e) to determine whether a Director, who has multiple board representations, is able to and has been adequately carrying out his duties as Director of the Company.

To address the time commitments of Directors who sit on multiple boards, the Board and Board Committees meeting dates are scheduled in advance at the beginning of each calendar year.

The profile and information of the Directors as at the date of this report are set out on pages 14-17 of the Annual Report.

### Board Performance – Principle 5

The NC is responsible for reviewing and evaluating the effectiveness of the Board as a whole and the contribution by each Director.

The NC carries out assessments of the performance of and the contribution by each Director with inputs of the Chairman and CEO. The assessment of the Directors includes qualitative and quantitative criteria such as attendance, participation at meetings and contributions to the Group outside the Board setting. The performance measurement ensures that the mix of skills and experience of Directors continue to meet the needs of the Group.

# CORPORATE GOVERNANCE REPORT

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## REMUNERATION COMMITTEE (RC)

### **Procedures for Developing Remuneration Policies – Principle 7**

### **Level and Mix of Remuneration – Principle 8**

The RC is chaired by Mr Reggie Thein and its members are Mr Keith Tay and Ms Wong Ai Fong (appointed on 5 December 2011). All of them are Independent Directors.

Under its written terms of reference approved by the Board, the RC has the following main responsibilities:

- (a) to ensure that remuneration policies and systems that support the Company's objectives and strategies are in place and being adhered to;
- (b) to co-ordinate annual reviews of the Company's remuneration policies and practice to ensure they are comparable with the pay and employment conditions within the industry and in similar companies;
- (c) to recommend the remuneration of Executive Directors and key executives to the Board for endorsement in accordance with the approved remuneration policies and processes;
- (d) to provide advice as necessary to Management on remuneration policy for employee categories other than those covered in paragraph (c) above;
- (e) to review the remuneration, terms of employment and promotion of all employees of the Group who are related to any of the Directors; and
- (f) to recommend the Directors' fees of Non-executive Directors to the Board. Directors' fees are only paid to Non-executive Directors and are approved by Shareholders at the Annual General Meeting.

The RC adopts a transparent procedure for fixing the compensation packages of individual Directors. No Director is involved in deciding his or her own compensation.

The RC assists the Board in ensuring that Directors and key executives of the Group are fairly remunerated for their performance and individual contribution to the overall performance of the Group, taking into account the performance of the Group and the individual Directors respectively. The performance-related elements of compensation are designed to align the interests of the Executive Directors with those of the Shareholders and are determined using appropriate and meaningful measures to assess the performance of the Executive Directors. In discharging its functions, the RC may obtain independent external legal and other professional advice as it deems necessary, at the expense of the Company.

The Board has considered that there was no circumstance that required the remuneration policy to be submitted to the Annual General Meeting for approval.

# CORPORATE GOVERNANCE REPORT

## Disclosure of Remuneration – Principle 9

The following table tabulates the composition of the Directors' compensation:

Directors	Directors' Fee	Basic Salary	Variable Performance Bonus	Benefit-in-Kind And Others	Total
<u>\$1,000,000 and above</u>					
Mr Frank Benjamin	–	47%	38%	15%	100%
Mr Eli Manasseh Benjamin	–	48%	44%	8%	100%
<u>\$500,000 to \$999,999</u>					
Mr Douglas Benjamin	–	51%	41%	8%	100%
<u>\$250,000 to \$499,999</u>					
Ms Karen Chong	–	74%	22%	4%	100%
<u>Below \$250,000</u>					
Mr Keith Tay	100%	–	–	–	100%
Mr Reggie Thein	100%	–	–	–	100%
Ms Wong Ai Fong	100%	–	–	–	100%
Mr Chew Kwee San	100%	–	–	–	100%
Mr Daniel Ong	100%	–	–	–	100%

The top five key executives of the Group who are not Directors of the Company and whose remunerations falls within the following bands are as follows:

<u>Range of Remuneration</u>	<u>No. of Executives</u>
Above \$500,000	1
\$250,000 to \$499,999	4

Their names are not disclosed as the Company believes that disclosure may be prejudicial to its business interests, given that it is operating in a highly competitive and niche industry.

The following indicates the composition (in percentage terms) of the annual remuneration of employees who are immediate family members of the Directors.

Relationship	Basic Salary and allowance	Variable Performance Bonus	Benefit-in-kind	Total
<u>\$250,000 to \$499,999</u>				
Relating to the Chairman	77%	18%	5%	100%
Relating to the Chairman	61%	9%	30%	100%
Relating to an Executive Director	78%	20%	2%	100%
<u>Below \$250,000</u>				
Relating to the Chairman	82%	15%	3%	100%



# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE (AC)

### Accountability and Audit – Principles 10 and 11

The Board is accountable to the Shareholders while the Management is accountable to the Board. The Board approves the quarterly financial statements and authorises the release of the results to the Shareholders. From time to time, the Board also provides its Shareholders with updates of new business developments, material contracts entered into and other material information via SGXNET announcements.

The AC is chaired by Mr Reggie Thein and its members are Ms Wong Ai Fong and Mr Chew Kwee San. All of them are Independent Directors.

The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities, with two of the members, including the Chairman, having accounting or related financial management expertise and experience.

Under its written terms of reference approved by the Board, the AC has the following main responsibilities:

- (a) to review the financial and other information to be presented to Shareholders, the system of internal control and risk management, and the audit process;
- (b) to maintain an appropriate relationship with the Company's External and Internal Auditors, and to review the scope, results, effectiveness and objectivity of the audit process;
- (c) to review and evaluate the adequacy of the system of internal control, including accounting controls, taking input from external audit, internal audit, risk management and compliance functions;
- (d) to review the audit plan and audit report with the External Auditor;
- (e) to review the scope of the internal audit plan with the Internal Auditor and approve it;
- (f) to review the quarterly and annual financial statements, including announcements to Shareholders and the Singapore Exchange Securities Trading Limited ("SGX-ST") prior to submission to the Board;
- (g) to review and approve interested person transactions to ensure that these transactions are carried out at arm's length and on normal commercial terms and in the best interest of the Company and its minority shareholders; and
- (h) to review the independence of the External Auditor and to make recommendations to the Board regarding the nomination of the External Auditor for appointment or re-appointment.

The AC has explicit authority to investigate any matter within its terms of reference. The Committee has full access to, and the co-operation of the Management, as well as the External and Internal Auditors respectively. The Committee also has full discretion to invite any Director or any member of Management to attend its meetings.

The AC meets with the External Auditor and the Internal Auditor at least four times a year and without the presence of the Management at least once a year.

The Group has complied with Rule 712 and Rule 715 or 716 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited in relation to its engagement of auditors.

The AC, having reviewed the non-audit services provided to the Group and the Company by the External Auditor, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditor, is pleased to recommend their re-appointment.

# CORPORATE GOVERNANCE REPORT

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## Internal Controls – Principle 12

The Board has instituted a system of internal controls for the companies in the Group to reasonably safeguard against material loss and misstatements. While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal financial controls are designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information used within the business and for publication is reliable. In designing these controls, the Board has had regard to the risks which the business is exposed to and the costs of protecting against such risks.

The Directors regularly review the effectiveness of all internal controls, including operational controls.

The Board believes that the system of internal controls that has been maintained by the Group's Management throughout the financial year is adequate to meet the needs of the Group in its current business environment.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors, external auditors' report on their financial audit, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks were adequate as at 30 June 2012.

## Risk Management

The Board, through its Executive and Audit Committees, manages the risk profile of the Group. In line with this, it has developed a risk management framework that highlights the risk areas of the Group's various businesses and reviews this on a regular basis.

### Business Risk

The Group is primarily engaged in retailing, licensing and wholesale distribution of middle to high-end fashion apparel and accessories, timepieces and home furnishings. Its revenues are therefore affected by consumer sentiment and purchasing power, changing fashion and lifestyle trends and competition from other/new brands. In light of this, SWOT analysis is used to regularly review the ongoing viability of its brands and how market share may be maintained/maximised.

### Financial Risk

The Group is committed to a low gearing ratio and maintains sufficient cash reserves to meet any unforeseen circumstances.

Most of the Group's overseas purchases are denominated in Swiss Franc, US Dollar and the Euro. In order to minimise the Group's exposure to foreign currency fluctuations, it enters into foreign currency contracts based on purchase commitments for periods ranging from three to six months forward.

## Internal Audit – Principle 13

The Company has an internal audit function that is independent of the activities it audits. The Internal Auditor reports directly to the Chairman of the AC on audit matters, and the CEO on administrative matters. His responsibilities include the review of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management.

The AC is satisfied that the internal audit function has adequate resources and has appropriate standing within the Group and meets the standards set by the Institute of Internal Auditors.

# CORPORATE GOVERNANCE REPORT

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## EXECUTIVE COMMITTEE (EC)

The EC comprising of five Board members, namely Mr Frank Benjamin, Mr Keith Tay, Mr Eli Manasseh (Nash) Benjamin, Mr Douglas Benjamin and Ms Karen Chong, meets regularly with senior management of the Group to review operations, investment opportunities and strategic planning.

## SHAREHOLDERS

### **Communication With Shareholders – Principle 14**

The Company endeavours to provide material information to its Shareholders in a timely and adequate manner. When inadvertent disclosure has been made to a selected group of people, the Company will make the same disclosure publicly as soon as practicable. The Company also has an Investor Relations section on its website for Shareholders to express their views. In addition, the website provides Shareholders and investors with access to all publicly-disclosed information, annual reports, new public releases and announcements.

### **Encourage Greater Shareholders' Participation – Principle 15**

At Annual General Meetings, Shareholders are given the opportunity to air their views and direct questions regarding the Group and its businesses to the Board. To encourage greater Shareholders' participation, the Company's Articles of Association permit a member entitled to attend and vote to appoint a proxy to attend and vote on his or her behalf. The Company's Articles of Association also provides that a proxy need not be a member of the Company. Separate resolutions are proposed as individual agenda items. Members of the Board and various Board committees together with the External Auditor are present and available to address questions at General Meetings.

## ADDITIONAL INFORMATION

### ***Dealing in Securities***

The Company has adopted the SGX-ST Best Practices Guide with respect to dealings in securities. All employees of the Group who may be in possession of unpublished and/or material price-sensitive information are prohibited from dealing in securities of the Company during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year or one month before the announcement of the Company's full year results and ending on the date of the announcement of the results, in accordance with the guidelines set out in the Best Practices Guide. Officers are also prohibited to deal in securities of the Company on short-term consideration.

### ***Material Contracts***

No material contracts of the Company and its subsidiaries involving the interest of the CEO or any Director or controlling Shareholder subsisted at the end of the financial year or had been entered into since the end of the previous financial year.

### ***Interested Person Transactions***

Transactions with the Company's interested persons (a term that is defined in the listing manual of the SGX-ST) are subjected to review and approval by the Board comprising those Directors who do not have an interest in the transaction. Where required by the relevant listing rules of the SGX-ST, the AC reviews the transaction to determine that it is on normal commercial terms and hence, not prejudicial to the interest of the Company and Shareholders, before making recommendations to the Board for endorsement. For the financial year ended 30 June 2012, there were no material interested person transactions entered into.



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## ANNUAL FINANCIAL STATEMENTS

### **FJ Benjamin Holdings Ltd**

and its subsidiaries

Co. Reg. No. 197301125N

30 June 2012

# DIRECTORS' REPORT

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of F J Benjamin Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2012.

## DIRECTORS

The Directors of the Company in office at the date of this report are:

Mr Frank Benjamin	–	Executive Chairman
Mr Keith Tay Ah Kee	–	Non-Executive Deputy Chairman
Mr Eli Manasseh Benjamin	–	Chief Executive Officer
Mr Douglas Jackie Benjamin	–	Executive Director
Ms Karen Chong Mee Keng	–	Executive Director
Mr Reggie Thein	–	Independent Director
Ms Wong Ai Fong	–	Independent Director
Mr Chew Kwee San	–	Independent Director
Mr Daniel Ong Jen Yaw	–	Independent Director

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following Directors, who held office at the end of the financial year had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), an interest in the shares of the Company as stated below:

Name of director	Holdings registered in the name of Director or nominee			Holdings in which a Director is deemed to have an interest		
	At 1.7.2011	At 30.6.2012	At 21.7.2012	At 1.7.2011	At 30.6.2012	At 21.7.2012
<u>Ordinary shares</u>						
Mr Frank Benjamin	37,691,000	39,191,000	39,191,000	–	–	–
Mr Keith Tay Ah Kee	256,000	256,000	256,000	–	–	–
Mr Eli Manasseh Benjamin	24,010,050	24,310,050	24,310,050	300,000	–	–
Mr Douglas Jackie Benjamin	120,000	120,000	120,000	10,000	10,000	10,000
Ms Wong Ai Fong	35,000	35,000	35,000	–	–	–

# DIRECTORS' REPORT

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## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (continued)

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

## DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

## OPTIONS

There were no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries during the financial year.

## AUDIT COMMITTEE

The members of the Audit Committee ("AC") at the date of this report are:

Mr Reggie Thein (Chairman)  
Ms Wong Ai Fong  
Mr Chew Kwee San

The AC carried out its functions in accordance with section 201B(5) of the Act, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance as detailed in the Corporate Governance Report of the Annual Report.

The AC having reviewed all non-audit services provided by the external auditors to the Group is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the financial year. The AC has also met with the internal and external auditors, without the presence of the Company's management, at least once a year.



# DIRECTORS' REPORT

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## AUDITORS

The auditors, Ernst & Young LLP, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors



Eli Manasseh Benjamin  
Director



Karen Chong Mee Keng  
Director

Singapore  
24 September 2012

# STATEMENT BY DIRECTORS

We, Eli Manasseh Benjamin and Karen Chong Mee Keng, being two of the Directors of F J Benjamin Holdings Ltd, (the “Company”), do hereby state that, in the opinion of the Directors:

- (i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and its subsidiaries (collectively, the “Group”) as at 30 June 2012 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors



Eli Manasseh Benjamin  
Director



Karen Chong Mee Keng  
Director

Singapore  
24 September 2012

# INDEPENDENT AUDITORS' REPORT

To the Members of F J Benjamin Holdings Ltd

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## **Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of F J Benjamin Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 52 to 117, which comprise the balance sheets of the Group and the Company as at 30 June 2012, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

## **Auditors' responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



# INDEPENDENT AUDITORS' REPORT

To the Members of F J Benjamin Holdings Ltd

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## **Opinion**

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2012 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

## **Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP  
Public Accountants and Certified Public Accountants

Singapore  
24 September 2012

# CONSOLIDATED INCOME STATEMENT

For the financial year ended 30 June 2012

(In Singapore Dollars)

		<b>Group</b>	
	<b>Note</b>	<b>2012</b>	<b>2011</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	5	393,237	353,918
Other income	6	9,398	6,024
Bank interest income		646	61
		<u>403,281</u>	<u>360,003</u>
<b>Costs and expenses</b>			
Cost of goods sold		(224,826)	(202,545)
Staff costs	7	(53,056)	(45,079)
Rental of premises		(49,702)	(45,894)
Advertising and promotion		(17,604)	(15,190)
Depreciation of property, furniture, fixtures and equipment	13	(6,927)	(6,114)
Depreciation of investment properties	14	(123)	(148)
Other operating expenses	8	(30,726)	(26,679)
Total costs and expenses		<u>(382,964)</u>	<u>(341,649)</u>
<b>Operating profit</b>		20,317	18,354
Interest expense	10	(2,663)	(1,775)
		<u>17,654</u>	<u>16,579</u>
Exceptional items, net	9	(289)	(771)
Foreign exchange gain / (loss)	2.4(b)	1,729	(252)
Share of results of associates / joint venture, net of tax		576	1,486
<b>Profit before taxation from continuing operations</b>		<u>19,670</u>	<u>17,042</u>
Taxation	11	(6,129)	(4,272)
<b>Net profit for the financial year</b>		<u>13,541</u>	<u>12,770</u>
<b>Profit attributable to:</b>			
Owners of the parent			
- Profit before exceptional items		14,187	13,734
- Exceptional items		(289)	(771)
		<u>13,898</u>	<u>12,963</u>
Non-controlling interests		(357)	(193)
		<u>13,541</u>	<u>12,770</u>
<b>Earnings per share attributable to owners of the parent</b>	12		
Basic (cents)		2.44	2.28
Diluted (cents)		<u>2.44</u>	<u>2.28</u>

*The accompanying policies and explanatory notes form an integral part of the financial statements.*

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2012

(In Singapore Dollars)

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit for the year</b>	13,541	12,770
<b>Other comprehensive income, net of tax</b>		
Net translation differences relating to translation of financial statement and monetary items of investment of foreign subsidiaries	(18)	(7,837)
<b>Total comprehensive income for the year</b>	13,523	4,933
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	13,891	5,123
Non-controlling interests	(368)	(190)
	13,523	4,933

*The accompanying policies and explanatory notes form an integral part of the financial statements.*



# BALANCE SHEETS

As at 30 June 2012

(In Singapore Dollars)

	Note	2012 \$'000	Group 2011 (Restated) \$'000	2010 (Restated) \$'000	Company 2012 \$'000	2011 \$'000
<b>Non-current assets</b>						
Property, furniture, fixtures and equipment	13	26,598	24,730	23,298	1,425	2,245
Investment properties	14	5,151	5,081	8,016	—	—
Subsidiaries	15	—	—	—	117,114	111,144
Goodwill	16	559	559	—	—	—
Investment in associates/joint venture	17	12,163	12,626	10,942	—	—
Other investments	18	88	59	78	88	59
Other receivables	19	260	260	260	—	—
Loan to joint venture partner	28	16,500	—	—	—	—
Deferred tax assets	27	601	1,117	1,248	—	—
		61,920	44,432	43,842	118,627	113,448
<b>Current assets</b>						
Inventories	20	110,445	94,390	86,511	—	—
Trade debtors	21	58,865	57,555	43,464	—	—
Tax recoverable		2,164	1,492	1,004	—	—
Other debtors	22	23,763	21,032	21,040	140,837	102,484
Cash on hand and at banks	32	14,703	38,388	40,827	4,383	20,763
		209,940	212,857	192,846	145,220	123,247
<b>Current liabilities</b>						
Trade and other creditors	23	64,754	74,888	61,981	96,755	63,918
Finance lease creditors	24	285	328	300	122	121
Bank borrowings	25	59,374	44,528	31,579	—	—
Provision for taxation		3,585	2,254	1,404	517	487
		127,998	121,998	95,264	97,394	64,526
<b>Net current assets</b>		81,942	90,859	97,582	47,826	58,721
<b>Non-current liabilities</b>						
Finance lease creditors	24	652	791	186	649	775
Bank borrowings	25	6,500	—	1,406	—	—
Other liabilities	26	2,593	2,583	2,583	—	—
Deferred tax liabilities	27	510	459	40	—	—
		10,255	3,833	4,215	649	775
<b>Net assets</b>		133,607	131,458	137,209	165,804	171,394
<b>Equity attributable to owners of the parent</b>						
Share capital	29	165,447	165,447	165,447	165,447	165,447
Exchange translation reserve	30	(21,868)	(21,861)	(14,021)	—	—
(Accumulated losses) / Retained earnings		(9,628)	(12,152)	(14,341)	357	5,947
		133,951	131,434	137,085	165,804	171,394
Non-controlling interests		(468)	(100)	—	—	—
Preference shares issued by a subsidiary	31	124	124	124	—	—
<b>Total equity</b>		133,607	131,458	137,209	165,804	171,394

*The accompanying policies and explanatory notes form an integral part of the financial statements.*

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2012

(In Singapore Dollars)

Note	--Attributable to owners of the parent --					
	Share capital \$'000	Exchange translation reserve \$'000	(Accumulated losses) \$'000	Non-controlling interests \$'000	Preference shares issued by a subsidiary \$'000	Total equity \$'000
<b>Group</b>						
At 1 July 2011	165,447	(21,861)	(12,152)	(100)	124	131,458
Profit for the year	–	–	13,898	(357)	–	13,541
<u>Other comprehensive income</u>						
Foreign currency translation	–	(7)	–	(11)	–	(18)
Total comprehensive income for the financial year	–	(7)	13,898	(368)	–	13,523
Dividends paid on ordinary shares, representing Total contributions by and distributions to owners	41	–	–	(11,374)	–	(11,374)
At 30 June 2012	165,447	(21,868)	(9,628)	(468)	124	133,607
At 1 July 2010	165,447	(14,021)	(14,341)	–	124	137,209
Profit for the year	–	–	12,963	(193)	–	12,770
<u>Other comprehensive income</u>						
Foreign currency translation	–	(7,840)	–	3	–	(7,837)
Total comprehensive income for the financial year	–	(7,840)	12,963	(190)	–	4,933
Share of associated company's reserves	–	–	600	–	–	600
Acquisition of subsidiary, representing Total changes in ownership interests in subsidiaries	15	–	–	90	–	90
Dividends paid on ordinary shares, representing Total contributions by and distributions to owners	41	–	–	(11,374)	–	(11,374)
At 30 June 2011	165,447	(21,861)	(12,152)	(100)	124	131,458

Included in the Group's accumulated losses is a profit balance of approximately S\$43,000 (2011: nil), which is restricted in use as required by the relevant laws and regulations of the People's Republic of China.

*The accompanying policies and explanatory notes form an integral part of the financial statements.*

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2012

(In Singapore Dollars)

	Note	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
<b>Company</b>				
At 1 July 2011		165,447	5,947	171,394
Profit for the year, representing				
Total comprehensive income for the financial year		–	5,784	5,784
Dividends paid on ordinary shares, representing				
Total contributions by and distributions to owners	41	–	(11,374)	(11,374)
At 30 June 2012		165,447	357	165,804
At 1 July 2010		165,447	5,930	171,377
Profit for the year, representing				
Total comprehensive income for the financial year		–	11,391	11,391
Dividends paid on ordinary shares, representing				
Total contributions by and distributions to owners	41	–	(11,374)	(11,374)
At 30 June 2011		165,447	5,947	171,394

*The accompanying policies and explanatory notes form an integral part of the financial statements.*



# CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 30 June 2012

(In Singapore Dollars)

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flow from operating activities:</b>		
Profit before taxation	19,670	17,042
Adjustments for:		
Depreciation of property, furniture, fixtures and equipment	6,927	6,114
Depreciation of investment properties	123	148
Share of results of associates / joint venture, net of tax	(576)	(1,486)
Currency realignment	174	(4,370)
Loss on disposal of property, furniture, fixtures and equipment	11	506
Bank interest income	(646)	(61)
Interest expense	2,663	1,775
Write-back of impairment loss on investment properties	–	(509)
(Reversal of impairment) / Impairment loss on other investments	(29)	19
(Reversal of impairment) / Write off of fixed assets for non-performing stores	(234)	146
Allowance for inventories and inventories written off	280	1,065
Loss on de-registration of Australian subsidiaries	–	591
Closure costs – Australia	523	–
Allowance on doubtful advertising rebates receivable	–	543
(Reversal of allowance) / Allowance for doubtful debts and bad debts written off	(63)	38
<b>Operating profit before reinvestment in working capital</b>	<b>28,823</b>	<b>21,561</b>
Increase in debtors	(4,285)	(14,954)
Increase in inventories	(16,335)	(8,905)
(Decrease) / Increase in creditors	(10,035)	12,711
<b>Cash flow (used in) / from operations</b>	<b>(1,832)</b>	<b>10,413</b>
Income tax paid	(4,930)	(3,388)
<b>Net cash (used in) / from operating activities</b>	<b>(6,762)</b>	<b>7,025</b>
<b>Cash flow from investing activities:</b>		
Purchase of furniture, fixtures and equipment	(8,495)	(7,843)
Proceeds from disposal of property, furniture, fixtures and equipment	87	231
Net cash outflow on acquisition of subsidiary (Note 15)	–	(607)
Loan to joint venture partner (Note 28)	(16,500)	–
Dividend received from joint venture partner	539	–
Interest received	557	61
<b>Net cash used in investing activities</b>	<b>(23,812)</b>	<b>(8,158)</b>

*The accompanying policies and explanatory notes form an integral part of the financial statements.*

# CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 30 June 2012

(In Singapore Dollars)

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flow from financing activities:</b>		
Repayment of bank borrowings	(2,573)	(809)
Proceeds from bank borrowings	22,956	11,620
Proceeds from finance lease	–	750
Repayment of obligations under finance lease	(182)	(117)
Interest paid	(2,663)	(1,775)
Dividends paid to shareholders	(11,374)	(11,374)
<b>Net cash from / (used in) financing activities</b>	<b>6,164</b>	<b>(1,705)</b>
Net decrease in cash and cash equivalents	(24,410)	(2,838)
Cash and cash equivalents at beginning of financial year	32,357	35,528
Net effect of exchange rate changes on opening cash and cash equivalents	(238)	(333)
Cash and cash equivalents at end of financial year (Note 32)	<b>7,709</b>	<b>32,357</b>

*The accompanying policies and explanatory notes form an integral part of the financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 1. Corporate information

FJ Benjamin Holdings Ltd (the “Company”) is a public limited company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and the principal place of business of the Company is 10 Science Park Road, #04-01 The Alpha, Singapore Science Park II, Singapore 117684.

The principal activities of the Company are those of investment holding and the provision of management services to its subsidiaries. The subsidiaries are primarily importers, exporters, licensees, distributors and retailers of consumer fashion wear and accessories, home furnishings and timepieces.

There has been no significant change in the nature of these activities during the financial year.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements of the Company and of the Group are expressed in Singapore dollars (“SGD”) and all values are rounded to the nearest thousand (\$’000) except when otherwise indicated.

The financial statements are prepared under the historical cost convention except as disclosed in the accounting policies below.

The accounting policies have been consistently applied and are consistent with those used in the previous financial year, except for the changes in accounting policies discussed below.

### 2.2 Changes in accounting policies

The Group has adopted all the new and revised Financial Reporting Standards (“FRSs”) and Interpretation to FRSs (“INT FRSs”) that are relevant to its operations and effective for the financial year beginning on or after 1 July 2011.

The adoption of these new and revised FRSs and INT FRSs did not have any effect on the financial performance or position of the Group and the Company.

#### **FRS 110, FRS 111, FRS 112, Revised FRS 27 and Revised FRS 28**

During the financial year, the Group early adopted FRS 110, FRS 111, FRS 112 and the consequential amendments to Revised FRS 27 and Revised FRS 28 which are effective for annual periods beginning on or after 1 January 2014.



# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.2 Changes in accounting policies (continued)

#### FRS 110 Consolidated Financial Statements and Revised FRS 27 Separate Financial Statements

FRS 27 was amended to address accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 110 establishes a new control model that applies to all entities including special purpose entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations.

The adoption of the above FRS did not have any effect on the financial performance or position of the Group and the Company.

#### FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

FRS 111 uses the principle of control in FRS 110 to define joint control and removes the option to account for joint ventures using proportionate consolidation. Accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the parties a right to the underlying assets and obligations is accounted for by recognising the share of those assets and obligations. Joint ventures that give parties a right to the net assets is accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The adoption of the above FRS did not have any effect on the financial performance or position of the Group and the Company.

### 2.3 Further changes in accounting policies

The Group and the Company have not adopted the following FRS and INT FRS that have been issued but not yet effective:

		Effective date (annual period beginning on or after)
Amendments to FRS 12	Deferred tax – Recovery of underlying assets	1 January 2012
Amendments to FRS 1	Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 19	Employee Benefits	1 January 2013
Amendments to FRS 101	Government Loans	1 January 2013
Amendments to FRS 107	Disclosures - Offsetting financial assets and financial liabilities	1 January 2013
FRS 113	Fair Value Measurements	1 January 2013
INT FRS 120	Stripping costs in the production phase of a surface mine	1 January 2013
	Improvements to FRSs 2012	1 January 2013
Amendments to FRS 32	Offsetting financial assets and financial liabilities	1 January 2014

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.3 Further changes in accounting policies

Except for the Amendments to FRS 1, the Directors expect that the adoption of the above pronouncements (where applicable) will have no material impact on the financial statements in the period of initial application.

#### *Amendments to FRS 1 Presentation of Items of Other Comprehensive Income*

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income ("OCI") is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

### 2.4 Functional and foreign currency

#### a) Functional currency

Items included in the financial statements of each company in the Group are measured using the currency of the primary economic environment in which the company operates, that is functional currency. The consolidated financial statements are presented in SGD, which is the Company's functional currency.

#### b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under a separate component of equity as exchange translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the foreign operation.

#### c) Foreign currency translation

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the weighted average exchange rates for the financial year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.4 Functional and foreign currency (continued)

#### c) Foreign currency translation (continued)

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

### 2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification, and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets.



# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.5 Basis of consolidation (continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.12. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

### 2.6 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from equity attributable to owners of the Company, and are separately disclosed in the consolidated income statement. Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

### 2.7 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

- Power over the investee
- Exposure, or rights or variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses. This requires an estimation of the investment's recoverable amount using cash flow projections based on financial budgets approved by management. The discount rate applied to the cash flow projections was 5.4% (2011: 5.4%) per annum and cash flow beyond the 5-year period is extrapolated using growth rate of 1.0% (2011: 1.0%) per annum. This growth rate does not exceed the long-term average growth rate for the industry.

The financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements shall be prepared as of the same reporting date. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial statements as of the same date as the financial statements of the parent.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.8 Joint ventures

A joint venture is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method from the date on which it becomes a joint venture. Under the equity method, the investment in joint venture are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the joint ventures. The profit or loss reflects the share of results of operations of the joint ventures. Distributions received from joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other income by the joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its joint ventures. The Group determines at each end of the reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

Upon loss of joint control over the joint venture, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

In the Company's separate financial statements, interest in joint ventures is accounted for at cost less impairment losses.

When an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

If the Group's ownership interest in a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be classified to profit or loss on the disposal of the related assets or liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.9 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but has no control or joint control of those policies.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The Group's share of the profit or loss of its associates refers to the Group's share of associates' results after tax and non-controlling interests in the subsidiaries of the associates. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each end of the reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss. In the event of a dilution of interest in an associate, the difference between the change in the share of the associate's net assets is taken to equity.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. The most recent available audited financial statements or, if not available, the unaudited management financial statements of the associates, are used by the Group in applying the equity method.

When an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

In the Company's separate financial statements, investment in associates is accounted for at cost less impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.10 Property, furniture, fixtures and equipment

All items of property, furniture, fixtures and equipment are initially recorded at cost. Such costs includes the cost of replacing part of the property, furniture, fixtures and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, furniture, fixtures and equipment. The accounting policy for borrowing costs is set out in Note 2.19. The cost of an item of property, furniture, fixtures and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, furniture, fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

The cost of an asset comprises its purchase price, any directly attributable costs of bringing the asset to working condition for its intended use and costs of its dismantlement, removal or restoration, the obligation for which an entity incurs as a consequence of installing the item.

Depreciation begins when it is available for use and is calculated on the straight-line method over the estimated useful lives of the assets as follows:

Leasehold buildings	- Over the lease terms of 50 years
Furniture and fittings	- 10 years
Electrical installation and office equipment	- 6 to 7 years
Motor vehicles	- 5 years
Data processing equipment	- 3 years
Leasehold improvements	- 3 to 6 years

The carrying values of property, furniture, fixtures and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, furniture, fixtures and equipment.

An item of property, furniture, fixtures and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.



# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.11 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, administrative purposes, or sale in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met and they are accounted as finance leases.

Investment properties are initially recorded at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Depreciation begins when it is available for use and is calculated on the straight-line method over the lease term of the building.

Investment property is depreciated over its leasehold period of 50 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer between investment property to owner-occupied property, there is no change in the carrying amount of the property transferred.

### 2.12 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.12 Goodwill (continued)

Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and are translated in accordance with the accounting policy set out in Note 2.4.

### 2.13 Financial assets

Financial assets are recognised on the balance sheet when and only when the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date that is the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

#### a) Financial assets at fair value through profit or loss

Derivative financial instruments whose fair value is positive are classified as financial assets at fair value through profit or loss. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value at each end of the reporting period. Any gains or losses arising from changes in fair value on derivative financial instruments are recognised in profit or loss. Net gains or losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

#### b) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the assets to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less impairment losses. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, and through the amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.13 Financial assets (continued)

#### c) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, such assets are carried at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

#### d) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in other comprehensive income, until the investment is derecognised at which time the cumulative gain or loss previously reported in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

### 2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and demand deposits which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

### 2.15 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

#### a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.15 Impairment of financial assets (continued)

#### a) Financial assets carried at amortised cost (continued)

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

#### c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income to profit or loss. Reversals of impairment loss in respect of equity instruments are not recognised in profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.



# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.16 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets.

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

### 2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises the invoiced value of goods on a weighted average basis together with the related charges incurred in importing such goods. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.18 Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are initially recognised at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs. Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.18 Financial liabilities (continued)

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### 2.19 Borrowing costs

Borrowing costs are recognised as interest expense in the financial year in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

### 2.20 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised as a liability at fair values, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

### 2.21 Provisions

Provisions are recognised when the Group has a present obligation where as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.22 Employee benefits

#### a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

#### b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to end of the reporting period.

### 2.23 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

#### a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

#### b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income (Note 2.24). Contingent rents are recognised as revenue in the period in which they are earned.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised.

#### a) Sale of goods

Revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### b) Interest income

Interest income is recognised using the effective interest method.

#### c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

#### d) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

#### e) Market support and administrative service income

Market support and administrative service income is recognised upon rendering of services.

### 2.25 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grant shall be recognised in profit or loss on a systematic basis over the periods which the entity recognised as expenses the related costs for which the grants relate. Grants related to income are presented as "Other income".



# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.26 Income taxes

#### a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### b) Deferred tax

Deferred taxation is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences associated with its investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax liabilities are also not recognised where the deferred tax liability arises from the initial recognition of goodwill, or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unabsorbed capital allowances and unutilised tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.26 Income taxes (continued)

#### b) Deferred tax (continued)

The carrying amount of deferred income tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it occurred during the measurement period or in profit or loss.

#### c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.27 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person :
  - (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

### 2.28 Segment reporting

The Group's businesses are generally segmented by its channel of distribution and geographical location. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise bank borrowings, finance lease, taxation, corporate assets and corporate expenses. The turnover by geographical segments are based on the location of the customers regardless of where the goods are produced. The assets and capital expenditure are based on the location of those assets.

Segment accounting policies are the same as the policies of the Group. Intersegment transactions are carried out based on terms agreed upon between the management of the respective segment.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 2. Summary of significant accounting policies (continued)

### 2.29 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### 2.30 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not possible that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.



# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 3. Significant accounting judgments and estimates

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

### 3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements.

#### (i) Income tax

The Group has exposure to income taxes in several jurisdictions. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of the income tax items in the financial statements are:

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets	601	1,117	–	–
Tax recoverable	2,164	1,492	–	–
Provision for taxation	3,585	2,254	517	487
Deferred tax liabilities	510	459	–	–

#### (ii) Operating lease commitments - As lessor

The Group has entered into commercial property leases on its leasehold properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

#### (iii) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 3. Significant accounting judgments and estimates (continued)

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (i) Investment properties, property, furniture, fixtures and equipment, investment in subsidiaries and investment in associates

The cost of leasehold improvements is depreciated over the lease terms of the tenanted area between 3 to 6 years and investment property is depreciated over its leasehold period of 50 years. The other furniture, fixtures and equipment is depreciated over the common life expectancies.

The Group and Company assesses whether there are indicators of impairment for investment properties, property, furniture, fixtures and equipment, investment in subsidiaries, and investment in associates at each reporting date. These assets are tested for impairment where there are indications that the carrying amounts may not be recoverable. This requires an estimation of the value in use of the assets. Estimating the value in use requires the Group and Company to make an estimate of the future cash flow from assets and also to determine appropriate discount rates to calculate the present value of this cash flow. The growth rate used of 1.0% (2011: 1.0%) per annum in the estimation does not exceed the long-term average growth rate for the industry. The discount rate applied to the cash flow projections was 5.40% (2011: 5.40%) per annum.

The carrying amounts of the Group's and Company's investment properties, property, furniture, fixtures and equipment at 30 June 2012 were \$31,749,000 (2011: \$29,811,000) and \$1,425,000 (2011: \$2,245,000) respectively. The carrying amounts of the Company's investment in subsidiaries and of the Group's investment in associates at 30 June 2012 was \$70,966,000 (2011: \$70,966,000) and \$12,163,000 (2011: \$12,626,000) respectively.

#### (ii) Inventories

Inventories are stated at the lower of cost and net realisable value. The net realisable value is estimated based on the estimated average realisable value of each type of inventories. The carrying amount of the Group's inventories at 30 June 2012 was \$110,445,000 (2011: \$94,390,000).

#### (iii) Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings granted to its subsidiaries and associates / joint venture with total facilities of \$155,855,000 (2011: \$130,143,000). The fair value of these corporate guarantees is estimated based on the actual rates charged by the banks while these guarantees are made available, compared to the estimated rates that the banks would have charged had these guarantees not been available. The fair value of these corporate guarantees has no material financial impact to the results and retained earnings of the Company for the financial years ended 30 June 2012 and 30 June 2011.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 3. Significant accounting judgments and estimates (continued)

### 3.2 Key sources of estimation uncertainty (continued)

#### (iv) Impairment of loans and receivables

The Group and Company assesses at each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and Company's loans and receivable at the end of the reporting period is disclosed in Note 34 to the financial statements.

#### (v) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The recoverable amounts of the cash-generating unit related to goodwill have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 16).

## 4. Group companies

The subsidiaries as at 30 June are:-

	Name of company [country of incorporation]	Principal activities	Cost		Percentage of equity interest	
			2012	2011	2012	2011
			\$'000	\$'000	%	%
<i>Held by the Company</i>						
~	Fashion Dynamics International Pte Ltd (formerly known as Benchmark (Pte) Ltd) [Singapore]	Investment holding company	3,000	3,000	100	100
~	F. J. B. Investment Pte Ltd [Singapore]	Investment holding company	^	^	100	100
~	F J Benjamin Concepts Pte Ltd [Singapore]	Investment holding company	60	60	100	100
∞	F J Benjamin (Indochina) Pte Ltd [Singapore]	Inactive	50	50	100	100

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 4. Group companies (continued)

	Name of company [country of incorporation]	Principal activities	Cost		Percentage of equity interest	
			2012	2011	2012	2011
			\$'000	\$'000	%	%
<i>Held by the Company (continued)</i>						
~	F J Benjamin Ideas Pte Ltd (Formerly known as Manchester United (S.E.A.) Pte Ltd) [Singapore]	Inactive	3,000	3,000	100	100
#	F J Benjamin (M) Sdn. Bhd. [Malaysia]	Importers, distributors and retailers of consumer fashion wear, accessories and timepieces	8,516	8,516	100	100
#	F J Benjamin (H.K.) Limited [Hong Kong]	Importers, exporters, distributors, retailers of timepieces and consumer fashion accessories	58,612	58,612	100	100
+	BMI (Hong Kong) Limited [Hong Kong]	Inactive	1,119	1,119	100	100
#	Ferro Designs Limited [Hong Kong]	Investment holding company	19	19	100	100
@	Arcangel Limited [Hong Kong]	Distributors of consumer fashion wear	693	693	60	60
#	F J Benjamin (Taiwan) Ltd [Taiwan]	Importers, distributors and retailers of timepieces	3,909	3,909	100	100
+	FJ Benjamin (Aust) Pty Ltd [Australia]	Importers and distributors of consumer fashion wear and accessories	21,434	21,434	100	100
@*	F J Benjamin Concepts (Thailand) Ltd [Thailand]	Dormant	119	119	49	49
+	F.J. Benjamin Fashions (U.S.) Inc. [United States]	Distributors and retailers of consumer fashion wear and accessories	289	289	100	100
			100,820	100,820		

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 4. Group companies (continued)

	Name of company [country of incorporation]	Principal activities	Percentage of equity interest	
			2012 %	2011 %
<i>Held through subsidiaries</i>				
~	F J Benjamin Leading Watch Concepts Pte Ltd (Formerly known as B.M.I. (Pte.) Ltd.) [Singapore]	Inactive	100	100
~	F J Benjamin Lifestyle Pte. Ltd. [Singapore]	Importers, exporters, distributors and retailers of consumer fashion wear, accessories and home furnishings	100	100
~	F J Benjamin (Singapore) Pte Ltd [Singapore]	Importers, exporters, licensees, distributors and retailers of consumer fashion wear, accessories and timepieces	100	100
±	Fashion Dynamics Singapore Pte Ltd [Singapore]	Importers, exporters, licensees, distributors and retailers of consumer fashion wear, accessories and timepieces	100	-
#	F J Benjamin Lifestyle Sdn. Bhd. [Malaysia]	Importers, exporters, distributors and retailers of consumer fashion wear and accessories	100	100
#	F J Benjamin Luxury Timepieces Sdn. Bhd. [Malaysia]	Importers, distributors and retailers of timepieces	100	100
@	Fashion Dynamics HK Ltd [Hongkong]	Sourcing activities	100	100
@	F J Benjamin (Shanghai) Co., Ltd [People’s Republic of China]	Importers, distributors of consumer fashion wear and timepieces	100	100
@	Atelier Arcangel Ltd (formerly known as Arcangel UK Ltd) [United Kingdom]	Distributors of consumer fashion wear	100	100
±	F J Benjamin Italy S.R.L. [Italy]	Promoters, marketers and retailer of fashion apparel and accessories	100	–



# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 4. Group companies (continued)

	Name of company [country of incorporation]	Principal activities	Percentage of equity interest	
			2012	2011
			%	%
<i>Held through subsidiaries (continued)</i>				
+	PT Meteor Prima Sejati [Indonesia]	Importers, exporters and distributors of consumer fashion wear and accessories	100	100
~	Audited by Ernst & Young LLP, Singapore.			
#	Audited by member firms of Ernst & Young Global in the respective countries.			
+	Not required to be audited by the laws of its country of incorporation. These foreign subsidiaries are not considered significant as defined under Clause 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.			
*	Considered a subsidiary with the Group holding 79% of voting rights (Note 31).			
^	Cost of investment is two Singapore dollars.			
@	Audited by other auditors.			
±	Incorporated during the year.			
∞	Undergoing application to strike off from business register.			

## 5. Revenue

Revenue of the Group represents the invoiced value of products supplied to external customers.

## 6. Other income

	Group	
	2012	2011
	\$'000	\$'000
Market support and administrative service income (Note 39)	8,281	5,534
Rental income	267	226
Government grants	109	–
Loss on disposal of furniture, fixtures and equipment	(11)	(506)
Miscellaneous (expense) / income	(6)	391
Discounts received / miscellaneous credits written-back	608	298
Others	150	81
	<u>9,398</u>	<u>6,024</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 7. Staff costs

	Group	
	2012	2011
	\$'000	\$'000
Salaries and bonuses	48,714	41,569
Provident fund contributions	4,342	3,510
	<u>53,056</u>	<u>45,079</u>

## 8. Other operating expenses

	Group	
	2012	2011
	\$'000	\$'000
The following items have been included in arriving at other operating expenses:		
Audit fees:		
- Auditors of the Company	277	275
- Other auditors	151	138
Non-audit fees paid to auditors of the Company:		
- Auditors of the Company	137	182
- Other auditors	—	—
Allowance for inventory obsolescence (Note 20)	1,821	4,825
Inventories written down (Note 20)	1,276	799
Rental of equipment	370	382
Outlet related expenses	5,786	5,072
Transportation and accommodation expenses	3,715	2,667
Utilities	<u>1,843</u>	<u>1,620</u>

## 9. Exceptional items, net

	Group	
	2012	2011
	\$'000	\$'000
Write-back of impairment loss on investment properties	—	509
Closure costs - Australia	(523)	—
Reversal of impairment / (Write off) of fixed assets on non-performing stores	234	(146)
Loss on de-registration of Australian subsidiaries	—	(591)
Allowance on doubtful advertising rebates receivable	—	(543)
	<u>(289)</u>	<u>(771)</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 10. Interest expense

	Group	
	2012	2011
	\$'000	\$'000
Interest expense on:		
- Bank borrowings	2,623	1,749
- Finance lease	40	26
	<u>2,663</u>	<u>1,775</u>

## 11. Taxation

	Group	
	2012	2011
	\$'000	\$'000
The major components of income tax expense for financial year ended 30 June were:		
Current tax	5,439	3,965
Under / (Over) provision in respect of prior years	148	(178)
Deferred tax:-		
Movements in temporary differences	490	207
Under provision in respect of prior years	52	278
Tax expense for the year recognised in profit or loss	<u>6,129</u>	<u>4,272</u>

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2012 and 2011 is as follows:

	Group	
	2012	2011
	\$'000	\$'000
Profit before share of results of associates and before taxation	<u>19,094</u>	<u>15,556</u>
Tax at the domestic rates applicable to profits in the countries where the Group operates	4,159	1,321
Income not subjected to tax	(1,058)	(2,352)
Expenses not deductible for tax purposes	1,317	4,106
Utilisation of tax losses and capital allowances brought forward	(77)	(143)
Deferred tax assets not recognised	1,566	1,370
Under provision in respect of prior years	200	100
Others	22	(130)
Income tax expense recognised in profit or loss	<u>6,129</u>	<u>4,272</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 11. Taxation (continued)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

As at 30 June 2012, certain subsidiaries had unutilised tax losses of approximately \$29.3 million (2011: \$27.8 million) available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax assets are recognised due to uncertainty of their recoverability. The use of these unutilised tax losses are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

## 12. Earnings per share

The basic earnings per share amounts are calculated by dividing the profit for the financial year that is attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit for the financial year that is attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit and share data used in the computation for basic and diluted earnings per share for the financial years ended 30 June:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Net profit for the financial year attributable to owners of the parent used in the computations of basic and diluted earnings per share	13,898	12,963
	'000	'000
Weighted average number of ordinary shares for basic and diluted earnings per share computation	568,710	568,710

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 13. Property, furniture, fixtures and equipment

Group	Furniture and Fittings \$'000	Electrical Installation and Office Equipment \$'000	Motor Vehicles \$'000	Data Processing Equipment \$'000	Leasehold Improvements \$'000	Leasehold Building \$'000	Total \$'000
<b>Cost</b>							
At 1 July 2010	1,657	3,519	1,804	8,586	33,424	14,913	63,903
Currency realignment	(24)	(94)	(27)	7	(915)	(1,982)	(3,035)
Additions	268	448	1,235	524	5,368	–	7,843
Acquisition of subsidiary (Note 15)	6	9	–	4	6	–	25
Disposals	(229)	(548)	(495)	(3,662)	(2,349)	–	(7,283)
Transfer from investment properties (Note 14)	–	–	–	–	–	3,095	3,095
At 30 June 2011 and 1 July 2011	1,678	3,334	2,517	5,459	35,534	16,026	64,548
Currency realignment	(1)	6	(5)	(40)	(182)	577	355
Additions	541	409	221	640	6,684	–	8,495
Disposals	(131)	(178)	(237)	(1,709)	(4,012)	–	(6,267)
Reclassification	–	164	–	–	(164)	–	–
At 30 June 2012	2,087	3,735	2,496	4,350	37,860	16,603	67,131
<b>Accumulated depreciation and impairment loss</b>							
At 1 July 2010	1,218	2,287	1,104	8,218	24,436	3,342	40,605
Currency realignment	(13)	(57)	(50)	62	(679)	(460)	(1,197)
Charge for the financial year	121	382	294	262	4,739	316	6,114
Impairment loss for the financial year	–	–	–	–	146	–	146
Disposals	(87)	(507)	(495)	(3,640)	(1,817)	–	(6,546)
Transfer from investment properties (Note 14)	–	–	–	–	–	696	696
At 30 June 2011 and 1 July 2011	1,239	2,105	853	4,902	26,825	3,894	39,818
Currency realignment	11	(9)	(9)	(38)	(151)	159	(37)
Charge for the financial year	183	451	397	348	5,206	342	6,927
Utilisation of provision for impairment	–	–	–	–	(187)	–	(187)
Reversal of impairment loss for the financial year	–	–	–	–	(234)	–	(234)
Disposals	(120)	(86)	(154)	(1,697)	(3,697)	–	(5,754)
At 30 June 2012	1,313	2,461	1,087	3,515	27,762	4,395	40,533
<b>Net book value</b>							
At 30 June 2012	774	1,274	1,409	835	10,098	12,208	26,598
At 30 June 2011	439	1,229	1,664	557	8,709	12,132	24,730

During the financial year, a reversal of impairment loss of \$234,000 (2011: impairment loss of \$146,000) was recognised on leasehold improvements to bring their carrying values to their recoverable values. Their recoverable amounts were based on the value in use of the leasehold improvements.



# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 13. Property, furniture, fixtures and equipment (continued)

Company	Furniture and Fittings \$'000	Electrical Installation and Office Equipment \$'000	Motor Vehicles \$'000	Data Processing Equipment \$'000	Leasehold Improvements \$'000	Total \$'000
<b>Cost or Valuation</b>						
At 1 July 2010	138	845	448	584	2,503	4,518
Additions	–	12	1,161	9	–	1,182
Disposals	–	(467)	(442)	(567)	–	(1,476)
At 30 June 2011 and 1 July 2011	138	390	1,167	26	2,503	4,224
Additions	–	–	–	–	9	9
At 30 June 2012	138	390	1,167	26	2,512	4,233
<b>Accumulated depreciation and impairment loss</b>						
At 1 July 2010	29	657	363	577	1,083	2,709
Charge for the financial year	14	81	132	6	509	742
Disposals	–	(467)	(438)	(567)	–	(1,472)
At 30 June 2011 and 1 July 2011	43	271	57	16	1,592	1,979
Charge for the financial year	14	75	232	6	502	829
At 30 June 2012	57	346	289	22	2,094	2,808
<b>Net book value</b>						
At 30 June 2012	81	44	878	4	418	1,425
At 30 June 2011	95	119	1,110	10	911	2,245

### Assets pledged as security

The Group's leasehold buildings with a carrying amount of \$12,208,000 (2011: nil) are pledged as security for bank facilities.

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Net book value includes furniture, fixtures and equipment under finance leases: -				
Motor vehicles	1,084	1,492	878	1,110

Leased assets are pledged as security for the related finance lease liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 14. Investment properties

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Balance sheet:</b>		
<b>Cost</b>		
At 1 July	6,761	11,085
Transfer to Property, furniture, fixtures and equipment (Note 13)	–	(3,095)
Currency realignment	243	(1,229)
At 30 June	7,004	6,761
<b>Accumulated depreciation and impairment loss</b>		
At 1 July	1,680	3,069
Currency realignment	50	(332)
Charge for the financial year	123	148
Transfer to Property, furniture, fixtures and equipment (Note 13)	–	(696)
Reversal of impairment loss	–	(509)
At 30 June	1,853	1,680
<b>Net book value</b>	5,151	5,081

The reversal of impairment loss on the investment properties was due to the changes in their open market values and expected future cash flow. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Income statement</b>		
Rental income from investment properties	267	199
Direct operating expenses	40	79

Valuation was carried out by accredited independent valuers on an open market, existing use basis. The fair value of the investment properties of the Group is \$6,995,000 (2011: \$5,081,000).

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 14. Investment properties (continued)

### Properties pledged as security

The investment properties of \$5,151,000 are pledged as security for bank facilities.

### Transfer to Property, furniture, fixtures and equipment

On 31 January 2011, the Group transferred two units that were held as investment properties to owner-occupied properties. On that date, the Group had commenced using the units for office use.

The investment properties held by the Group as at 30 June 2012 are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
1 unit on 23 <sup>rd</sup> Floor of a 26-storey commercial building	Commercial	Leasehold	35 years

## 15. Subsidiaries

	Company	
	2012	2011
	\$'000	\$'000
Investment in subsidiaries:		
Unquoted shares, at cost	100,820	100,820
Impairment losses	(29,854)	(29,854)
	70,966	70,966
Receivables from subsidiaries:		
Loans receivable, unsecured	20,083	21,341
Other receivables	84,825	75,420
Accrual for financial undertakings	(6,031)	(5,951)
	98,877	90,810
Allowance for doubtful debts	(52,729)	(50,632)
	46,148	40,178
	117,114	111,144

Details of the subsidiaries are set out at Note 4.

The loans receivable have no fixed terms of repayment and are not expected to be repaid within one year. The loans receivable bear interest at 4.0% (2011: 4.0%) per annum. The other receivables are non-trade related, unsecured, interest-free, with no fixed terms of repayment and repayable only when the cash flow of the subsidiaries permit.

Accrual for financial undertakings relates to the financial support given to certain subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 15. Subsidiaries (continued)

The Company has undertaken not to recall the loans receivable and amounts receivable from certain subsidiaries amounting to \$5,509,000 (2011: \$5,383,000) and \$46,664,000 (2011: \$46,593,000) respectively, until such time the subsidiaries are in the position to repay the amounts without impairing their respective liquidity positions.

### Acquisition of subsidiary

On 27 August 2010, the Company acquired a 60% equity interest in Arcangel Limited ("Arcangel"), a company managing and operating the production and trading of garments under the "Catherine Deane" label. The Company has acquired Arcangel in order to enhance the Group's cache of brands.

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of Arcangel's identifiable net assets.

The fair value of the identifiable assets and liabilities of Arcangel as at the date of acquisition were:

	<b>Fair value recognised on acquisition</b> \$'000
Plant and equipment	25
Inventories	65
Trade debtors	177
Other debtors	197
Cash and cash equivalents	86
	<u>550</u>
Trade and other creditors	<u>(326)</u>
	<u>(326)</u>
Total identifiable net assets at fair value	224
Non-controlling interests measured at non-controlling interests' proportionate share of Arcangel net identifiable assets	(90)
Goodwill arising from acquisition	559
	<u>693</u>
<u>Effect of acquisition on cash flow:</u>	
Total consideration paid for 60% equity interest acquired	693
Less: Cash and cash equivalents of subsidiary acquired	(86)
Net cash outflow on acquisition	<u>607</u>

The purchase price allocation of the acquisition of Arcangel was completed in prior year.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 16. Goodwill

	Group	
	2012	2011
	\$'000	\$'000
At 1 July	559	–
Acquisition of a subsidiary (Note 15)	–	559
At 30 June	559	559

### Impairment testing of goodwill

Goodwill acquired through business combination has been allocated to one cash-generating unit (“CGU”) within the Distribution segment.

The recoverable amounts of the CGU associated with goodwill have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rate used to extrapolate cash flow projections beyond the five-year period are 5.4% (2011: 5.4% per annum) and 1% (2011: 1% per annum) per annum respectively.

Gross margins used in the value in use calculations were based on budgeted gross margins derived from past performance and management’s expectations of market developments. The pre-tax discount rate reflects the current market assessment of the risks specific to the CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. The forecasted growth rate did not exceed the long-term average growth rate for the distribution business in which the CGU operates.



# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 17. Investment in associates / joint venture

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Shares, at cost	5,095	5,095
Impairment losses	(1,559)	(1,559)
Share of post-acquisition reserves	9,923	9,886
Share of exchange translation reserve	(1,296)	(796)
	<b>12,163</b>	<b>12,626</b>
Fair value of investment in an associate for which there is published price quotation	4,960	5,239

The principal activities and related details of the Group's significant associates / joint venture are as follows:

- (a) a 50% (2011: 50%) interest in a Singapore-incorporated company whose principal activities comprise the operating of cafes and entertainment outlets. It remains dormant during the financial year. The entity is audited by Ernst & Young LLP, Singapore;
- (b) a 48% (2011: 48%) interest in a Singapore-incorporated company whose principal activities comprise investment holding. The entity is audited by Ernst & Young LLP, Singapore;
- (c) a 21.64% (2011: 21.64%) interest in a Singapore-incorporated company whose principal activities comprise investment holding. The entity is audited by Ernst & Young LLP, Singapore; and
- (d) a 50% (2011: 50%) interest in an Indonesia-incorporated company whose principal activities comprise the distribution of consumer fashion wear, accessories and timepieces and other sales related activities. The entity is audited by an associated firm of Moore Stephens International Limited.

The Group's interests in these associates / joint venture are held through various subsidiaries. The operations of these associates / joint venture are not managed by the Group.

The summarised aggregated financial information of the equity-accounted investments, not adjusted for the proportion of ownership interest held by the Group are as follows:

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assets and liabilities:</b>		
Non-current assets	27,594	27,261
Current assets	79,225	84,406
Total assets	<b>106,819</b>	<b>111,667</b>
Current liabilities	63,415	71,676
Non-current liabilities	22,492	9,076
Total liabilities	<b>85,907</b>	<b>80,752</b>
<b>Results:</b>		
Revenue	150,580	139,207
(Loss) / Profit for the year	(125)	2,389

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 18. Other investment

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Available-for-sale financial assets:				
Unquoted equity investments, at cost	2,246	2,246	2,760	2,760
Quoted equity investments	527	527	527	527
	2,773	2,773	3,287	3,287
Impairment losses	(2,685)	(2,714)	(3,199)	(3,228)
	88	59	88	59
Market value: -				
Quoted equity investments	88	59	88	59

## 19. Other receivables

	Group	
	2012	2011
	\$'000	\$'000
Loan receivable from associate, unsecured	260	260

The unsecured loan receivable from associate is interest-free, has no fixed terms of repayment and is not expected to be repaid within one year. The balance is to be settled in cash.

## 20. Inventories

	Group	
	2012	2011
	\$'000	\$'000
Trading stocks: -		
On hand	92,671	79,781
On consignment	6,614	5,290
In transit	8,108	6,598
Work-in-progress	3,052	2,721
Total inventories at lower of cost and net realisable value	110,445	94,390
Allowance for inventories charged to the income statement	1,821	4,825
Inventories written down charged to the income statement	1,276	799

During the financial year, the Group reversed \$2,817,000 (2011: \$4,559,000) of inventories written down to cost of sales, due to a higher than expected realisation on disposal.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 21. Trade debtors

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
External trade debtors	17,691	15,964
Trade debts due from an associate / joint venture	41,174	41,591
	<u>58,865</u>	<u>57,555</u>
(Reversal of allowance) / Allowance for doubtful debts charged to the income statement	(63)	38

Trade debtors are non-interest bearing and are generally on 30 to 120 day terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Trade debts due from an associate / joint venture are unsecured, non-interest bearing and are to be settled in cash.

The Group's trade debtors that are individually impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	<b>Group</b>	
	<b>Individually impaired</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade debtors - nominal amounts	851	931
Allowance for impairment	(851)	(931)
	<u>-</u>	<u>-</u>
Movement in allowance accounts		
At 1 July	931	999
(Reversal of allowance) / Allowance for the financial year	(63)	38
Written off	(21)	(118)
Exchange differences	4	12
At 30 June	<u>851</u>	<u>931</u>

Trade debtors that are individually determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 22. Other debtors

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Other receivables	4,844	3,189	–	9
Deposits	6,257	5,209	92	92
Prepayments	3,401	2,785	33	3
Advances	32	24	8	6
Due from subsidiaries	–	–	140,675	102,364
Derivative financial asset	–	22	–	–
Due from associate / joint venture	9,229	9,803	29	10
	<b>23,763</b>	<b>21,032</b>	<b>140,837</b>	<b>102,484</b>

Other receivables and amounts due from associate / joint venture are non-trade related, non-interest bearing, unsecured and are generally on 60 to 90 day terms.

The amounts due from subsidiaries are non-trade related, unsecured, interest-free and are repayable on demand. The balances are to be settled in cash.

Derivative financial asset relate to the fair value change of forward contracts.

The Group's other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	<b>Group</b>	
	<b>Individually impaired</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Other receivables - nominal amounts	1,154	1,207
Allowance for impairment	(1,154)	(1,207)
	<b>–</b>	<b>–</b>
Movement in allowance accounts		
At 1 July	1,207	664
Allowance for the financial year	–	543
Exchange differences	(53)	–
At 30 June	<b>1,154</b>	<b>1,207</b>

Other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 23. Trade and other creditors

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Trade creditors	37,658	53,089	–	–
Accruals	15,200	13,396	2,102	1,334
Sundry creditors	11,223	8,211	109	200
Derivative financial liabilities	141	–	–	–
Due to subsidiaries	–	–	94,544	62,384
Due to associate / joint venture	532	192	–	–
	64,754	74,888	96,755	63,918

Trade creditors and sundry creditors are non-interest bearing and are generally on 30 to 120 day terms. Derivative financial liabilities relate to the fair value change of forward contracts.

The amounts due to subsidiaries and associate / joint venture are non-trade related, unsecured, interest-free and are repayable on demand. The balances are to be settled in cash.

## 24. Finance lease creditors

The Group has entered into various finance lease facilities for its motor vehicles and data processing equipment. These leases expire over the next five years and are secured by a charge over the leased assets (Note 13). The average discount rates implicit in the leases range from 1.9% to 4.8% (2011: 2.7% to 3.7%) per annum. Lease terms include purchase options but do not contain restrictions concerning payments of dividends, additional debt or further leasing.

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Present value of minimum lease payments are as follow:-				
Not later than one year	285	328	122	121
Later than one year but not later than five years	539	532	536	519
Later than five years	113	259	113	256
Total present value of minimum lease payments	937	1,119	771	896
Future minimum lease repayments are as follow: -				
Not later than one year	329	387	147	153
Later than one year but not later than five years	594	610	594	595
Later than five years	115	264	115	264
Total future minimum lease payments	1,038	1,261	856	1,012
Amount representing interest	(101)	(142)	(85)	(116)
	937	1,119	771	896

There was no (2011: nil) contingent rent recognised as an expense in the period.



# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 25. Bank borrowings

	2012	Group 2011 (Restated)	2010 (Restated)
	\$'000	\$'000	\$'000
<u>Current</u>			
Bank overdrafts (Note 32)	6,994	6,031	5,299
Trust receipts and bills payable	39,132	32,765	22,645
Term loans	2,886	1,232	635
Short term loans	10,362	4,500	3,000
	<u>59,374</u>	<u>44,528</u>	<u>31,579</u>
<u>Non-current</u>			
Term loans	<u>6,500</u>	<u>–</u>	<u>1,406</u>

Corporate guarantees are given by the Company amounting to \$141,434,000 (2011: \$129,028,000) for facilities granted to certain subsidiaries. The short term loans bear interest at rates that ranged from 1.8% to 5.0% (2011: 2.9% to 3.3%) per annum during the financial year. The bank overdrafts bear interest at rates that ranged from 2.6% to 7.85% (2011: 3.29% to 7.85%) per annum during the financial year. The trust receipts and bills payable bear interest rates that ranged from 1.67% to 5.68% (2011: 1.67% to 4.93%) per annum during the financial year. The term loans comprise a HKD and a SGD loan and bear interest at rates that ranged from 2.8% to 3.5% (2011: 2.7% to 2.8%) per annum during the financial year. The HKD term loan is repayable in 60 equal monthly instalments commencing September 2009 and the SGD term loan is repayable in 20 equal quarterly instalments commencing August 2011.

In financial year 2004, one of the subsidiaries of the Company issued \$30 million of deferred consideration notes (the “notes”) to the Company as consideration for the acquisition of F J Benjamin (Singapore) Pte Ltd and F J Benjamin Leading Watch Concepts Pte Ltd. The Company, in turn, sold the notes to one of its wholly-owned subsidiaries, via a bank. The notes are unsecured, bear interest at 9.90% (2011: 9.90%) per annum and will mature in 2018.

## 26. Other liabilities

Other liabilities consist of an advance from an associate. The advance is interest-free, has no fixed terms of repayment and is not expected to be repaid within one year.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 27. Deferred taxation

	Consolidated balance sheet		Group Consolidated income statement	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
<u>Deferred tax liabilities</u>				
Depreciation	(646)	(550)	96	550
Provisions	176	131	(45)	(131)
Other	(40)	(40)	–	–
	<u>(510)</u>	<u>(459)</u>		
<u>Deferred tax assets</u>				
Provisions	643	507	234	183
Depreciation	(61)	145	206	(421)
Unutilised tax losses	–	12	12	782
Foreign exchange	–	114	(256)	(289)
Other	19	339	295	(189)
	<u>601</u>	<u>1,117</u>	<u>542</u>	<u>485</u>

### Deferred tax assets

The deferred tax assets are recognised in view of the foreseeable future taxable profit based on management forecast.

### Unrecognised temporary differences relating to investments

At the end of the reporting period, no deferred tax liability (2011: nil) has been recognised for taxes that would be payable on the undistributed earnings and unremitted interest income of certain of the Group's investments as:

- The Group has determined that undistributed profits and unremitted interest income of its subsidiaries will not be distributed in the foreseeable future;
- The Group's investments in associate / joint venture is held by a wholly-owned subsidiary in the same tax jurisdiction, and the Group has determined that undistributed profit of the subsidiary will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liabilities have been recognised aggregate to \$13,247,000 (2011: \$17,194,000). The deferred tax liability is estimated to be \$1,616,000 (2011: \$2,013,000).

### Tax consequences of proposed dividends

There are no income tax consequences (2011: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

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## 28. Loan to joint venture partner

The loan to joint venture partner is secured by shares in the joint venture, bears interest at 4.0% per annum and is repayable in 2016. The loan is to be settled in cash.

## 29. Share capital

	<b>Group and Company</b>			
	<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
	<b>No. of shares</b>		<b>No. of shares</b>	
	<b>'000</b>	<b>\$'000</b>	<b>'000</b>	<b>\$'000</b>
<u>Ordinary shares issued and fully paid</u>				
At 1 July and 30 June	568,710	165,447	568,710	165,447

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

## 30. Exchange translation reserve

The exchange translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that the Group's presentation currency, and the translation of monetary items that in substance forms part of the Company's net investment in the foreign operations.

## 31. Preference shares issued by a subsidiary

During the financial year ended 30 June 2006, a subsidiary issued non-convertible preference shares to a third party which accounted for 51% equity interest in the subsidiary. However, these shares only accounted for 21% voting rights in the subsidiary. The preference shareholder is entitled to 20% of the dividend declared by the subsidiary and does not share in the profit and loss or net assets of the subsidiary.

## 32. Cash and cash equivalents

	<b>2012</b>	<b>Group</b>	<b>2010</b>	<b>Company</b>	
		<b>2011</b>	<b>(Restated)</b>	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Fixed deposits	–	20,371	33,702	–	20,371
Cash on hand and at banks	14,703	18,017	7,125	4,383	392
	14,703	38,388	40,827	4,383	20,763

Cash at banks earn interest at floating rates based on daily bank deposit rates. Fixed deposits earned interest at floating rates ranging from 0.04% to 1.98% per annum in the previous year.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 32. Cash and cash equivalents (continued)

Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts:

	<b>Group</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
		<b>(Restated)</b>	<b>(Restated)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Fixed deposits	–	20,371	33,702
Cash on hand and at banks	14,703	18,017	7,125
	14,703	38,388	40,827
Bank overdrafts (Note 25)	(6,994)	(6,031)	(5,299)
	7,709	32,357	35,528

## 33. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, liquidity risk and currency exchange risk. The Board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

The Group is mainly exposed to credit risk, interest rate risk, liquidity risk and currency exchange rate risk. The Group's risk management policies and guidelines are set to monitor and control the potential material adverse impact of these exposures.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures its risks.

### *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other debtors. Cash and fixed deposits are placed in banks and financial institutions with good credit rating.

The Group manages its credit risk through application of credit approvals, credit limits and monitoring procedures.

As at the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values; and
- \$155,855,000 (2011: \$130,143,000) relating to corporate guarantee provided by the Company to banks on banking facilities granted to certain subsidiaries and associates / joint venture.

# NOTES TO THE FINANCIAL STATEMENTS

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## 33. Financial risk management objectives and policies (continued)

The age analysis of the trade and other receivables that are past due at the end of the reporting periods but not impaired is as follows:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Within 30 days	6,934	8,506	–	–
30 to 60 days	3,765	6,704	–	–
61 to 90 days	2,380	5,027	–	–
More than 90 days	15,421	13,818	–	–
	28,500	34,055	–	–

Trade and other receivables that are neither past due nor impaired are creditworthy debtors, with good payment record with the Group.

The Group has no significant concentration of credit risk except for an approximately 69% (2011: 71%) of the trade receivables due from an associated company / joint venture group in Indonesia.

### *Interest rate risk*

The Group's exposure to market risk for changes in interest rates relates primarily to its bank borrowings which are subject to floating interest rates and are repriced at intervals of less than one year. Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The effect of a reasonably possible increase in interest rates in each type of currency financial instrument, with all other variables held constant, would decrease/increase the profit before tax by the amounts shown below.

	Group		Effect to the profit before tax	
	Basis points 2012	2011	2012 \$'000	2011 (Restated) \$'000
Singapore dollar borrowings	75	75	249	184
Euro dollar borrowings	75	75	18	7
Malaysian dollar borrowings	75	75	58	63
US dollar borrowings	50	50	56	37



# NOTES TO THE FINANCIAL STATEMENTS

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## 33. Financial risk management objectives and policies (continued)

### *Liquidity risk*

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group manages its liquidity risk by maintaining a healthy balance of cash and cash equivalents and an adequate amount of committed credit facilities.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>Group</b>				
<b>2012</b>				
<b>Financial assets:</b>				
Other investments	–	–	88	88
Other receivables	–	–	260	260
Loan to joint venture partner	–	–	19,250	19,250
Trade debtors	58,865	–	–	58,865
Other debtors	20,330	–	–	20,330
Cash on hand and at banks	14,703	–	–	14,703
	<u>93,898</u>	<u>–</u>	<u>19,598</u>	<u>113,496</u>
<b>Financial liabilities:</b>				
Derivative financial liabilities	141	–	–	141
Trade and other creditors	64,613	–	–	64,613
Finance lease creditors	329	594	115	1,038
Bank borrowings	60,066	6,845	–	66,911
Other creditors	–	–	2,593	2,593
	<u>125,149</u>	<u>7,439</u>	<u>2,708</u>	<u>135,296</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 33. Financial risk management objectives and policies (continued)

### *Liquidity risk (continued)*

	1 year or less (Restated) \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total (Restated) \$'000
<b>Group</b>				
<b>2011</b>				
<b>Financial assets:</b>				
Derivative financial asset	22	—	—	22
Other investments	—	—	59	59
Other receivables	—	—	260	260
Trade debtors	57,555	—	—	57,555
Other debtors	18,201	—	—	18,201
Cash on hand and at banks	38,388	—	—	38,388
	114,166	—	319	114,485
<b>Financial liabilities:</b>				
Trade and other creditors	74,888	—	—	74,888
Finance lease creditors	387	610	264	1,261
Bank borrowings	44,701	—	—	44,701
Other creditors	—	—	2,583	2,583
	119,976	610	2,847	123,433
	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>Company</b>				
<b>2012</b>				
<b>Financial assets:</b>				
Subsidiaries	—	—	52,179	52,179
Other investments	—	—	88	88
Other debtors	140,796	—	—	140,796
Cash on hand and at banks	4,383	—	—	4,383
	145,179	—	52,267	197,446
<b>Financial liabilities:</b>				
Trade and other payables	96,755	—	—	96,755
Finance lease creditors	147	594	115	856
	96,902	594	115	97,611

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 33. Financial risk management objectives and policies (continued)

### *Liquidity risk (continued)*

	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>Company</b>				
<b>2011</b>				
<b>Financial assets:</b>				
Subsidiaries	–	–	46,129	46,129
Other investments	–	–	59	59
Other debtors	102,475	–	–	102,475
Cash on hand and at banks	20,763	–	–	20,763
	123,238	–	46,188	169,426
<b>Financial liabilities:</b>				
Trade and other payables	63,918	–	–	63,918
Finance lease creditors	153	595	264	1,012
	64,071	595	264	64,930

### *Currency exchange risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The Group seeks to maintain a natural hedge through the matching of liabilities against assets in the same currency or against the entity's functional currency. Where appropriate, the Group engages in foreign currency forward contracts to reduce exposure from currency fluctuations.

The table below summarised the Group's and Company's exposure to the foreign currencies balances at the end of the reporting period.

	USD \$'000	CHF \$'000	Euro \$'000	SGD \$'000	Thb \$'000	HK\$ \$'000
<b>Group</b>						
<b>2012</b>						
Trade and other receivables	3,188	988	1,371	875	5,714	16,226
Trade and other payables	24,903	10,026	2,383	30,093	49	6
(Net borrowings) / net cash	(3,391)	(8,266)	(2,196)	8	1	–
<b>2011</b>						
Trade and other receivables	1,403	–	100	868	6,244	17,324
Trade and other payables	28,309	19,397	3,374	56,988	–	8
(Net borrowings) / net cash	(6,691)	(1,983)	(917)	6	1	4

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 33. Financial risk management objectives and policies (continued)

### *Currency exchange risk (continued)*

	A\$ \$'000	Thb \$'000	RM \$'000	HK\$ \$'000	Euro \$'000
<b>Company</b>					
<b>2012</b>					
Other receivables	3,687	4,783	1,998	27,559	55
<b>2011</b>					
Other receivables	3,814	4,771	4,272	23,142	63

The following table demonstrates the sensitivity to a reasonably possible change in the major foreign currencies that the Group is exposed to, with all other variables held constant.

	2012		2011	
	Changes	Profit before tax \$'000	Changes	Profit before tax \$'000
USD	+4%	(1,004)	+3%	(1,008)
CHF	+5%	(865)	+3%	(641)
Euro	+5%	(160)	+4%	(168)
SGD	+4%	(1,168)	+3%	(1,683)
Thb	+1%	57	+2%	125
HK\$	+4%	649	+4%	693

The weakening of the above currencies with the same percentage point changes result in an opposite change to the profit before tax with the same quantum.

# NOTES TO THE FINANCIAL STATEMENTS

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## 34. Financial instruments

### Carrying value

The carrying amounts of financial instruments in each of the following categories as defined in FRS 39 are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
		<b>(Restated)</b>		
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets carried at fair value through profit and loss</b>				
Derivative financial asset	–	22	–	–
<b>Loans and receivables</b>				
Subsidiaries	–	–	52,179	46,129
Loan to joint venture partner	16,500	–	–	–
Other receivables	260	260	–	–
Trade debtors	58,865	57,555	–	–
Other debtors	20,330	18,201	140,796	102,475
Cash on hand and at banks	14,703	38,388	4,383	20,763
	<b>110,658</b>	<b>114,404</b>	<b>197,358</b>	<b>169,367</b>
<b>Available-for-sale assets</b>				
Other investments	88	59	88	59
<b>Financial liabilities carried at fair value through profit and loss</b>				
Derivative financial liabilities	141	–	–	–
<b>Financial liabilities measured at amortised cost</b>				
Trade and other creditors	64,613	74,888	96,755	63,918
Finance lease creditors	937	1,119	771	896
Bank borrowings	65,874	44,528	–	–
Other liabilities	2,593	2,583	–	–
	<b>134,017</b>	<b>123,118</b>	<b>97,526</b>	<b>64,814</b>



# NOTES TO THE FINANCIAL STATEMENTS

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## 34. Financial instruments (continued)

### Fair value

#### *A. Fair value of financial instruments that are carried at fair value*

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group 2012			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	\$'000	\$'000	\$'000	\$'000
<i>Financial assets:</i>				
<b>Available-for-sale financial assets</b>				
Other investments	88	–	–	88
<i>Financial liabilities:</i>				
<b>Financial liabilities carried at fair value through profit and loss</b>				
Derivative financial liabilities	–	141	–	141
	Group 2011			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	\$'000	\$'000	\$'000	\$'000
<i>Financial assets:</i>				
<b>Financial assets carried at fair value through profit and loss</b>				
Derivative financial asset	–	22	–	22
<b>Available-for-sale financial assets</b>				
Other investments	59	–	–	59

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 34. Financial instruments (continued)

### Fair value (continued)

#### *A. Fair value of financial instruments that are carried at fair value (continued)*

##### *Fair Value Hierarchy*

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

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

There have been no transfers between Level 1 and Level 2 during the financial years ended 2012 and 2011.

The Group's other investments that are classified as available for sale financial assets (Note 18) are carried at fair value, which is determined directly by reference to their published market bid price at the end of the reporting period. Derivative financial assets (forward currency contracts) are valued by reference to current forward exchange rates for contracts with similar maturity profiles.

#### *B. Financial instruments whose carrying amount approximate fair value*

Management has determined that the carrying amounts of loan to joint venture partner, all current financial assets, financial liabilities and all bank borrowings reasonably approximate their fair values because these are either short term in nature or are repriced frequently.

#### *C. Financial instruments whose fair value not determinable*

The loans receivable, other receivables from subsidiaries and other liabilities have no fixed terms of repayment and are repayable only when the cash flow of the subsidiaries and the associate / joint venture permit. Accordingly, the fair value of the loans and other receivables are not determinable as the timing of the future cash flow arising from them cannot be estimated reliably.

The advance to an associate has no fixed terms of repayment. Accordingly, the fair value of the advance is not determinable as the timing of the future cash flow arising from the advance cannot be estimated reliably.

# NOTES TO THE FINANCIAL STATEMENTS

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## 35. Segment information

For management purposes, the Group is organised into business units based on their channel of distribution, and has three reportable operating segments as follows:

- i. The Ongoing Retail segment is involved in the operation of retail stores specialising in the retail of consumer fashion wear, accessories and timepieces.
- ii. The Distribution segment is involved in the distribution of consumer fashion wear, accessories, home furnishings and timepieces.
- iii. The Export segment is involved in the export of consumer fashion wear, accessories and timepieces.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are at terms agreed between parties involved in the transactions.

### Business segments

	Ongoing Retail \$'000	Distribution \$'000	Export \$'000	Corporate and Others \$'000	Group \$'000
<b>2012</b>					
Sales to external consumers	204,456	105,280	83,501	–	393,237
Intersegment sales	–	13,767	19,945	–	33,712
Segment revenue	204,456	119,047	103,446	–	426,949
Segment results	20,630	1,915	5,635	(6,780)	21,400
Exceptional items, net					(289)
Bank interest income					646
Interest expense					(2,663)
Share of results of associates / joint venture, net of tax					576
Profit before taxation					19,670
Taxation					(6,129)
Net profit for the financial year					13,541

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 35. Segment information (continued)

### Business segments (continued)

	Ongoing Retail \$'000	Distribution \$'000	Export \$'000	Corporate and Others \$'000	Group \$'000
<b>2011</b>					
Sales to external consumers	180,389	98,398	75,131	–	353,918
Intersegment sales	–	14,035	15,120	–	29,155
Segment revenue	180,389	112,433	90,251	–	383,073
Segment results	8,012	10,211	5,940	(6,122)	18,041
Exceptional items, net					(771)
Bank interest income					61
Interest expense					(1,775)
Share of results of associates / joint venture, net of tax					1,486
Profit before taxation					17,042
Taxation					(4,272)
Net profit for the financial year					12,770
	Ongoing Retail \$'000	Distribution \$'000	Export \$'000	Corporate and Others \$'000	Group \$'000
<b>2012</b>					
Segment assets	90,517	77,320	40,215	32,595	240,647
Investment in associates	–	–	–	12,163	12,163
	90,517	77,320	40,215	44,758	252,810
Unallocated assets					19,050
Total assets					271,860
Segment liabilities	36,917	19,021	13,262	2,548	71,748
Unallocated liabilities					66,505
Total liabilities					138,253
Capital expenditure	6,529	1,327	465	174	8,495
Depreciation	4,531	927	297	1,295	7,050
Reversal of impairment loss on fixed assets	(234)	–	–	–	(234)

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 35. Segment information (continued)

### Business segments (continued)

	Ongoing Retail \$'000 (Restated)	Distribution \$'000 (Restated)	Export \$'000 (Restated)	Corporate and Others \$'000 (Restated)	Group \$'000 (Restated)
<b>2011</b>					
Segment assets	73,510	76,263	42,602	49,845	242,220
Investment in associates	–	–	–	12,626	12,626
	73,510	76,263	42,602	62,471	254,846
Unallocated assets					2,443
Total assets					257,289
Segment liabilities	33,992	24,771	20,522	1,634	80,919
Unallocated liabilities					44,912
Total liabilities					125,831
Capital expenditure	4,098	2,029	534	1,182	7,843
Depreciation	3,781	1,061	214	1,206	6,262
Reversal of impairment loss on investment properties	–	–	–	(509)	(509)
Impairment loss on fixed assets	146	–	–	–	146

### Geographical segments

Revenue, non-current assets and capital expenditure information based on geographical location of customers and assets respectively are as follows:

	Southeast Asia \$'000	North Asia \$'000	Other \$'000	Group \$'000
<b>2012</b>				
Turnover	300,662	86,208	6,367	393,237
Other geographical information:				
Non-current assets	41,600	19,937	383	61,920
Capital expenditure	7,219	918	358	8,495
<b>2011</b>				
Turnover	283,876	68,636	1,406	353,918
Other geographical information:				
Non-current assets	24,398	19,734	300	44,432
Capital expenditure	6,134	1,670	39	7,843



# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 36. Operating leases

The Group has various operating lease agreements for retail outlets, office premises and office equipment. The leases expire at various dates till 2018 and contain provisions for rental adjustments, renewal options, as well as commitments for additional lease payments when turnover of certain retail outlets exceeds pre-determinable levels. There was turnover rent of \$4,627,000 (2011: \$4,132,000) recognised as an expense during the period. Lease terms do not contain restrictions concerning payments of dividends, additional debt or further leasing. Future minimum lease payments for all leases with initial or remaining terms of one year or more are as follows: -

	Group	
	2012	2011
	\$'000	\$'000
Within one year	46,200	36,954
Between one year to five years	88,914	48,684
Later than five years	92	637
	<u>135,206</u>	<u>86,275</u>

The Group leases part of its leasehold buildings under operating lease arrangements, with leases negotiated for terms ranging from one to two years. The future minimum lease receivables under non-cancellable operating leases as at 30 June are as follows:

	Group	
	2012	2011
	\$'000	\$'000
Within one year	192	223
Between one year to two years	–	186
	<u>192</u>	<u>409</u>

There was no (2011: nil) contingent rent recognised as an income during the period.

## 37. Contingent liabilities, unsecured

The Company has undertaken to provide financial support to certain subsidiaries for deficiencies in their shareholders' funds and to extend adequate funding to meet their operational needs.

## 38. Commitments

As at 30 June 2012, the Group has entered into several licensing and distribution agreements with its principals. Under the agreements, the Group is committed to certain levels of purchases and advertising expenditure in accordance with the agreed terms and conditions. The Group has substantially met these purchase and advertising commitments.

As at 30 June 2012, the Group has outstanding forward contracts with settlement dates within the next one year of CHF 3,894,000, US dollar 5,042,000 and Euro 704,000 (2011: US dollar 6,485,000 and Euro 1,346,000).

The resulting financial assets/liabilities arising from the contracts was not material to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 39. Related party transactions disclosure

In addition to related parties transactions disclosed in other notes to the financial statements, during the financial year, the Group has entered into transactions with related parties on terms agreed between the parties, as shown below:

	2012 \$'000	2011 \$'000
Sale of goods to an associate / joint venture	62,373	57,621
Market support and administrative service income from an associate / joint venture	8,281	5,534
Purchase of goods from an associate / joint venture	5	291
Sale of motor vehicle to a Director	–	133
Directors' fees		
- Directors of the Company	260	250
- Other directors of subsidiaries	4	4
Remuneration of key management personnel:		
- Directors of the Company	3,915	3,706
- Other directors of subsidiaries	3,683	2,521
- Non directors	844	807
	8,442	7,034

Provident fund contributions of \$189,000 (2011: \$157,000) are included in remuneration of key management personnel.

## 40. Capital management

The Group aims to maintain healthy capital ratios, using gearing ratio and return on equity, in order to support its business and maximise shareholders' value, while at the same time maintaining an appropriate dividend policy to reward its shareholders.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in objectives, policies or processes during the financial years ended 30 June 2012 and 30 June 2011. The Group has complied with bank covenants, relating to net equity arising from its borrowings for the financial year 30 June 2012 and 30 June 2011.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 40. Capital management (continued)

The capital ratios of the Group for the financial years ended are as follow:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
		<b>(Restated)</b>
	<b>\$'000</b>	<b>\$'000</b>
Bank borrowings	65,874	44,528
Finance lease	937	1,119
Less: cash on hand and at banks	(14,703)	(38,388)
Net debt	52,108	7,259
Equity attributable to owners of the parent	133,951	131,434
Net profit attributable to owners of the parent for the financial year	13,898	12,963
Gearing ratio	38.9%	5.5%
Return on equity	10.4%	9.9%

## 41. Dividends

	<b>Group and Company</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Paid during the financial year:</b>		
First and final dividend (one-tier tax exempt) for financial year 2011: 2.0 cents [2010: 2.0 cent (one-tier tax exempt)] per ordinary share	11,374	11,374
	11,374	11,374
<b>Proposed but not recognised as a liability as at 30 June:</b>		
First and final dividend (one-tier tax exempt) for financial year 2012: 1.0 cent [2011: first and final dividend 2.0 cents (one-tier tax exempt)] per ordinary share	5,678	11,374
	5,678	11,374

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

## 42. Comparative figures

	Restated \$'000	Group As previously reported \$'000
<b>Balance sheets as at 30 June 2010</b>		
Cash on hand and at banks	40,827	59,706
Bank borrowings (current)	31,579	50,458
<b>Balance sheets as at 30 June 2011</b>		
Cash on hand and at banks	38,388	65,196
Bank overdrafts	44,528	71,336

In prior years, the cash on hand and at banks and overdraft balances included in bank borrowings in the balance sheets were stated based on aggregation of allocated balances across divisions of companies within the Group. During the year, management established that the aggregated balances do not reflect the Group's cash on hand and at banks and overdraft balances in the respective Companies' bank accounts. Accordingly, the cash on hand and at banks and overdraft balances were restated as at 30 June 2012. The comparative figures have been restated accordingly.

## 43. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2012 were authorised for issue in accordance with a resolution of the Directors dated 24 September 2012.

# STATISTICS OF SHAREHOLDINGS

As at 13 September 2012

## SHARE CAPITAL

Number of Equity Securities:	568,709,857
Number of Treasury Shares:	Nil
Class of Equity Shares	Ordinary shares
Voting Rights:	One Vote per share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	52	1.06	4,315	0.00
1,000 – 10,000	3,169	64.58	13,944,069	2.45
10,001 – 1,000,000	1,663	33.89	94,135,791	16.55
1,000,001 and above	23	0.47	460,625,682	81.00
<b>Total</b>	<b>4,907</b>	<b>100.00</b>	<b>568,709,857</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

Name	No. of Shares	%
1. DBS Nominees Pte Ltd	111,692,900	19.64
2. Lim Eng Hock	65,000,000	11.43
3. Raffles Investments Limited	62,280,000	10.95
4. BNP Paribas Securities Services Pte Ltd	39,589,000	6.96
5. Benjamin Frank	39,191,000	6.89
6. Hong Leong Finance Nominees Pte Ltd	20,676,000	3.64
7. Western Properties Pte Ltd	18,342,000	3.23
8. UOB Kay Hian Pte Ltd	18,330,000	3.22
9. Benjamin Eli Manasseh *	17,310,050	3.04
10. United Overseas Bank Nominees Pte Ltd	15,904,040	2.80
11. Citibank Nominees Singapore Pte Ltd	12,226,992	2.15
12. Kestrel Capital (Hong Kong) Limited	9,312,000	1.64
13. HSBC (Singapore) Nominees Pte Ltd	8,521,500	1.50
14. Thian Yim Pheng	5,560,000	0.98
15. OCBC Securities Private Ltd	3,237,000	0.57
16. OCBC Nominees Singapore Pte Ltd	2,510,080	0.44
17. Maybank Kim Eng Securities Pte Ltd	2,335,120	0.41
18. Chang See Hiang	2,100,000	0.37
19. Lee Sui Hee	1,500,000	0.26
20. Bank of Singapore Nominees Pte Ltd	1,443,000	0.25
<b>Total</b>	<b>457,060,682</b>	<b>80.37</b>

\* Excludes 7,000,000 shares held by nominees

# STATISTICS OF SHAREHOLDINGS

As at 13 September 2012

## SUBSTANTIAL SHAREHOLDERS AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest	%	Deemed Interest	%
1.	Lim Eng Hock	65,000,000	11.43	36,341,000	6.39
2.	Segulah Pte Ltd <sup>@</sup>	91,937,900	16.17	—	—
3.	Raffles Investments Limited <sup>#</sup>	62,280,000	10.95	—	—
4.	Frank Benjamin	39,191,000	6.89	—	—
5.	Temasek Holdings (Private) Ltd <sup>@</sup>	—	—	91,937,900	16.17
6.	DBS Trustee Limited <sup>@</sup>	—	—	91,937,900	16.17
7.	DBS Group Holdings Limited <sup>@</sup>	—	—	91,937,900	16.17
8.	DBS Bank Ltd. <sup>@</sup>	—	—	91,937,900	16.17
9.	Aequitas Pte Ltd <sup>#</sup>	—	—	62,280,000	10.95
10.	Kambau Pte Ltd <sup>#</sup>	—	—	62,280,000	10.95
11.	Siong Lim Private Limited <sup>#</sup>	—	—	62,280,000	10.95
12.	Tecity Pte Ltd <sup>#</sup>	—	—	62,280,000	10.95
13.	Dr Tan Kheng Lian <sup>#</sup>	—	—	62,280,000	10.95
14.	Aberdeen Asset Management Asia Limited	—	—	47,348,000	8.33
15.	Aberdeen Asset Management PLC and its subsidiaries	—	—	47,348,000	8.33
16.	Mavis Benjamin, Mrs	—	—	39,191,000	6.89

<sup>@</sup> Temasek Holdings (Private) Ltd, DBS Trustee Limited, DBS Group Holdings Limited and DBS Bank Ltd are deemed to be interested in the shares held by Segulah Pte Ltd.

<sup>#</sup> Aequitas Pte Ltd, Kambau Pte Ltd, Siong Lim Private Limited, Tecity Pte Ltd and Dr Tan Kheng Lian are deemed to be interested in the shares held by Raffles Investments Limited.

## PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on the information available to the Company, as at 13 September 2012, approximately 36% of the Company's shares were held in the hands of the public. Hence, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.



# NOTICE OF ANNUAL GENERAL MEETING

## F J BENJAMIN HOLDINGS LTD

(Co. Reg. No. 197301125N)

(Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of F J Benjamin Holdings Ltd (“the Company”) will be held at Lavender Room, Level 3, Orchard Hotel, 442 Orchard Road, Singapore 238879 on Thursday, 25 October 2012 at 2.30 p.m. for the following purposes:

### AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Accounts of the Company for the year ended 30 June 2012 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a first and final dividend of 1.0 cent per ordinary share one-tier tax exempt for the year ended 30 June 2012 (2011: 2.0 cents per ordinary share). **(Resolution 2)**
3. To re-elect the following Directors of the Company retiring by rotation pursuant to Article 102 of the Articles of Association of the Company:

Ms Wong Ai Fong

**(Resolution 3)**

Mr Chew Kwee San

**(Resolution 4)**

*Ms Wong Ai Fong will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and Remuneration Committee and will be considered independent.*

*Mr Chew Kwee San will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent.*

4. To re-elect Mr Daniel Ong Jen Yaw who is retiring pursuant to Article 106 of the Articles of Association of the Company. **(Resolution 5)**

*Mr Daniel Ong Jen Yaw will, upon re-election as a Director of the Company, remain as an independent director of the Company.*

5. To pass the following Ordinary Resolutions pursuant to Section 153(6) of the Companies Act Chapter 50 of Singapore (the “Companies Act”):

- a) to re-appoint Mr Frank Benjamin, a Director of the Company retiring under Section 153(6) of the Companies Act, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. [See Explanatory Note (i)] **(Resolution 6)**

*Mr Frank Benjamin will, upon re-appointment as a Director of the Company, remain as Chairman of the Executive Committee and a member of the Nominating Committee and will be considered non-independent.*

- b) to re-appoint Mr Reggie Thein, a Director of the Company retiring under Section 153(6) of the Companies Act, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. [See Explanatory Note (i)] **(Resolution 7)**

*Mr Reggie Thein will, upon re-appointment as a Director of the Company, remain as Chairman of the Audit Committee and Remuneration Committee and a member of the Nominating Committee and will be considered independent.*

# NOTICE OF ANNUAL GENERAL MEETING

6. To approve the payment of additional Directors' Fees of S\$55,000 for the year ended 30 June 2012. [See Explanatory Note (ii)] **(Resolution 8)**
7. To approve the payment of Directors' Fees of up to S\$315,000 for the year ending 30 June 2013 to be paid quarterly in arrear (2011: S\$260,000 excluding proposed additional Directors' Fees of S\$55,000 referred to in item 6 above). **(Resolution 9)**
8. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 10)**
9. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

### 10. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Directors of the Company be authorised and empowered to:

- (a)
  - (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to the shareholders of the Company (including shares to be issued in pursuance of any Instruments made or granted pursuant to this Resolution) shall not exceed 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

# NOTICE OF ANNUAL GENERAL MEETING

- (a) any new shares arising from the conversion or exercise of any Instruments or any convertible securities;
  - (b) any new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the listing rules of the SGX-ST as may for the time being be applicable (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.  
[See Explanatory Note (iii)]

**(Resolution 11)**

## 11. **Renewal of Share Purchase Mandate**

That:

- (a) for the purposes of the Companies Act, the exercise by the Directors of the Company of all powers of the Company to purchase or otherwise acquire shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (i) market purchase(s) (“Market Purchase”), transacted on the SGX-ST through the ready market, through one (1) or more duly licensed stock brokers appointed by the Company for that purpose; and/or
  - (ii) off-market purchase(s) (“Off-Market Purchase”) effected pursuant to an equal access scheme, as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “Share Purchase Mandate”);

- (b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring:
- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; or
  - (ii) the date on which the purchases or acquisitions of shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
  - (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders of the Company in a general meeting.

# NOTICE OF ANNUAL GENERAL MEETING

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- (c) in this Ordinary Resolution:

“Maximum Limit” means the number of issued shares representing 8% of the total number of issued shares as at the date of the passing of this Ordinary Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued shares shall be taken to be the amount of the issued shares as altered (excluding any treasury shares that may be held by the Company from time to time);

“Relevant Period” means the period commencing from the date on which the last Annual General Meeting of the Company was held and expiring on the date the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier, after the date of this Ordinary Resolution; and

“Maximum Price” in relation to a share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (hereinafter defined); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

“Average Closing Price” means the average of the closing market prices of a share for the five (5) consecutive Market Days (a “Market Day” being a day on which the SGX-ST is open for trading in securities) on which the shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five (5) day period; and

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he/she may consider necessary expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.
- [See Explanatory Note (iv)]

**(Resolution 12)**

By Order of the Board

Karen Chong Mee Keng  
Company Secretary

Singapore, 10 October 2012

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) The effect of the Ordinary Resolutions 6 and 7 proposed in item 5 above, are to re-appoint Directors of the Company who are over 70 years of age.
- (ii) The Ordinary Resolution 8 proposed in item 6 above, is to approve the additional payment of the Directors' fees of S\$55,000 for the year ended 30 June 2012. Subject to the shareholders' approval, the additional fees will be paid to:-
  - (a) the non-executive directors as allowances for their participation in the meetings of the Nominating Committee and Remuneration Committee. Members of the Nominating Committee and Remuneration Committee did not receive any directors' fees for serving in the Committees in the past; and
  - (b) the Chairmen of the Nominating, Remuneration and Audit Committees respectively to ensure that each Chairman receives remuneration commensurate with his efforts in directing the relevant Committee.
- (iii) The Ordinary Resolution 11 in item 10 above, if passed, will empower the Directors of the Company to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 10% may be issued other than on a pro-rata basis to the shareholders of the Company.

The sub-limit of 10% for issues other than on a pro-rata basis is below the 20% sub-limit permitted by the Listing Manual of the SGX-ST. The Directors believe that the lower sub-limit of 10% would sufficiently address the Company's present need to maintain flexibility while taking into account shareholders' concern against dilution.

For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (iv) The Ordinary Resolution 12 proposed in item 11 above, if passed, will empower the Directors of the Company to exercise all powers of the Company to purchase or otherwise acquire (whether by way of market purchases or off-market purchases) shares on the terms of the Share Purchase Mandate as set out in the attached letter to shareholders of the Company (the "Letter"). The authority conferred by the shareholders of the Company will continue in force until the earlier of the date of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, unless previously revoked or varied by the Company in a general meeting.

Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchases or acquisitions of shares. The Directors of the Company do not propose to exercise the Share Purchase Mandate to such extent that it would result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The amount of financing required for the Company to purchase its shares pursuant to the Share Purchase Mandate and the impact on the Company's financial position, cannot be realistically ascertained as at the date of this Notice as this will depend on factors such as the aggregate number of shares purchased and the purchase prices paid at the relevant times.

An illustration of the financial impact of the share purchases by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group for the financial year ended 30 June 2012 is set out in the Letter.

# NOTICE OF ANNUAL GENERAL MEETING

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## Notes:

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company. The instrument appointing a proxy must be under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10 Science Park Road, #04-01, The Alpha Science Park II, Singapore 117684 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.



# SHARE PURCHASE MANDATE

## F J BENJAMIN HOLDINGS LTD

(Incorporated in the Republic of Singapore)

(Company Registration No. 197301125N)

### Board of Directors:

Frank Benjamin, Executive Chairman  
Keith Tay Ah Kee, Non-Executive Deputy Chairman  
Eli Manasseh Benjamin, Chief Executive Officer  
Douglas Jackie Benjamin, Executive Director  
Karen Chong Mee Keng, Executive Director  
Reggie Thein, Independent Director  
Wong Ai Fong, Independent Director  
Chew Kwee San, Independent Director  
Daniel Ong Jen Yaw, Independent Director

### Registered Office:

10 Science Park Road  
#04-01 The Alpha  
Singapore Science Park II  
Singapore 117684

10 October 2012

**To: The Shareholders of F J Benjamin Holdings Ltd**

### PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

Dear Sir/Madam

#### 1. Introduction

##### 1.1 AGM

We refer to (a) the notice of annual general meeting of the Company ("AGM") dated 10 October 2012 (the "Notice of AGM") convening the AGM to be held on 25 October 2012 (the "2012 AGM"), and (b) the ordinary resolution number 12 under the heading "Special Business" set out in the Notice of AGM.

##### 1.2 Letter

The purpose of this Letter is to provide Shareholders with information relating to the proposed renewal of the Share Purchase Mandate, details of which are set out in **paragraph 2** of this Letter and to seek their approval in relation thereto at the 2012 AGM.

##### 1.3 SGX-ST

The Singapore Exchange Securities Trading Limited (the "SGX-ST") assumes no responsibility for the accuracy or correctness of any of the statements made, opinions expressed or reports contained in this Letter.

# SHARE PURCHASE MANDATE

## 2. The Proposed Renewal Of The Share Purchase Mandate

### 2.1 The Share Purchase Mandate

Sections 76B, 76C, 76DA and 76E of the Companies Act (Chapter 50 of Singapore) (the “**Companies Act**”) allow a listed company to purchase its own shares. At the extraordinary general meeting of the Company (“**EGM**”) held on 29 October 2007, Shareholders approved a mandate to allow the Company to purchase or otherwise acquire its issued Shares (as defined herein). This mandate was subsequently renewed at the AGMs of the Company held on 30 October 2008, 26 October 2009, 28 October 2010 and 28 October 2011 (the “**2011 AGM**”). The rationale for, the authority and limitations on, and the financial effects of, the renewal of the mandate at the 2011 AGM (the “**2011 Share Purchase Mandate**”) were set out in the Company’s Letter to Shareholders dated 12 October 2011.

The authority conferred pursuant to the 2011 Share Purchase Mandate may be exercised by the Directors at any time during the period commencing from the date of the 2011 AGM and expiring on the date (a) when the next AGM of the Company is held, (b) the date on which the purchases or acquisitions of Shares pursuant to the 2011 Share Purchase Mandate are carried out to the full extent mandated or (c) the date by which the next AGM of the Company is required by law to be held, whichever is earliest.

Accordingly, the Directors are seeking the approval of Shareholders for the renewal of the Share Purchase Mandate at the 2012 AGM.

### 2.2 Rationale for Proposed Renewal of the Share Purchase Mandate

The approval of the proposed renewal of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake share purchases or acquisitions up to the 8% limit described in **paragraph 2.3(a)** below, at any time during the period when the Share Purchase Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

- (a) in managing the business of the Group, the management will strive to increase Shareholders’ value by improving, inter alia, the return on equity (“**ROE**”) of the Company. In addition to growth and expansion of the business, share purchases may be considered as one of the ways through which the ROE of the Company may be enhanced;
- (b) in line with international practice, the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds, which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner;
- (c) share purchase programmes help to buffer short-term share price volatility; and
- (d) the Share Purchase Mandate will provide the Company the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

# SHARE PURCHASE MANDATE

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the said 8% limit during the duration referred to in paragraph 2.3(b) below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 8% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that, after a purchase or acquisition of Shares pursuant to the Share Purchase Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

## 2.3 Authority and Limits on the Share Purchase Mandate

The authority and limitations placed on the share purchases by the Company under the proposed Share Purchase Mandate, if renewed at the forthcoming 2012 AGM, are similar in terms to those previously approved by Shareholders at the 2011 AGM, and for the benefit of Shareholders, are summarised below:

### (a) Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 8% of the total number of Shares (ascertained as at the date of the 2012 AGM at which the renewal of the Share Purchase Mandate is approved). Any Shares which are held as treasury shares will be disregarded for purposes of computing the 8% limit.

**For illustrative purposes only**, on the basis of 568,709,857 Shares in issue as at the Latest Practicable Date (as defined herein) and assuming no further Shares are issued on or prior to the date of the 2012 AGM, not more than 45,496,789 Shares (representing approximately 8% of the total number of Shares as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate during the duration referred to in **paragraph 2.3(b)** below.

### (b) Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2012 AGM, at which the renewal of the Share Purchase Mandate is approved, up to:

- (i) the date on which the next AGM is held or required by law to be held; or
- (ii) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting,

# SHARE PURCHASE MANDATE

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whichever is the earliest.

The authority conferred on the Directors by the Share Purchase Mandate to purchase Shares may be renewed at the next AGM or at an EGM to be convened immediately after the conclusion or adjournment of the next AGM. When seeking the approval of the Shareholders for the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

(c) **Manner of Purchases or Acquisitions of Shares**

Purchases or acquisitions of Shares may be made by way of:

- (i) market purchase(s) (“**Market Purchase**”), transacted on the SGX-ST through the ready market, through one (1) or more duly licensed stock brokers appointed by the Company for that purpose; and/or
- (ii) an off-market acquisition (“**Off-Market Purchase**”) in accordance with an equal access scheme as defined in Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Rules (as defined herein) and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all the following conditions:

- (A) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (B) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and
- (C) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to the Listing Rules, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it shall issue an offer document to all Shareholders containing at least the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed purchase or acquisition of Shares;
- (4) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;

# SHARE PURCHASE MANDATE

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- (5) whether the purchases or acquisitions of Shares, if made, could affect the listing of the Shares on the SGX-ST;
- (6) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and
- (7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) **Maximum Purchase Price**

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Purchase Mandate. However, the maximum purchase price (the “**Maximum Price**”) to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share for the five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the Listing Rules for any corporate action which occurs after the relevant five (5) Market Days.

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

## 2.4 **Status of Purchased Shares**

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares. At the time of each purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares or partly cancelled and partly kept as treasury shares, depending on the needs of the Company at that time.

# SHARE PURCHASE MANDATE

## 2.5 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act, are summarised below:

### (a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 8% of the total number of issued Shares.

### (b) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

### (c) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Companies Act, where Shares purchased or acquired by the Company are cancelled, the Company shall:

- (i) reduce the amount of its share capital where the Shares were purchased out of the capital of the Company;
- (ii) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (iii) reduce the amount of its share capital and profits proportionately where the Shares were purchased out of both the capital and the profits of the Company,



# SHARE PURCHASE MANDATE

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by the total amount of the purchase price paid by the Company for the Shares cancelled. Shares which are cancelled will be automatically delisted, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following such cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are cancelled and not held as treasury shares.

Under the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the “usage”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, and the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage.

## **2.6 Reporting Requirements**

Within 30 days of the passing of a Shareholders’ resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the Registrar of Companies.

The Company shall notify the Registrar of Companies within 30 days of a purchase of Shares by the Company on the SGX-ST or otherwise. Such notification shall include the date of the purchases, the total number of Shares purchased by the Company, the number of Shares cancelled and/or held as treasury shares, the Company’s issued ordinary share capital as at the date of the Shareholders’ resolution approving the purchase of the Shares and after the purchase of Shares, and the amount of consideration paid by the Company for the purchases, whether the Shares were purchased out of profits or the capital of the Company and such other particulars as may be required in the prescribed form.

The Listing Rules specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made, and
- (b) in the case of an Off-Market Purchase under an equal access scheme in accordance with Section 76C of the Companies Act, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

## **2.7 Source of Funds**

The Company may only apply funds for the purchase or acquisition of the Shares as provided in the Articles (as defined herein) and in accordance with the applicable laws in Singapore. The Company may not purchase its Shares for consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Companies Act permits the Company to purchase or acquire its own Shares out of capital, as well as from its distributable profits. Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchase or acquisition of Shares.

# SHARE PURCHASE MANDATE

## 2.8 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the net tangible assets (“**NTA**”) and earnings per Share (“**EPS**”) as the resultant effect would depend on, inter alia, the aggregate number of Shares purchased or acquired, whether the purchases or acquisitions are made out of capital or profits, the purchase prices paid for such Shares and the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The Company’s total issued share capital will be diminished by the total number of the Shares purchased by the Company and which are cancelled. The NTA of the Group will be reduced by the aggregate purchase price paid by the Company for the Shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company’s capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The proposed Share Purchase Mandate will be exercised with a view of enhancing the EPS and/or the NTA value per Share.

**For illustrative purposes only**, the financial effects of the Share Purchase Mandate on the Company and the Group, based on the audited financial accounts of the Group for the financial year ended 30 June 2012 are based on the assumptions set out below:

- (a) based on 568,709,857 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are held by the Company as treasury shares on or prior to the date of the 2012 AGM, not more than 45,496,789 Shares (representing approximately 8% of the total number of issued Shares of the Company as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate;
- (b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 45,496,789 Shares at the Maximum Price of S\$0.36 for a Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 45,496,789 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$16.379 million; and
- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 45,496,789 Shares at the Maximum Price of S\$0.41 for a Share (being the price equivalent to 20% above the average of the closing market prices of the Shares on the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 45,496,789 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$18.654 million.

# SHARE PURCHASE MANDATE

**For illustrative purposes only**, and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that (i) the purchase or acquisition of Shares is financed by internal sources of funds and external borrowings; (ii) the Share Purchase Mandate had been effective on 30 June 2012; and (iii) the Company had purchased or acquired 45,496,789 Shares (representing approximately 8% of the total number of issued Shares of the Company at the Latest Practicable Date) on 30 June 2012, the financial effects of the purchase or acquisition of 45,496,789 Shares by the Company pursuant to the Share Purchase Mandate:

- (i) by way of purchases made entirely out of capital and held as treasury shares; and
- (ii) by way of purchases made entirely out of capital and cancelled,

on the audited financial accounts of the Company and the Group for the financial year ended 30 June 2012 are set out below:

**(1) Purchases made entirely made out of capital and held as treasury shares**

**(A) Market Purchases**

	<b>Group</b>		<b>Company</b>	
	<b>Before Share Purchase S\$'000</b>	<b>After Share Purchase S\$'000</b>	<b>Before Share Purchase S\$'000</b>	<b>After Share Purchase S\$'000</b>
<b>As at 30 June 2012</b>				
Issued capital and reserves	133,607	133,548	165,804	165,745
Treasury shares	–	(16,379)	–	(16,379)
Total shareholders' equity	133,607	117,169	165,804	149,366
NTA	133,607	117,169	165,804	149,366
Profit after taxation and minority interest	13,541	13,482	5,784	5,725
Net debt / (Net cash)	52,108	68,487	(3,612)	2,447
Number of Shares ('000)	568,710	568,710	568,710	568,710
<b>Financial Ratios</b>				
NTA per Share (cents)	23.49	20.60	29.15	26.26
Gross debt gearing (%)	50.01	58.45	0.47	1.64
Net debt gearing (%)	39.00	58.45	(2.18)	1.64
Current ratio (times)	1.64	1.50	1.49	1.32
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	10.79	10.56	230.53	77.71
Basic EPS (cents)				
(before exceptional items)	2.43	2.42	1.40	1.39
(after exceptional items)	2.38	2.37	1.02	1.01
ROE (%)	10.13	11.51	3.49	3.83

# SHARE PURCHASE MANDATE

## (B) Off-Market Purchases

	Group		Company	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
<b>As at 30 June 2012</b>				
Issued capital and reserves	133,607	133,469	165,804	165,666
Treasury shares	–	(18,654)	–	(18,654)
Total shareholders' equity	133,607	114,815	165,804	147,012
NTA	133,607	114,815	165,804	147,012
Profit after taxation and minority interest	13,541	13,403	5,784	5,646
Net debt / (Net cash)	52,108	70,762	(3,612)	4,722
Number of Shares ('000)	568,710	568,710	568,710	568,710
<b><u>Financial Ratios</u></b>				
NTA per Share (cents)	23.49	20.19	29.15	25.85
Gross debt gearing (%)	50.01	61.63	0.47	3.21
Net debt gearing (%)	39.00	61.63	(2.18)	3.21
Current ratio (times)	1.64	1.48	1.49	1.29
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	10.79	10.26	230.53	41.17
Basic EPS (cents)				
(before exceptional items)	2.43	2.41	1.40	1.38
(after exceptional items)	2.38	2.36	1.02	0.99
ROE (%)	10.13	11.67	3.49	3.84

# SHARE PURCHASE MANDATE

(2) *Purchases made entirely out of capital and cancelled*

(A) *Market Purchases*

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	S\$'000	S\$'000	S\$'000	S\$'000
<b>As at 30 June 2012</b>				
Issued capital and reserves / Total shareholders' equity	133,607	117,169	165,804	149,366
NTA	133,607	117,169	165,804	149,366
Profit after taxation and minority interest	13,541	13,482	5,784	5,725
Net debt / (Net cash)	52,108	68,487	(3,612)	2,447
Number of Shares ('000)	568,710	523,213	568,710	523,213
<b>Financial Ratios</b>				
NTA per Share (cents)	23.49	22.39	29.15	28.55
Gross debt gearing (%)	50.01	58.45	0.47	1.64
Net debt gearing (%)	39.00	58.45	(2.18)	1.64
Current ratio (times)	1.64	1.50	1.49	1.32
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	10.79	10.56	230.53	77.71
Basic EPS (cents) (before exceptional items)	2.43	2.63	1.40	1.51
(after exceptional items)	2.38	2.58	1.02	1.09
ROE (%)	10.13	11.51	3.49	3.83

# SHARE PURCHASE MANDATE

## (B) Off-Market Purchases

	Group		Company	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
<b>As at 30 June 2012</b>				
Issued capital and reserves / Total shareholders' equity	133,607	114,815	165,804	147,012
NTA	133,607	114,815	165,804	147,012
Profit after taxation and minority interest	13,541	13,403	5,784	5,646
Net debt / (Net cash)	52,108	70,762	(3,612)	4,722
Number of Shares ('000)	568,710	523,213	568,710	523,213
<b>Financial Ratios</b>				
NTA per Share (cents)	23.49	21.94	29.15	28.10
Gross debt gearing (%)	50.01	61.63	0.47	3.21
Net debt gearing (%)	39.00	61.63	(2.18)	3.21
Current ratio (times)	1.64	1.48	1.49	1.29
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	10.79	10.26	230.53	41.17
Basic EPS (cents)				
(before exceptional items)	2.43	2.62	1.40	1.50
(after exceptional items)	2.38	2.56	1.02	1.08
ROE (%)	10.13	11.67	3.49	3.84

Shareholders should note that the financial effects set out above are purely for illustrative purposes only. Although the proposed Share Purchase Mandate would authorise the Company to purchase or acquire up to 8% of its issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 8% of its issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Purchase Mandate or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.



# SHARE PURCHASE MANDATE

## 2.9 Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

### (a) Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

### (b) Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company.

Unless the contrary is established, the following persons, inter alia, will be presumed to be acting in concert, namely:

- (i) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (ii) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (iii) a company with any of its pension funds and employee share schemes;
- (iv) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (v) a financial or other professional adviser, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (vii) partners; and
- (viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

# SHARE PURCHASE MANDATE

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

**(c) Effect of Rule 14 and Appendix 2**

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares:

- (i) the voting rights of such Directors and their concert parties would increase to 30% or more; or
- (ii) in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares:

- (A) the voting rights of such Shareholder would increase to 30% or more; or
- (B) if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months.

Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Any Shares held by the Company as treasury shares shall be excluded from the calculation of the percentages of voting rights under the Take-over Code referred to above.

Based on the Register of Directors' Shareholdings and the issued share capital of the Company as at the Latest Practicable Date, none of the Directors and persons acting in concert with them would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of 8% of its issued Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, the Directors are not aware of any other fact(s) or factor(s) which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, persons acting in concert such that their respective interests in Shares should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

**Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.**

# SHARE PURCHASE MANDATE

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## **2.10 Listing Rules**

While the Listing Rules do not expressly prohibit purchase of shares by a listed company during any particular time or times, the listed company would be considered an “insider” in relation to any proposed purchase or acquisition of its issued shares. In this regard, the Company will not purchase any Shares pursuant to the Share Purchase Mandate after a price-sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price-sensitive information has been publicly announced. In particular, in line with the best practices guides on securities dealings issued by the SGX-ST, the Company will not purchase or acquire any Shares through Market Purchases during the period of:

- (a) one (1) month immediately preceding the announcement of the Company’s annual results; and
- (b) two (2) weeks immediately preceding the announcement of the Company’s results for each of the first three (3) quarters of its financial year.

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its Shares are in the hands of the public. The “public”, as defined under the Listing Manual, are persons other than the Directors, chief executive officer, Substantial Shareholders or controlling shareholders of the Company and its subsidiaries, as well as the associates of the foregoing.

Based on the Register of Directors’ Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 201,880,907 Shares, representing 35.5% of the issued Shares, are in the hands of the public. Assuming that the Company purchases its Shares from the public through Market Purchases up to the full 8% limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 156,384,118 Shares, representing 29.9% of the reduced issued share capital of the Company. Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 8% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

## **2.11 Previous Share Purchases**

The Company has not entered into transactions to acquire any Shares pursuant to the 2011 Share Purchase Mandate in the 12 months immediately preceding the Latest Practicable Date.

# SHARE PURCHASE MANDATE

## 3. Directors' And Substantial Shareholders' Interests

### 3.1 Directors' Interests

The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

Director	Number of Shares		Total Percentage Interest (%)
	Direct Interest	Deemed Interest	
Frank Benjamin	39,191,000	—	6.89
Eli Manasseh Benjamin	17,310,050	7,000,000	4.27
Keith Tay Ah Kee	256,000	—	0.05
Douglas Jackie Benjamin	120,000	10,000	0.02
Wong Ai Fong	35,000	—	0.01
Karen Chong Mee Keng	—	—	—
Reggie Thein	—	—	—
Chew Kwee San	—	—	—
Daniel Ong Jen Yaw	—	—	—

### 3.2 Substantial Shareholders' Interests

The interests of the substantial shareholders of the Company (other than those who are Directors) in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

Substantial Shareholder	Number of Shares		Total Percentage Interest (%)
	Direct Interest	Deemed Interest	
Lim Eng Hock	65,000,000	36,341,000	17.82
Segulah Pte Ltd	91,937,000	—	16.17
Temasek Holdings (Private) Ltd	—	91,937,000	16.17
DBS Trustee Limited	—	91,937,000	16.17
DBS Group Holdings Limited	—	91,937,000	16.17
DBS Bank Ltd.	—	91,937,000	16.17
Raffles Investments Limited	62,280,000	—	10.95
Aequitas Pte Ltd	—	62,280,000	10.95
Kambau Pte Ltd	—	62,280,000	10.95
Siong Lim Private Limited	—	62,280,000	10.95
Tecity Pte Ltd	—	62,280,000	10.95
Dr Tan Kheng Lian	—	62,280,000	10.95
Aberdeen Asset Management Asia Limited	—	47,348,000	8.33
Aberdeen Asset Management PLC and its subsidiaries	—	47,348,000	8.33
Mavis Benjamin	—	39,191,000	6.89

# SHARE PURCHASE MANDATE

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## 4. Annual General Meeting

The 2012 AGM of the Company, notice of which is set out in pages 120 to 125 of the 2012 Annual Report, will be held on 25 October 2012 at 2.30 p.m. for the purpose of, inter alia, considering and if thought fit, passing with or without modifications, the resolution on the renewal of the Share Purchase Mandate as set out in the Notice of AGM.

## 5. Directors' Recommendation

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of ordinary resolution number 12, being the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate as set out in the Notice of AGM.

## 6. Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm that, after making all reasonable enquires, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts as at the Latest Practicable Date about the renewal of the Share Purchase Mandate, the Company and its subsidiaries, and that the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading.

Where information in the Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

## 7. Documents For Inspection

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours up to and including the date of the 2012 AGM:

- (a) the Memorandum and Articles; and
- (b) the 2012 Annual Report.

Yours faithfully  
For and on behalf of the Board of Directors of  
**FJ BENJAMIN HOLDINGS LTD**

Frank Benjamin  
Executive Chairman

# SHARE PURCHASE MANDATE

## SCHEDULE - DEFINITIONS

In this Letter, the following definitions apply throughout unless the context otherwise requires:

<b><u>“AGM”</u></b>	:	The annual general meeting of the Company
<b><u>“Articles”</u></b>	:	The Articles of Association of the Company
<b><u>“Board of Directors”</u></b>	:	The board of Directors of the Company
<b><u>“CDP”</u></b>	:	The Central Depository (Pte) Limited
<b><u>“Companies Act”</u></b>	:	The Companies Act (Chapter 50 of Singapore), as amended or modified from time to time
<b><u>“Company”</u></b>	:	F J Benjamin Holdings Ltd
<b><u>“Director”</u></b>	:	A director of the Company as at the date of this Letter
<b><u>“EGM”</u></b>	:	An extraordinary general meeting of the Company
<b><u>“EPS”</u></b>	:	Earnings per Share
<b><u>“Group”</u></b>	:	The Company, its Subsidiaries and associated companies
<b><u>“Latest Practicable Date”</u></b>	:	17 September 2012, being the latest practicable date prior to the printing of this Letter
<b><u>“Listing Manual”</u></b>	:	The listing manual of the SGX-ST
<b><u>“Listing Rules”</u></b>	:	The listing rules of the SGX-ST as set out in the Listing Manual
<b><u>“Market Day”</u></b>	:	A day on which the SGX-ST is open for trading in securities
<b><u>“Memorandum”</u></b>	:	The Memorandum of Association of the Company
<b><u>“NTA”</u></b>	:	Net tangible assets
<b><u>“ROE”</u></b>	:	Return on equity
<b><u>“SGX-ST”</u></b>	:	Singapore Exchange Securities Trading Limited
<b><u>“Shareholders”</u></b>	:	Registered holders for the time being of the Shares (other than CDP), or in the case of depositors, depositors who have Shares entered against their name in the Depository Register
<b><u>“Shares”</u></b>	:	Ordinary shares in the share capital of the Company



# SHARE PURCHASE MANDATE

<b><u>“Share Purchase Mandate”</u></b>	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in the Letter as well as the rules and regulations set forth in the Companies Act and the Listing Rules
<b><u>“Subsidiary”</u></b>	:	A company which is for the time being a subsidiary of the Company as defined by Section 5 of the Companies Act
<b><u>“Substantial Shareholder”</u></b>	:	A person who has an interest or interests in one (1) or more voting Shares in the Company and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all voting Shares of the Company
<b><u>“Take-over Code”</u></b>	:	The Singapore Code on Take-overs and Mergers, as amended from time to time
<b><u>“2012 Annual Report”</u></b>	:	The annual report of the Company for the financial year ended 30 June 2012
<b><u>“S\$” and “cents”</u></b>	:	Singapore dollars and cents, respectively
<b><u>“%”</u></b>	:	Percentage or per centum

The terms “**Depositor**”, “**Depository Register**” and “**Depository Agent**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The term “**controlling shareholder**” shall have the meaning ascribed to it in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in this Letter shall have the meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of a day in this Letter shall be a reference to Singapore time unless otherwise stated.

Any discrepancy in the tables in this Letter between the listed amounts and the totals or percentages thereof are due to rounding.

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# F J BENJAMIN HOLDINGS LTD

(Co. Reg. No. 197301125N)

(Incorporated In The Republic of Singapore)

## PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT:

1. For investors who have used their CPF monies to buy F J Benjamin Holdings Ltd's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, \_\_\_\_\_

of \_\_\_\_\_

being a member/members of F J Benjamin Holdings Ltd (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Thursday, 25 October 2012 at 2.30 p.m. at Lavender Room, Level 3, Orchard Hotel, 442 Orchard Road, Singapore 238879 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 30 June 2012		
2	Payment of proposed first and final dividend		
3	Re-election of Ms Wong Ai Fong as a Director		
4	Re-election of Mr Chew Kwee San as a Director		
5	Re-election of Mr Daniel Ong Jen Yaw as a Director		
6	Re-appointment of Mr Frank Benjamin as a Director		
7	Re-appointment of Mr Reggie Thein as a Director		
8	Approval of additional Directors' Fees of S\$55,000 for year ended 30 June 2012		
9	Approval of Directors' Fees amounting to S\$315,000 for year ending 30 June 2013		
10	Re-appointment of Messrs Ernst & Young LLP as Auditors		
11	Authority to issue shares		
12	Renewal of Share Purchase Mandate		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2012

Signature of Shareholder(s)

or, Common Seal of Corporate Shareholder

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Science Park Road, #04-01, The Alpha Science Park II, Singapore 117684 not less than 48 hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

# OPERATIONS DIRECTORY

## Offices & Showrooms

### SINGAPORE

**F J Benjamin (Singapore) Pte Ltd**  
**F J Benjamin Lifestyle Pte Ltd**

10 Science Park Road,  
#04-01 The Alpha  
Singapore Science Park II  
Singapore 117684  
Tel : (65) 6737 0155  
Fax : (65) 6732 9616

### MALAYSIA

**F J Benjamin (M) Sdn. Bhd.**  
**F J Benjamin Lifestyle Sdn. Bhd.**  
**F J Benjamin Luxury Timepieces**  
**Sdn. Bhd.**

12th Floor, KH Tower  
No 8 Lorong P Ramlee  
50250 Kuala Lumpur  
Malaysia  
Tel : (60) 3 2056 6888  
Fax : (60) 3 2031 4405

### HONG KONG

**F J Benjamin (H.K.) Limited**  
**Fashion Dynamics HK Ltd**

Island Place Tower  
Room 2308, 510 King's Road  
North Point  
Hong Kong  
Tel : (852) 2506 2666  
Fax : (852) 2506 3573

### Arcangel Limited

Unit A & B  
22nd Floor,  
235 Wing Lok Street,  
Sheung Wan  
Hong Kong  
Tel : (852) 2308 4091  
Fax : (852) 2308 4090

### TAIWAN

**F J Benjamin (Taiwan) Ltd**

5F, No 260 Tun Hwa North Road  
105 Taipei  
Taiwan, Republic of China  
Tel : (886) 2 2719 3880  
Fax : (886) 2 2719 5080

### CHINA

**F J Benjamin (Shanghai) Co. Ltd.**

Room 1706 Shanghai Times Square  
Office Building, 93 Huai Hai Zhong Road  
Shanghai, China  
Postal Code 200021  
Tel : (021) 6391 8001  
Fax : (021) 6391 8002

### USA

**F J Benjamin Fashions (U.S.) Inc.**

70th West 40th Street  
12th Floor  
New York, New York 10018  
United States of America  
Tel : (1) 212 206 8264  
Fax : (1) 212 206 7771

### ITALY

**F J Benjamin Italy S.R.L.**

Via Alessandro Manzoni 39,  
20121 Milan,  
Italy  
Tel : (39) 02 6379 3307  
Fax : (39) 340 5190127





CO. REG. NO. 197301125N

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