FJ BENJAMIN

ANNUAL REPORT 2013/14

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CORPORATE PROFILE

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 226 stores.

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

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, Loewe, Raoul, Sheridan, Superdry, Tom Ford, Valextra and VNC across various territories.

Its retail footprint includes Southeast Asia and Hong Kong. It distributes in-house labels Raoul and Catherine Deane through points-of-sale across China, Europe, the United States and the Middle East.

TIMEPIECE DISTRIBUTION

F J Benjamin exclusively distributes timepiece brands – Alpina, Bell & Ross, ChronoSwiss, Frédérique Constant, Gc, Guess, Julien Coudray, Nautica, Superdry, Victorinox Swiss Army and Vulcain across Asia.

CREATIVE AND DESIGN

F J Benjamin's Creative & Design division handles the creation and production of Raoul designs.

CORPORATE DIRECTORY

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

Ms Wong Ai Fong
Independent Director

Mr Chew Kwee San
Non-Executive Director

Mr Daniel Ong Jen Yaw
Independent Director

Mr Ng Hin Lee
Independent Director

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 Vincent Toong Weng Sum
(since financial year
ended 30 June 2013)

REGISTERED OFFICE

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#04-01 The Alpha
Singapore Science Park II
Singapore 117684
Tel : (65) 6737 0155
Fax : (65) 6732 9616
Email : info@fjbenjamin.com
Website : www.fjbenjamin.com

SOLICITORS

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

PRINCIPAL BANKERS

Citibank Berhad
DBS Bank Ltd
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Ltd
RHB Bank Berhad
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited

EXECUTIVE CHAIRMAN'S REVIEW

DEAR SHAREHOLDERS

We have just come through the worst financial year since 2001 when we suffered the fallout from the 1997/98 Asian financial crisis which ravaged the regional retail landscape.

Consumer sentiment across our key markets was generally weak during the year, and it worsened in the fourth quarter from April to June. News of the mysterious disappearance of Malaysian Airlines MH370 in March severely hurt retail spending and tourism in Southeast Asia, which accounted for 86% of our Group turnover in FY14. Both Malaysia and Singapore sustained double-digit declines in Chinese tourist arrivals in the immediate aftermath of the MH370 tragedy.

While Chinese tourists in North Asia curtailed spending on luxury items following the Chinese government crackdown on gifts and conspicuous consumption, shoppers in Southeast Asia pulled back on their purchase of discretionary goods including fashion and timepieces. This led retailers in Singapore especially, to engage in rampant and almost yearlong price cutting in their bid to boost sales and clear stocks.

The decrease in sales in North Asia and the heavy discounting in Southeast Asia resulted in a marked deterioration in our margins. Our gross margin, which is a rough gauge of our operating performance and which measures our net sales less the cost of goods sold, fell below 40% for the first time in five years, from 43% in FY13 to 39%. Overall, the net loss of $22.1 million we sustained in FY14 was the biggest in 13 years. We believe the worst is behind us. Our focus in the new financial year ending 30 June 2015 is to return to profitability as soon as possible so that we can again deliver acceptable returns to our shareholders.

We believe that Asia will continue to be the engine driving global growth, even if the heady years of high growth give way to more moderate and sustainable levels as the region adjusts to the "new normal" global environment of volatility and unpredictability. We are also confident that our track record for managing brands will put us in good stead when economies in the region snap out from their sluggishness and Asia's increasingly affluent customers start to spend again.

Meanwhile, we have taken steps to mitigate the effects of our external environment. We have cleared inventory, closed down or downsized underperforming stores, and cut costs across the Group.

We will also stay vigilant in ensuring that our brand portfolio mix is always in tune with the changing needs of our customers. In this regard, we are glad that in recent years, we have upscaled our fashion portfolio with the addition of luxury labels like Tom Ford, Goyard, Valextra, and Givenchy, which are more resistant to price undercutting seen in mass market lifestyle labels.

More recently, our continued strong performance in Indonesia has seen us taking another important step in that populous Asean country. In August, we forged an alliance with Saratoga, an Indonesian investment and business group controlled by Edwin Soeryadjaya and Sandiaga S Uno, which involved an investment of 25% in both equity and debt instruments in the Group's Indonesian business. The Group will realise a net gain of about $11.5 million from the transactions. The alliance is a strategic milestone for F J Benjamin as Saratoga will assist in the Group's growth in Indonesia with a view to an IPO of the business when market conditions allow.

For the period under review, some of the more significant developments in our business included the expiry of our exclusive distributorship agreements with Girard-Perregaux in North Asia and Southeast Asia in February 2014, the opening of Superdry, Tom Ford and Valextra stores in the region, and the addition of new timepiece labels.

The Group's fashion business witnessed turbulent times, with tourist arrivals and spending down, and the rupiah depreciation making shopping more expensive for Indonesian visitors. Overall, the Group's fashion business turnover managed a five percent increase.

Our timepiece business in the North Asian markets of Hong Kong, China and Taiwan contracted 36% in the fiscal year just passed on top of a 31% decline in the previous year.

As we consolidate our retail network to improve yields, we expect the number of stores in Singapore to shrink to 35 by the end of FY15 from the current 40. The smaller footprint in Singapore, a developed economy with more moderate growth rate and where retailers suffer from the triple whammy of falling demand, rising costs and labour shortage, will allow us to focus on the larger and growing markets of Indonesia and Malaysia. We expect the total number of stores in these two countries to rise to 202 by end FY15 from the current 185.

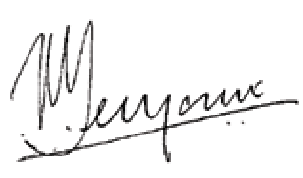
Despite the challenges of market conditions and of breaking into overseas markets, it is heartening to note that our Group's in-house brand, Raoul, has continued to make headway. We only started to roll out an international strategy for Raoul about four years ago, and today, it is already available in 25 countries, including the fashion capitals of London, Paris and New York. Raoul made its foray into China in September 2013 with a franchise agreement under which the franchisee will open 27 stores by 2017. Last December, the Group inked another franchise deal to expand in the Middle East with the leading player in the luxury business, the Chalhoub Group. The latter will open nine Raoul standalone stores by 2017.

During the financial year under review, Group turnover slipped 1% to $368.2 million. The FY14 net loss was $22.1 million compared with a profit of $4.0 million the year before. Operating expenses rose 2% to $167.0 million due to higher rentals, staff costs and depreciation charges. Group net gearing rose to 78%.

The Board has recommended a first and final dividend payout of 0.25 cent per ordinary share (tax-exempt one-tier).

Looking ahead, I have confidence that our disciplined approach to rebalance our brand portfolio and cut costs would help us turn around the business and position the Group to resume sustainable growth.

Finally, I wish to thank our management and staff for their dedication and hard work during a trying 12 months. I am grateful for the support of our landlords, bankers, business partners and associates. My gratitude also goes to my fellow Board members whose wise counsel and guidance have been much appreciated by our management team and me.



FRANK BENJAMIN
Executive Chairman
F J Benjamin Holdings Ltd

CHIEF EXECUTIVE OFFICER'S REPORT

DEAR SHAREHOLDERS,

During our financial year ended 30 June 2014, market forces presented challenges which caused us to review our business priorities. Many of our setbacks occurred in the fourth quarter. They reflected protracted problems as well as unexpected events beyond our control which significantly dampened consumer sentiment and spending.

Since 2012, China's economic slowdown and its crackdown on extravagant gifts have led to a quiet implosion in luxury spending in North Asia and to a lesser extent in Southeast Asia. Companies targeting the high end segment, more used to chalking up growth in excess of 20% a year, have been reporting lacklustre results.

The restraint in Chinese spending on luxury goods badly hurt the Group's timepiece business in North Asia, and to some extent in Southeast Asia where Chinese tourists are a major source of earnings for the industry; in Singapore, for example, they are estimated to spend $2 for every $5 spent by all tourists.

At the same time, the cost of doing business has been rising relentlessly. Rents in Singapore's shopping districts, already the highest in the region, have continued to climb as new global brands entering the market competed for a limited stock of prime retail space. Wages have also been climbing due partly to labour shortage as a result of the government's policy to manage the flow of foreign workers.

Group turnover in FY14 contracted for the second consecutive year, due mainly to sluggish sales of timepieces in North Asia, and to a lesser extent, in Southeast Asia. The weaker Indonesian rupiah, which depreciated more than 20% against the Singapore dollar in the last year, also curbed spending by Indonesian tourists in Singapore. The subdued retail environment precipitated one of the most aggressive and extended discountings across the industry particularly in lifestyle brands as retailers competed to clear inventory.

FINANCIAL REVIEW

The Group's financial performance reflected the competitive market conditions.

- Turnover slipped 1% to $368.2 million
- Operating loss was $12.6 million against a profit of $7.5 million previously
- Net loss was $22.1 million against a profit of $4.0 million
- Gross margins dropped four percentage points to 39%
- Cost-to-revenue ratio rose to 45.3% from 43.8% last year

Gross margins came under pressure during the year, resulting in a drop in gross profit of $15.1 million for the full year, of which $6.9 million occurred in the fourth quarter. The bulk of the decline in the final quarter came from North Asia.

Group operating expenses rose 2% to $167.0 million due to higher staff costs, rentals and depreciation charges for new stores opened and the full year impact of stores opened in FY13.

The net loss was compounded by non-cash provisions totalling $5.1 million and an unrealised translation loss of $2.7 million booked by the Group's Indonesia associate company.

By business segment, the fashion business accounted for 74.8% of total turnover, up from 70.4% the previous year. The timepiece business shrank slightly to 25.0%.

Sales for the Group's fashion business rose 5% to $275.2 million, while sales for timepieces fell 16% to $92.1 million.

Geographically, fashion sales in South East Asia increased by 5% while timepiece sales rose 2% over the previous year. Sales in Indonesia for both fashion and timepieces were strong, rising 13% from the previous year while maintaining constant gross margins. However, the share of result from the Group's Indonesian associate company was negatively affected by an unrealised translation loss of $2.7 million booked at the year-end.

Indonesia, which has just seen a smooth political leadership transition, is a good growth market with an increasingly affluent middle class. The Group forged an alliance with Indonesian investment firm Saratoga in August to enhance the growth of our business there. With our new partners, we are optimistic of increasing our market share there by introducing new brands and extending our retail network at a more rapid pace with a view to a public listing of the business in the future.

In North Asia, the timepiece business in Hong Kong decreased by 33% while business in China fell 43%. Sales in Taiwan also contracted by 45%. The lower sales were mainly due to the economic slowdown in China, the decline in mainland Chinese spending in Hong Kong and the loss of sales from Girard Perregaux timepieces following the expiry of the distribution agreement in February 2014.

RETAIL NETWORK

As at 30 June 2014, the Group's retail network saw a net increase of 14 stores to a total of 226 stores. This included 40 stores in Singapore, 73 in Malaysia, and one in Hong Kong, all of which we operated directly; and 112 in Indonesia operated by our joint venture partner.

The size of our network rose 6.0% to 441,000 sq feet. In Singapore, we will scale back the number of stores to 35 by next June but expand our footprint in Indonesia and Malaysia by adding 17 more to bring the total to 237 stores by June 2015.

BRANDS

The Group will open a TOM FORD store in Orchard Road, Singapore in November 2015, and the first TOM FORD store in Jakarta in the third quarter of 2015. We had a successful opening of the first standalone Tom Ford boutique in Southeast Asia at Singapore's Marina Bay Sands in April 2014. Luxury Italian leather goods label Valextra also opened its first standalone store in Southeast Asia with the opening of an outlet in Singapore's premier Paragon Shopping Centre to carry the entire range of luxurious hand bags, wallets, and luggage.

As the luxury fashion business continued to fare well, we also opened the second Celine and Givenchy boutiques in Singapore at Marina Bay Sands and also the first Loewe store in Kuala Lumpur during the year under review.

We will open the first Superdry store in Singapore in December 2014 after launching three stores in Malaysia. The British brand, which debuted in Kuala Lumpur in 2013, has been trading well.

For the timepiece business, the Group added two Swiss brands, Frédérique Constant and Alpina to its portfolio. We see demand in Asia for good quality Swiss watches at affordable prices.

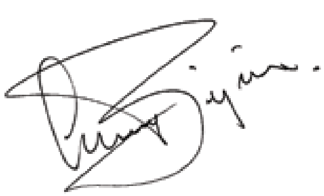
Our in-house flagship brand Raoul continues to gain momentum in international markets. We signed a franchise agreement in the Middle East with the Chalhoub Group to open nine Raoul standalone stores by 2017. The Middle East deal came after an earlier franchise agreement in China. These developments underscore Raoul's growing popularity and should result in a franchise network of 37 stores in the next five years.

OUTLOOK

We will continue to grow our business in the region with new brands and new stores with a focus on Indonesia and Malaysia. We will also be prudent in managing our business risks as we seek new opportunities which will present themselves in this changing market dynamics.

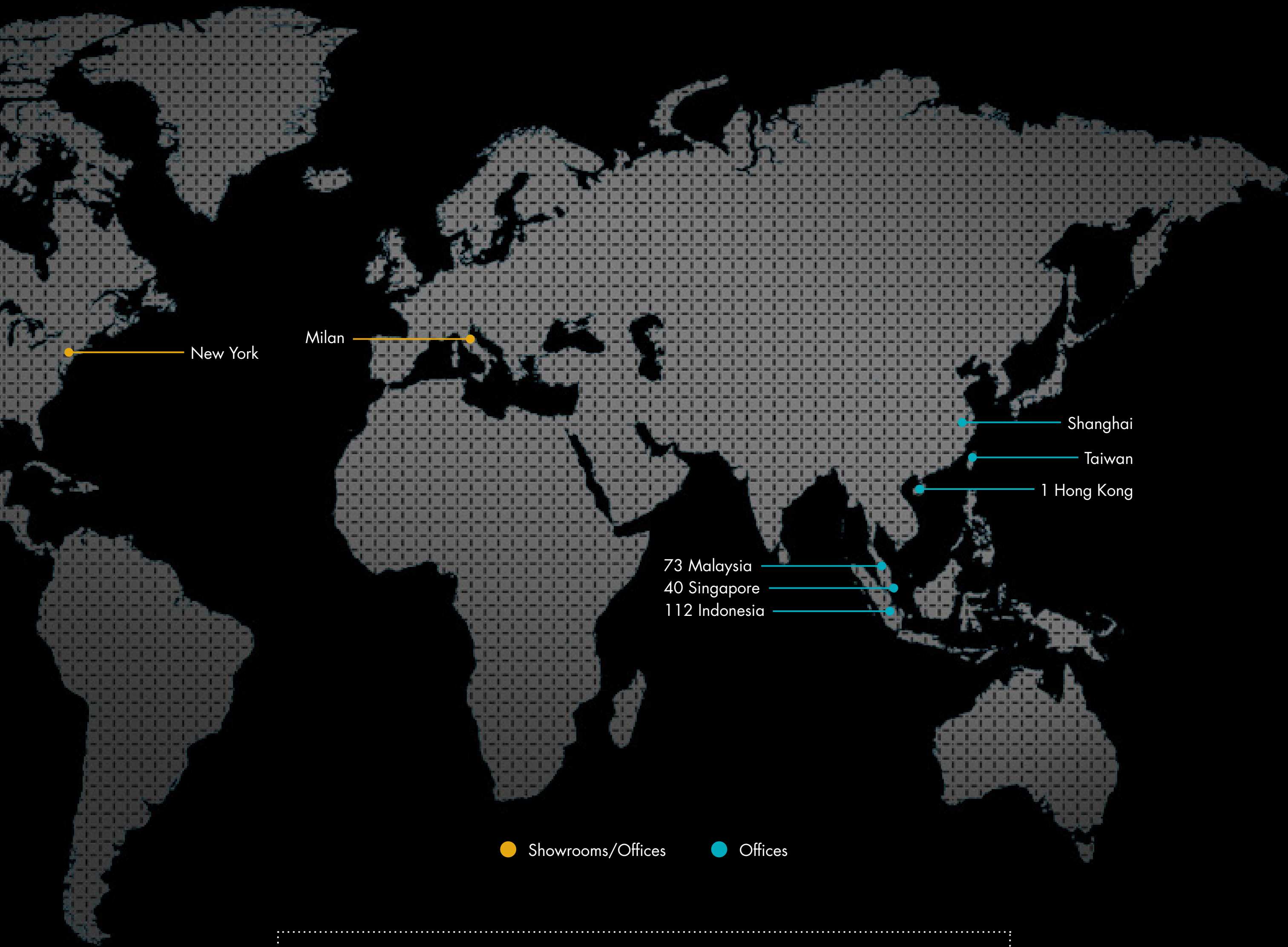
APPRECIATION

I would like to extend my appreciation to all the management and staff of the Group who have worked tirelessly in these difficult market conditions. I am also grateful to our principals, business associates, partners and landlords for their support. We will work smart to improve our operations and to deliver improved results in the coming year.



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

GEOGRAPHICAL PRESENCE



RETAIL FOOTPRINT

	FY 2012	FY 2013	FY 2014
Singapore	28	35	40
Malaysia	65	67	73
Indonesia	95	106	112
Hong Kong	5	4	1
Australia	–	–	–
Total	**193**	**212**	**226**

CORPORATE STRUCTURE

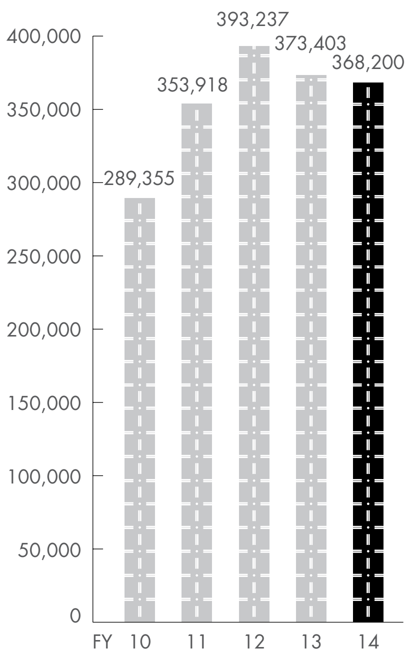
F J BENJAMIN HOLDINGS LTD

- **Southeast Asia**
  - Singapore
    - F.J.B. Investment 100%
      - F J Benjamin (Singapore) 100%
      - F J Benjamin Lifestyle 100%
      - F J Benjamin Leading Watch Concepts 100%
    - F J Benjamin Concepts 100%
      - F J D 48%
    - F J Benjamin Ideas 100%
      - Devil's Bar 50%
    - Fashion Dynamics International 100%
      - Fashion Dynamics Singapore Pte Ltd 100%
  - Malaysia
    - F J Benjamin (M) 100%
      - F J Benjamin Lifestyle 100%
    - F J Benjamin Luxury Timepieces 100%
  - Thailand
    - F.J.Benjamin Concepts (Thailand) 49% *(79% voting rights)*
  - Indonesia
    - PT Meteor Prima Sejati Group of Companies 100%
- **North Asia**
  - Hong Kong
    - F J Benjamin (H.K.) 100%
      - F J Benjamin (Shanghai) 100%
    - Ferro Designs 100%
    - BMI (Hong Kong) 100%
    - Fashion Dynamics HK Ltd 100%
      - Fashion Dynamics (Shenzhen) 100%
    - Arcangel Limited 60%
  - Taiwan
    - F J Benjamin (Taiwan) 100%
- **Europe**
  - UK
    - Atelier Arcangel Limited 100%
  - Italy
    - F J Benjamin Italy S.R.L 100%
- **Australia**
  - F J Benjamin (Aust) 100%
- **USA**
  - F. J. Benjamin Fashions (US) 100%
  - Arcangel Inc 100%

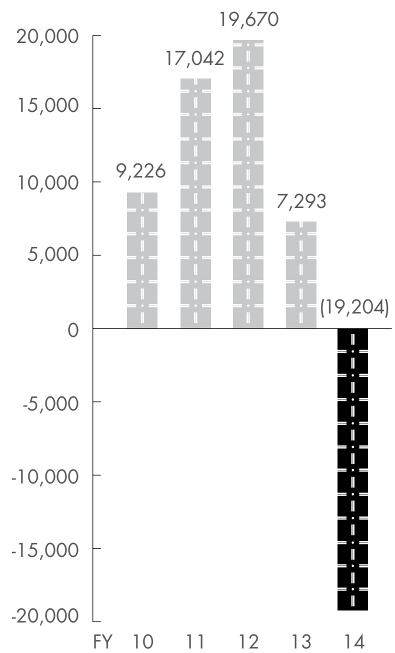
Active　Investment Holding　Dormant

GROUP FIVE-YEAR FINANCIAL SUMMARY

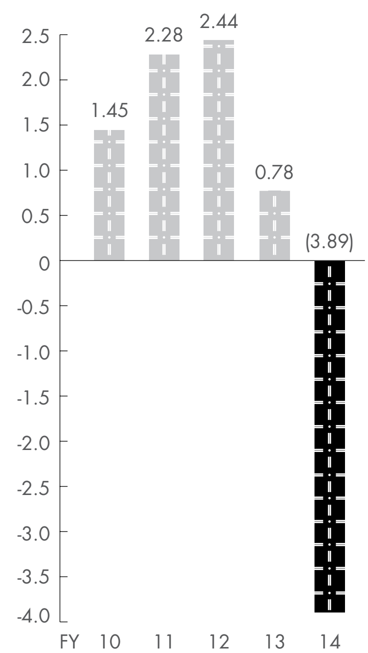
TURNOVER ($'000)



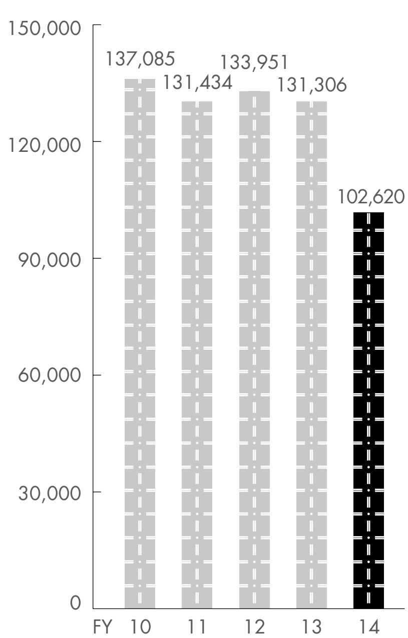
PROFIT / (LOSS) BEFORE TAXATION ($'000)



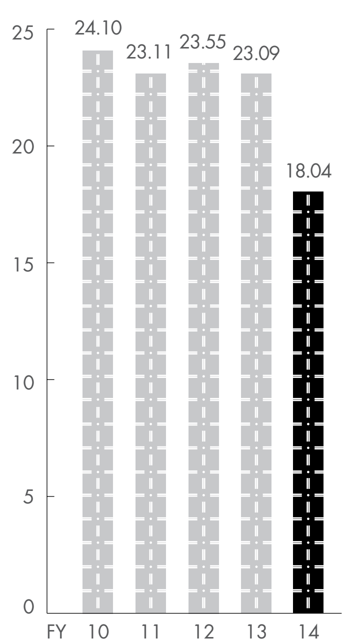
BASIC EARNINGS / (LOSS) PER SHARE (CENTS)



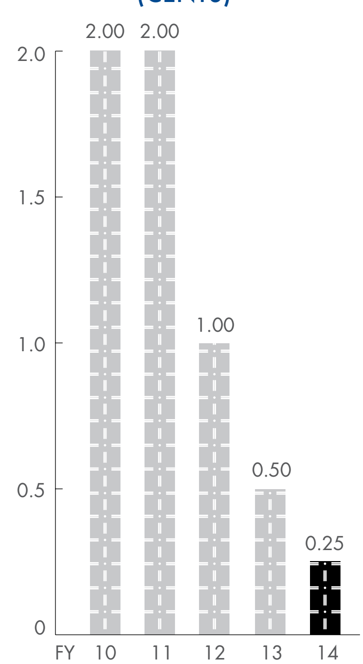
SHAREHOLDERS' EQUITY ($'000)



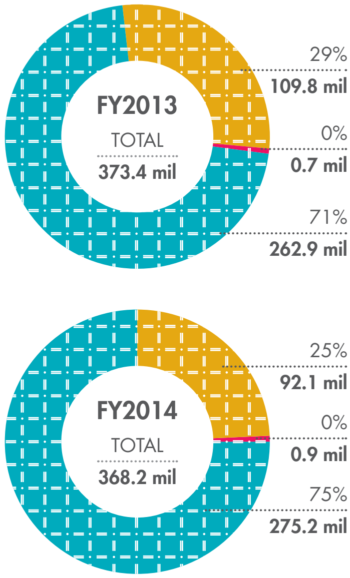
NTA PER SHARE (CENTS)



DIVIDEND PER SHARE (CENTS)

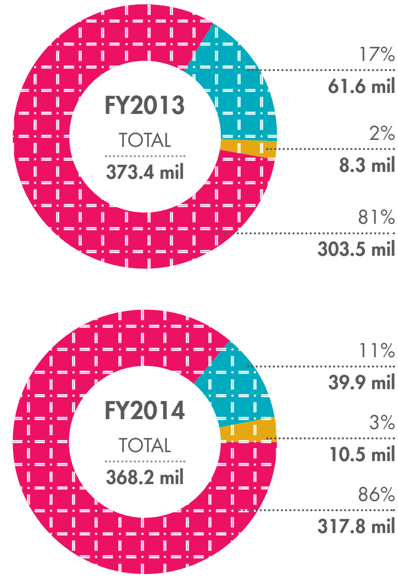


TURNOVER BY BUSINESS SEGMENT



Fashion Licensing Timepieces

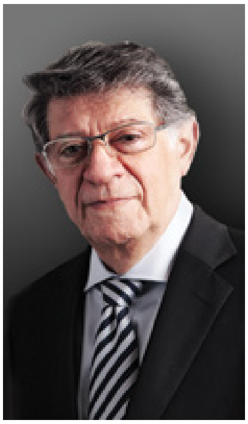
TURNOVER BY GEOGRAPHICAL SEGMENT



Southeast Asia North Asia Others

	2010 $'000	2011 $'000	2012 $'000	2013 $'000	2014 $'000
PROFIT & LOSS					
Turnover	289,355	353,918	393,237	373,403	368,200
Operating Profit / (Loss) before Borrowing Costs and Exceptional Items	9,558	18,102	22,046	7,014	(12,596)
Borrowing Costs	(1,758)	(1,775)	(2,663)	(3,307)	(3,572)
Exceptional Items	(367)	(771)	(289)	2,819	(1,350)
Share of Results of Associates / Joint Venture	1,793	1,486	576	767	(1,686)
Profit / (Loss) Before Taxation	9,226	17,042	19,670	7,293	(19,204)
Profit / (Loss) After Taxation and Non-Controlling Interest	8,260	12,963	13,898	4,447	(22,102)
Basic Earnings / (Loss) Per Share (cents)	1.45	2.28	2.44	0.78	(3.89)
Operating Margin (%)	3.3	5.1	5.6	1.9	(3.4)
BALANCE SHEET					
Non-Current Assets	43,842	44,432	61,920	55,648	50,058
Net Current Assets	97,582	90,859	81,942	82,834	62,622
Shareholders' Equity attributable to owners of the parent	137,085	131,434	133,951	131,306	102,620
(Net Cash) / Net Debt	(7,356)	7,259	52,108	69,328	80,029
Return on Equity (%)	6.0	9.9	10.4	3.4	(21.5)
Net Debt to Equity	N/A	0.06	0.39	0.53	0.78
Net Tangible Assets Per Share (cents)	24.10	23.11	23.55	23.09	18.04
Dividend Per Share (cents)	2.00	2.00	1.00	0.50	0.25

BOARD OF DIRECTORS



MR FRANK BENJAMIN

Date of appointment as Director:
5 June 1973
Date of last re-election:
31 October 2013
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:
31 October 2013
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, SATS Ltd, Singapore Reinsurance Corporation Ltd, Singapore Post Limited and YTL Starhill Global REIT Management Limited.

MR ELI MANASSEH (NASH) BENJAMIN

Date of appointment as Director:
26 July 1973
Date of last re-election:
31 October 2013
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 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 works closely with Nash Benjamin to coordinate the Group's activities. In addition, he directs the international expansion of house label Raoul and helms the Raoul design team in his capacity as co-creative director.

In 2012, Douglas was awarded the Ernst & Young Entrepreneur of the Year Award in the Lifestyle and Retail category.

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

BOARD OF DIRECTORS

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 Singapore Chartered Accountants. 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.

MR NG HIN LEE

Date of appointment as Director:
11 July 2014
Date of last re-election:
Not applicable
Nature of appointment:
Independent
Board committees served on:
Audit Committee (Chairman)

Mr Ng has more than 30 years of financial experience and is a Fellow member of the Institute of Singapore Chartered Accountants. Prior to joining the Group, he was the Chief Financial Officer of Singapore Post Limited, Advanced Systems Automation Limited and Gul Technologies Singapore Limited where he was also the co-founder, Executive Director and member of the Audit Committee and Investment Committee. He currently sits on the boards of two non-listed companies.

MS WONG AI FONG

Date of appointment as Director:
3 November 2000
Date of last re-election:
25 October 2012
Nature of appointment:
Independent
Board committees served on:
Audit Committee and
Remuneration Committee (Chairman)

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:
25 October 2012
Nature of appointment:
Non-Executive
Board committees served on:
Audit Committee
and Remuneration 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:
25 October 2012
Nature of appointment:
Independent
Board committees served on:
Audit Committee
and Nominating Committee

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. He also heads the Group's Gap and Banana Republic and La Senza businesses in Singapore, Malaysia and Indonesia.

ODILE BENJAMIN
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.

SAMUEL BENJAMIN
Group Director – Timepiece Division

Mr Benjamin joined the Group in 1991. He was appointed Senior Vice-President of F J Benjamin Fashions (U.S.) Inc. in 2009 and was responsible for the New York office and the Raoul operations in the United States. He relocated back to Singapore in November 2012.

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

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.

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, Goyard, Tom Ford and Valextra as well as the development and identification of new brands for the division.

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

Mr Aubert is responsible for high-end timepiece labels 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.

MALAYSIA

OON LAI YEOH
Chief Executive Officer
F J Benjamin (M) Sdn. Bhd.

Mr Yeoh joined the Group in 2012 with more than ten years of experience in fashion retailing. He is responsible for the operations of F J Benjamin (M) Sdn. Bhd. and its subsidiaries.

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.

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.

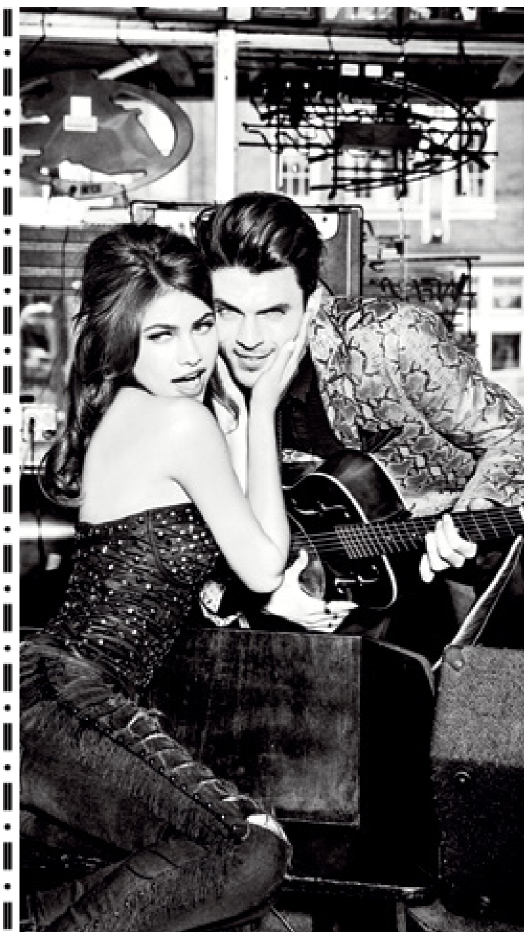
UNITED STATES

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

Ms Katzman joined the Group in 2010 and works closely with Mr Douglas 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.

BRAND HIGHLIGHTS


VICTORINOX
SWISS ARMY
200m/660ft



CATHERINE DEANE

Catherine established her label in London in 2005. Born in Ireland, raised in South Africa and inspired by living in London and Hong Kong, Catherine's designs take cultural references from her nomadic lifestyle and her passion for long-forgotten craft techniques and femininity.

Traditional techniques with a modernist twist of simplicity form the foundation of Catherine's works and are fuelled by the continual search for new methods from around the world. Juxtaposition plays an important part in the aesthetic of Catherine's designs. Between textile and craft, strength and fragility, old and new, there is a constant balance drawn in all that she creates; every ying has a yang.

All of these elements combine to create one of a kind, wearable piece that enriches women with a sense of a femininity, beauty and uniqueness, designed to be worn forever.

Atelier Arcangel is the creative parent to Catherine Deane the brand and is an international operation with studios and showrooms in Hong Kong and New York as well as a design studio based in London.

CÉLINE

Céline's collection of ready-to-wear, leather goods, shoes and accessories, perpetuates a sense of subtle luxury which originated from Céline Vipiana, the label's founder.

The French luxury fashion house founded in 1945 is now owned by the LVMH Moët Hennessy Louis Vuitton Group. With British fashion designer Phoebe Philo at the helm as Creative Director since 2008, Céline is now synonymous with modern, forward-looking, but functional women's fashion. Ms Philo, Vogue's Designer of the Year in 2010, was credited with 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 considered a trendsetter for the fashion industry. In the past few years, it has built up a proud cachet of accessories, evidenced by the significant waitlist around the world for its famous luggage bags.

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

F J Benjamin is the exclusive partner and distributor in Singapore, Malaysia and Indonesia. As at June 30, 2014, Céline has five stores across Southeast Asia – two each in Singapore and Indonesia and one in Malaysia.

GIVENCHY

Givenchy, the French luxury label owned by LVMH Moët Hennessy Louis Vuitton, was founded in 1952 by Hubert de Givenchy. The brand 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.

F J Benjamin was appointed franchisee for the brand four years ago for Singapore and Indonesia. Since the opening of its first store in Singapore in 2010, Givenchy has opened its second store in May 2014 at The Shoppes at Marina Bay Sands.

There are now three Givenchy stores, one in Indonesia and two in Singapore.

GOYARD

233, RUE SAINT HONORÉ

PARIS

Since its beginnings in 1792, Goyard has been the archetypal luxury trunk manufacturer in France. The brand was born through Francois Goyard's apprenticeship at Maison Morel, the 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.

Under Francois's son, Edmond, La Maison Goyard became 'the' luggage- maker of the international set. As proof of its prestige, aristocratic families would have their Goyard luggage marked with their own coat of arms.

In 1998, Jean-Michel Signoles, an entrepreneur who created French children's clothing brand Chipie, bought over the 150-year old label from descendants of its original founders. He introduced new colors – such as white, blue and green to brighten Goyard's traditional collection of dark colours.

Goyard is known for its hard-sided trunks and tote bags with its signature hand-painted chevron motif, which has been its definitive emblem since 1892. It is also renowned for monogramming its durable, lightweight bags with the initials of their customers upon request. Goyard's waterproof luggage bags are constructed of lightweight poplar and strong birch, with nickel hardware and leather trim. The fabric is made of linen, cotton and hemp woven together, and carefully treated in a painstaking manual process in its workshop at Carcassonne, France. The same workshop continues to produce special made-to-order bespoke pieces.

The brand has since grown to expand its repertoire to beyond trunks, and today produces a collection of bags and small leather goods alongside its classic trunk range.

The Goyard boutique in Singapore opened in December 2013 at Ngee Ann City shopping centre.

The Spanish leather luxury brand Loewe opened a new store in Kuala Lumpur in the Pavillion shopping mall. The store was designed by Peter Marino, the world renowned architect who specialises in retail spaces for luxury fashion brands.

Loewe's heritage and luxury appeal were the main inspirations for the concept. The new Loewe store will offer bags along with small leather goods and accessories for men and women. Signature collections such as the iconic Amazona, created in 1975 and still highly sought after today, as well as the Flamenco, inspired by a design from the late 1980s, is on display along with the latest offerings.

To commemorate the opening in Malaysia, Loewe offered Amazona Atelier, an exclusive service which allows clients to custom-make the iconic Amazona bag in four different types of leather in different colour combinations.

Loewe was founded five generations ago in Madrid as a leather workshop dedicated to crafting exquisite creations for the nobility of the day. It has remained Spain's leading authority on leather know-how ever since. Loewe uses only the very best quality leather for its products and the leather is handworked by skilled artisans using expertise passed down through the generations.

LOEWE
MADRID
1846

RAOUL

Raoul, now in its 12th year, has grown from strength to strength. The in-house brand of F J Benjamin Group began as a men's shirt label and has since evolved into a full collection of ready-to-wear for men and women (including the Cruise and Pre-Fall Collection), leather goods and accessories. The brand is continually making headway both regionally and internationally with its mandate to create affordable luxury products without compromise on great design and quality.

Raoul's growth as an international fashion brand has been aided by strong global coverage from leading periodicals like The Times, Vogue UK, Marie Claire UK and Gioia Italy. Celebrities like Kate Middleton, Freida Pinto, Kourtney Kardashian, Jennifer Lawrence, Viola Davis, Minnie Driver, Elle Macpherson and Zhang Ziyi were seen wearing Raoul at international events.

Progressing on its path of internalisation with its team of consultants in Milan, New York and London, Raoul continues to expand its collection and marketing efforts to grow its European and US sales. The brand participated in both New York and Milan Fashion Week and has a growing list of stockists such as Harrods, Liberty and Fenwick in UK, Saks Fifth Avenue and Neiman Marcus in USA, LaRinascente in Milan, KaDeWe in Berlin, and Printemps Haussmann in Paris. Raoul is also retailed online on portals such as Saks Direct and Bloomingdales Direct. The showrooms in New York and Milan support the growth in the US and European markets.

Raoul signed up Raphael Young, the accessory and footwear designer whose creations have been worn by Beyoncé, Lady Gaga and Rihanna, to design shoes and handbags from Fall Winter 2014. The first collection hit the stores in August 2014.

F J Benjamin inked a franchise deal for Raoul in the Middle East with the Chalhoub Group, the leading company for the luxury business across the Middle East. The deal will see the opening of nine standalone Raoul stores in the region by 2017. The Middle East franchise comes after earlier agreements in China and underscores Raoul's growing popularity. Raoul will expand to a franchise network of 37 stores in the next five years.

As of 30 June 2014, the Group operates three Raoul standalone stores in Singapore and Indonesia. Other standalone licensed stores include two in China and plans are underway to open more stores.

TOM FORD

The TOM FORD boutique which opened in Singapore on 29 April 2014 at The Shoppes at Marina Bay Sands is modelled after the brand's New York flagship, carrying the complete range of TOM FORD men's and women's ready-to-wear and accessories, eyewear, fragrance, beauty and fine jewellery. The elegant and private environment, beautifully outfitted in the signature palette of greys and deep browns with chrome and glass accents, surrounds the visitor in an atmosphere of exclusivity and refined comfort.

The Group is planning to take the designer's vision of modern luxury beyond Singapore's shore, with a flagship store in Jakarta, Indonesia in 2015 and another store in Malaysia

The label's namesake founder gained international fame for his turnaround of the Gucci fashion house, where he was creative director for both Gucci and YSL from 1994 to 2004. Born in Austin, Texas, he moved to New York during his teens and graduated in architecture from New York's Parsons The New School for Design. He moved to Milan to work for Gucci in 1990, initially as the company's Womenswear Designer, then becoming its Design Director and Creative Director. At Gucci, he was responsible for the design of all product lines, from clothing to perfumes, and for the Group's corporate image, advertising campaigns and store design. During the 10 years that Tom Ford was Creative Director for Gucci and the Gucci Group, sales rose from US$230 million to almost US$3 billion, making Gucci one of the largest and most profitable luxury brands in the world.

He left Gucci in 2004 following its sale to PPR, and in April 2005 announced the creation of the TOM FORD brand. He was joined in the venture by Domenico De Sole, who helmed Gucci during Tom Ford's tenure there.

Since the creation of the TOM FORD brand in April 2005, the brand partnered with Marcolin Group to produce and distribute optical frames and sunglasses. An alliance with Esteé Lauder also led to the creation of the TOM FORD BEAUTY brand which currently includes 15 private blends, 6 signature fragrances and a complete cosmetics collection which launched in Fall 2011. In April 2007, the designer's first directly owned flagship store opened in New York at 845 Madison Avenue and it coincided with the debut of the TOM FORD menswear and accessory collection. In September 2010, during an intimate presentation at his Madison Avenue flagship, the much anticipated womenswear collection was unveiled.

Valextra

Founded in 1937 by Giovanni Fontana in Milano, Valextra combines the delicate craft of ancient saddlery with timeless, understated styles in luxury bags, travel cases and accessories. Valextra is also recognised for its innovation: many Valextra pieces have become historical best-sellers and icons of design. They include the award-winning “24 Hour Bag” that was exhibited at MOMA, New York, the first ever “Grip Spring” coin purse for men, and the “Avietta 48”, one of the most coveted airplane cabin bags.

The Singapore boutique located at Paragon carries Valextra’s range of luxurious hand bags, wallets, luggage for both women and men.

A Valextra creation is recognised for its quality, clean lines, discreet details such as the thread used for stitching, hand-lacquered piping, soft light-coloured leather lining and hardware accents finished in an array of more than 20 colours. Valextra is produced only in Italy by about a team of 60 highly skilled craftsmen.

BANANA REPUBLIC

EST. 1978 | SAN FRANCISCO

In Summer 2014, Banana Republic partnered with Finnish fashion and design house, Marimekko, on an exclusive collection that uniquely married Banana Republic's modern American style with Marimekko's most iconic textile designs. Bold prints, bright colours and new silhouettes were introduced to the collection.

Spring 2014 introduced a new brand platform based on "The True Outfitters Of Modern American Style," which was inspired by the brand's legacy and pioneering spirit rooted in San Francisco. The campaign championed true relationships, true styles and true emotions by illustrating life's most precious and authentic moments that are shared between loved ones. In essence, it celebrated authenticity with style and the California state of mind, which are core qualities that define Banana Republic.

For Holiday 2013, the brand made gifting more accessible to everyone. During the festive season, the brand diversified its offerings with a variety of styling options for customers. Banana Republic also released a limited edition collection with L'Wren Scott, which was designed to inspire glamorous holiday parties out on the town or at home. Plus, three original prints were created exclusively for this collaboration. To help bring this collection to life, an in-store shopping event was held at Paragon Shopping Centre in early December. It was hosted by leading fashion stylist, Jerome Awasthi, where he went through key holiday looks over champagne and canapés.

In Fall 2013, Banana Republic collaborated with Issa London on a capsule collection that was inspired by the safari roots of Banana Republic's heritage and the spirit of an exotic journey. The collection marked the first time that Issa London had collaborated with a global retailer and was a merger of Banana Republic's covetable sense of effortless modernity with Issa London's feminine shapes and use of signature prints.

GAP

Gap introduced a new branding campaign, "Back To Blue," in Fall 2013 which celebrated the brand's denim heritage and its philosophy of living the authentic life. Adam Driver, star of HBO hit series, Girls, and model-actress and great granddaughter of author Ernest Hemingway, Dree Hemingway, were selected to front the campaign for the season.

In addition to the new campaign, Gap also announced the seventh annual Best New Menswear Designers in America too. This project was launched in 2007 to shine the spotlight on up-and-coming American menswear designers. The class of 2013 included Paige Mycoskie from Aviator Nation, Matt Baldwin from Baldwin Denim, Liam Fayed and Sam Fayed from Bespoken and Ernest Alexander Sabine from Ernest Alexander.

Meanwhile, the limited edition Gap x GQ collection was introduced in Singapore, Malaysia and Indonesia for the first time.

In Holiday 2013, Gap focused on the idea of spreading love, hope and joy with its "Make Love" campaign. It built on the idea of getting back to what matters most, which Gap had introduced earlier in Fall with the "Back To Blue" campaign. Cultural icons such as Cyndi Lauper and Tony Bennett, were part of the campaign that hope to inspire people to spread the love and celebrate the spirit of togetherness. F J Benjamin celebrated the campaign ideas in Singapore, Malaysia and Indonesia through private movie screenings of blockbusters for customers and their loved ones.

For Spring 2014, the "Lived In" campaign featured a cast of emerging and talented young artists including Birdy and RJ Mitte, who expressed confidence and comfort in the clothes that they wear.

The Spring 2014 collection was the first collection that was created by new Creative Director Rebekka Bay, who was inspired by Gap's expression of American optimism and casual style.

As part of ongoing efforts to raise awareness of Gap's denim heritage, the entire in-store denim experience was brought to denim lovers across Singapore with a #1969denim truck that "popped up" in key locations in early April. More than 1,000 fans dropped by Gap's very first pop-up truck to get fitted for their perfect pairs of jeans with the complete #1969denim experience.

As a follow-up to Spring, the "Lived In" campaign evolved in Summer 2014 with a focus on music. The seasonal campaign featured promising musicians such as Say Lou Lou and Wardell, who embodied the truest expression of "Lived In". Singapore and Malaysia partnered with Good Vibes Festival to bring the music experience to customers in end August.

GUESS

Synonymous with a young, sexy and adventurous lifestyle, Guess is a global iconic brand known for its quality, marketing creativity and trendsetting advertising.

During a 20-year partnership with Guess Inc., the Group has grown the retail footprint of Guess from a single modest store at Wisma Atria in Singapore back in May 1991, to 94 stores across four different concepts in Singapore, Malaysia and Indonesia. They are Guess, Guess Accessory, Guess Kids and Guess Footwear. Of these, nine are located in Singapore, 36 in Malaysia and 49 in Indonesia

In keeping with the brand's commitment to continuously introduce iconic ad campaigns, GUESS collaborated with the multiple award-winning, Bollywood icon, Priyanka Chopra, for its Holiday 2013 Advertising Campaign. Priyanka, a former Miss World, an actress and recording artist, is one of the most recognised and celebrated talents in India and international cinema. With the Indian movie industry exploding on a global stage, and GUESS having a brand presence in 87 countries, the brand could not have found a better global brand ambassador. Paul Marciano, Creative Director for GUESS?, Inc., was quoted as saying that "Choosing Priyanka reinforces our celebration of multi-talented, dynamic and accomplished women."

In the new financial year, the F J Benjamin Group will continue to enhance the brand and refresh key stores in the region with the introduction of the latest retail concepts in these stores.

GUESS ACCESSORY

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 services to the customer. Since its debut in 2005, the Group has rapidly established its presence with 42 stores across Singapore, Malaysia and Indonesia as at 30 June 2014.

The Guess Accessory Store continues to reinvent itself and refresh its store concept and product offering to complete the lifestyle needs of an aspirational young adult.

With the success of the "Black Concept" since its introduction in December 2010, all GAS stores have since converted to the concept. 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.

La Senza

La Senza is where the fun-loving girls go for the hottest lingerie. Our customer is vivacious, stylish and holds her own at parties. We offer her an affordable way to feel sexy with our range of fashion-forward bras, panties, and accessories. Whether she is showing off on the dance floor or staying at home, we have everything she needs to feel good about her femininity.

Under a newly evolved brand direction, La Senza re-establishes the brand's leadership position with the launch of the new "pin-up" concept store. This new concept celebrates a fun, young, sassy and sexy attitude, with the use of strong iconic brand images and emotive brand experience which connect with the aspirational 23-year-olds.

Store windows are continuously refreshed with a compelling product story, while the in-store experience focuses on fashion lifestyle. In-store bra experts armed with comprehensive product knowledge also recommend the best fit for each customer, with the aim of having the needs of every customer met.

For over 20 years, F J Benjamin has distributed exclusive Sheridan home furnishing to fine stores across Southeast Asia. Devoted to great design, quality and innovation, Sheridan elevates the experience of the home to a place of self-expression and luxury. Sheridan employs the finest materials and construction, and offers bed linen with up to 1,200 thread count.

As at June 30 2014, the points-of-sale in Southeast Asia includes Singapore, Malaysia, Philippines and Indonesia.

SHERIDAN

極度乾燥(しなさい) Superdry.

Born from an inspirational trip to Tokyo, Superdry was created in 2003 by Julian Dunkerton and James Holder – both of whom are still the lifeblood of the brand today. Sold in more than 100 countries, Superdry is a true British fashion success story with a brand DNA synonymous with intricate details design, premium fabrics and British-tailored cuts. With its roots based around Japanese imagery and vintage American sportswear, Superdry has evolved into the most diverse British lifestyle brand with a true global reach. Collections of depth and style are sold via more than 400 global retail points from London to Mumbai, New York to Hong Kong.

Launched to fill a gap in the market, the brand has upheld its reputation for innovation. Menswear and accessory collections quickly grew and in 2005 Superdry launched its first womenswear collection. Initially mirroring the signature men's styles, the collection has matured to include fashion-forward outerwear, denim alongside feminine dresses and stylish knits.

Malaysia will have four retail stores and one concession by end 2014. Singapore will open its first retail store also by the end of the year.

A playground for shoe lovers and addicts, Malaysia's VNC brand pushed the boundaries in footwear by introducing hot off the runway styles at incredibly affordable prices. VNC approaches shoe making as an art form and design challenge. Drawing inspiration from the great maisons, fashion week events and up-to-the-minute fashion news, VNC creates footwear that is distinctive, desirable and on trend. The same approach is also extended to VNC's bags and accessories collections. By adhering to affordability, trendiness and a quick-to-market strategy, VNC is today an iconic brand with a huge global following of adoring shoes enthusiasts.

VNC

Bell & Ross

TIME INSTRUMENTS

Since its creation, Bell & Ross has constantly strived to perfect the look of tools dedicated to aviation and featuring amazing functional mechanics. In 2014, Bell & Ross went even further, presenting a totally exclusive motorcycle, the B-Rocket, constructed with the engineers at Shaw Harley Davidson, who share the brand's values of innovation, performance and precision. In the wake of the B-Rocket, Bell & Ross is launching two limited edition watches which perform complementary functions and are complementary in size.

Bell & Ross are extraordinary watches created for people of the extremes. Pilots, divers, sailors, astronauts all choose functionality, legibility and the strength of Bell & Ross watches. Whether they are flying at high altitude, diving into the ocean depths, exposing themselves to extreme temperatures or resisting the strongest acceleration, the very best time-measuring instruments are essential.

Designed so that each function is optimised and to ensure that the essential is never compromised by the superfluous, Bell & Ross watches are, above all, authentic. There are no meaningless details, each serves a purpose. A Bell & Ross timepiece is created based on four crucial elements i.e. readability, performance, precision and water-resistance.

CHRONOSWISS

Thirty years of unbowed fascination for fine mechanical wristwatches – the brand Chronoswiss has influenced the mechanical renaissance like hardly any other. Known for its high quality Swiss components, the brand is associating with exceptionally exquisite timepieces by connoisseurs all over the world.

Genuine handcraft, true craftsmanship and the preservation of ancient traditions such as guilloche à main and enamel are the key values of the brand. Chronoswiss is dedicating an exclusive edition to the revival of these traditional techniques.

FREDERIQUE CONSTANT
GENEVE

Following the successful launch of the first Heart Beat Manufacture Calibre in 2004, Frédérique Constant has presented every year an additional version to its Heart Beat Manufacture range. Some features remained constant, such as the signature aperture, perfectly centred at the six o'clock position. Each year, however, new design features have been added; the Heart Beat is constantly being revised, updated and technically advanced.

In 2014, Frédérique Constant will introduce the new FC-945 Silicium Heart Beat Calibre, improved in terms of reliability, durability and pure technical excellence. For the past two years, the R&D Department at Frédérique Constant has been designing, developing and improving the 126 components contained in the all-new Heart Beat Manufacture.

Frédérique Constant, which was established in its current form in 1988, is involved in all the stages of watch production, from initial design to final assembly. Watches manufactured under its trademark are either designed by Frédérique Constant or by independent designers contracted for a specific series of models. Strong emphasis is placed on watch design to keep abreast of trends and customer preferences. Frédérique Constant uses cutting-edge computer software, principally computer aided design software, to assist in the watch design and development process.

Their mission is not to restrict the interest in Frédérique Constant watches to a limited and elitist circle of connoisseurs but rather to a broader selection of appreciative enthusiasts who want to enjoy high quality classical watches at sensible prices.

julien Coudray 1518
MANUFACTURE DE GRANDE HORLOGERIE

The Julien Coudray 1518 timepiece pays tribute to the heritage of an exceptional personality who lived 500 years ago. It is positioned firmly at the peak of fine watchmaking.

The brand signature – Manufacture de grande horlogerie – reflects a three-fold ambition. The first is to revive the grand horological tradition while subtly conveying a "royal" touch entirely in tune with the history of the name Julien Coudray. The second is to create a surprise effect by invoking differentiating brand values.

The third is to draw present and future clients into a dimension of emotions – because the term "grand" evokes fine craftsmanship, a rare spirit, a different way of envisaging horology.

The Competentia 1515 movement is made entirely from solid gold or platinum, is equipped with a power reserve indicator, a service indicator, a day/night indicator and a one-minute tourbillon. Despite the complication level, this caliber does not exceed five millimetres in height, to ensure that the watch remains comfortable to wear, though adorned with a dial comprising eleven enamel parts. The peripheral indexes, a modern vision of the 16th Century clocks, are made from enamel and gold.

VULCAIN

MANUFACTURE DEPUIS 1858

The Vulcain watch manufacturer was founded in 1858 and is the inventor of the alarm complication for wristwatches. The legendary Cricket calibre made the Vulcain watches popular with American presidents including Harry S. Truman, earning the brand its prestigious reputation as "The Watch for Presidents."

In April 2014, Vulcain marked an important milestone opening its first ever worldwide flagship store in Beijing. The brand has unveiled its new 50s President's "Pegasus" model, an enriched enamel collection to celebrate the grand opening of the flagship store. This significant model expresses a universal symbol of wisdom and knowledge to celebrate Vulcain's time-honoured watchmaking tradition.

Alpina

1883 GENEVE

After having introduced the concept of the modern sports watch with the Alpina 4 in 1938, Alpina comes back with the concept of '4' in it's Alpiner collection. The Alpiner '4' is a professional Alpine watch featuring the 4 sports properties: Antimagnetic, Antishock, Water-resistant and Stainless Steel case.

From the very beginning, as far back as 1883, Alpina has been associated with horological innovation. Whether it was their innovative way of creating an excellent working environment, or through the introduction of new quality control criteria before anyone else, Alpina has always sought ways to improve how things are done.

The story of Alpina was originally brought to life when Swiss watch making visionary Gottlieb Hauser founded the "Alpina Swiss Watchmakers Corporation," and in doing so united the leading Swiss independent watchmakers, who became known as the "Alpinists."

Initially, the Corporation was developed to optimize the manufacturing of movements and timepieces by forming a federation of cooperating manufacturers and suppliers, but Alpina soon started developing and producing in-house calibres and chronometers. In 1901, the trademark "Alpina" was registered and appeared for the first time on high-end calibres and watches produced by Gottlieb Hauser.

In the 1920s, Alpina was already being sold in over 2,000 outlets worldwide, an exceptional figure for those days. It is no exaggeration to say that Alpina was one of the first leading manufacturers of Swiss watches.

Alpina's mission is now and has always been to manufacture extremely reliable professional sports watches, respecting and implementing the "Alpinist Principle" in manufacturing, design and technological innovation.

The 130th anniversary of Victorinox is celebrated with a timepiece echoing the unique values of the famous Swiss Army knife: authentic, robust and reliable in all conditions. That watch is INOX. Designed and built to withstand unusual levels of stress, it has passed a battery of 130 ruthless strength tests with flying colours, and is further reinforced with a removable bumper protector composed of nylon and silicone. INOX is a pledge of quality.

Founded by Karl Elsener in 1884, Victorinox is renowned worldwide for its first creation, the Original Swiss Army Knife. This modest yet worldwide beloved object inspires all the Victorinox product lines, including the Victorinox Swiss Army timepieces.

Each Victorinox Swiss Army timepiece embodies the spirit of the legendary Original Swiss Army Knife, a universal symbol of functionality, innovation, quality and iconic design.

From functionality to innovation, from iconic design to quality, Victorinox Swiss Army ensures that every timepiece like the Swiss Army Knife that inspired it, turns into a true "companion for life".

The Gc Python Diver Chic is the highlight of the latest collection to express distinctive quality and style. The rose gold (PVD) watch case in combination with the vivid and radiant jungle colours elevate this design to perfection. The colour splendour fully covers the bezel and soft calf leather bracelet in exciting python pattern design. The fresh look is further enhanced by a genuine shimmering mother-of-pearl dial protected by a sapphire crystal.

Gc's signature "Smart Luxury" stands for the brand's commitment to provide quality Made in Switzerland timepieces and luxury products for men and women, all at a surprisingly accessible price point. Each timepiece makes its own clear statement of elegance and prestige, opening the door to the luxury segment with the key of relentless attention to detail. All Gc timepieces proudly bear the prestigious SWISS MADE label.

With this timepiece, Gc once more underlines its Smart Luxury signature – premium Swiss Made quality meets style that conveys joy for women everywhere.

GUESS

GUESS Watches presents its new assortment of blue wrist accessories that are easy-to-wear yet eye-catching to make a statement throughout the seasons.

Inspired by GUESS's signature style, Rigor, the watch features industrial screw details with a denim-inspired design. To complete the fashion rendering is a small amount of glitz on the top ring and dial, just the right amount of sparkle for any GUESS girl.

For the male consumer, GUESS's blue print comes with a combination of textures, treatments and finishes in the unique blue hue. Built using the signature men's silhouette, the style is that of a form-fitting blue silicone strap that pairs with a matching etched top ring and multifunction dial with honeycomb-patterned details.

Brilliant, bold and breathtaking, blue is indeed the latest fashion statement coming from GUESS.

NAUTICA

Nautica is a leading water-inspired global lifestyle brand with apparel for men, women and children, accessories and a complete home collection. Nautica products are classics that are rich in performance, color and authentic style.

The Nautica heritage of love and respect for water, everywhere, everyday, is reflected in every aspect of its brand categories. Its quality products are crafted with integrity and are enhanced with performance capabilities.

Over the past three decades, Nautica has become one of the most important and most recognised American brands throughout the world.

Nautica Watches combine distinctive styling, bold colors and unique design. Nautica's functionality reflects an energetic lifestyle that appeals to customers around the globe.

The NSR 103 is a bold dive style sport watch that is rugged, yet comfortable to wear. It features a Japanese date movement with date window at 3 o'clock and the 45 mm brushed silver case is topped with a rugged black turning top ring. Signature design elements such as luminous hands and markers and comfortable water resistant straps capture the essence of the Nautica brand.

The NSR 103 holds true to the core of Nautica Watches fusing the best of classic American style with the latest in technical innovation.

極度乾燥(しなさい) Superdry.

Superdry watches made its debut with clean dials, naive aesthetics, rough-cut designs and timeless utilitarian silhouettes. This edgy brand combines vintage Americana styling with Japanese inspired clean lines using heavily crafted straps with thick, quality leather or silicone, finished with multi-colour pops to showcase their brand name to perfection.

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 2012 (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. 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 is also provided at management level to facilitate operational efficiency.

To facilitate effective management, certain functions have been delegated to various Board Committees, 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 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	3	4	3	2	1	NA	NA	NA	NA
Keith Tay Ah Kee	4	4	4	4	2	2	1	1	NA	NA
Eli Manasseh (Nash) Benjamin	4	4	4	4	NA	NA	NA	NA	NA	NA
Douglas Benjamin	4	3	4	3	NA	NA	NA	NA	NA	NA
Karen Chong	4	4	4	4	NA	NA	NA	NA	NA	NA
Wong Ai Fong	4	4	NA	NA	NA	NA	1	1	4	4
Chew Kwee San	4	4	NA	NA	NA	NA	1	1	4	4
Daniel Ong Jen Yaw	4	4	NA	NA	2	2	NA	NA	4	4

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. Mr Ng Hin Lee who was newly appointed on 11 July 2014 was given a detailed briefing by the senior management on the Group structure, business risks and challenges faced by the Group as well as the growth strategies of the Group. A tour of the facilities was also arranged for the Director for better understanding of the activities within the Group.

Directors are provided with opportunities for continuing education or briefings in areas such as directors' duties and responsibilities, changes to regulations and accounting standards and industry-related matters, so as to be updated on matters that affect or may enhance their performance as Board or Board Committee members. In addition, Directors are invited from time to time to attend professional programmes for Directors conducted by the Singapore Institute of Directors and other relevant bodies. The Company has an on-going training budget for the Directors to fund their participation at industry conferences and seminars, and their attendance at any training programme in connection with their duties as directors.

CORPORATE GOVERNANCE REPORT

Board Composition and Balance – Principle 2

As at the end of the financial year, the Board comprises eight Directors, three of whom are Independent Directors. An additional Independent Director was appointed on 11 July 2014.

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 has determined that Mr Keith Tay be considered independent notwithstanding that he has served on the Board for more than nine years as he has consistently exercised strong independent judgement in the best interests of the Company in the discharge of his Director's duties in Board and Board Committees. Mr Keith Tay has no association with the Management that could compromise his independence.

The Board has also determined that Ms Wong Ai Fong be considered independent notwithstanding that she has served on the Board for more than nine years as she has continued to demonstrate strong independence in character and judgement in which she has discharged her responsibilities as a Director in the Board and Board Committees. Ms Wong Ai Fong has no association with the Management that could compromise her independence.

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.

The Group believes that the appointment of a lead independent director for ease of contact by shareholders is unnecessary as the respective Independent Directors are well-known personages in their fields of expertise and they have demonstrated high commitment in their role as Directors and have ensured that there is a good balance of power and authority.

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.

NOMINATING COMMITTEE (NC)

The NC is chaired by Mr Keith Tay and its members are Mr Frank Benjamin and Mr Daniel Ong. 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 review the Board structure, size, composition and independence;

(b) to make recommendations to the Board on all Board appointments and re-appointments, including making recommendations on the composition of the Board;

(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 review training and professional development programs for the Directors;

(e) to determine independence of each Director; and

(f) 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 Board believes that each Director should personally determine the demands of his/her competing directorships and obligations and assess how much time is available to serve on the Board effectively. Accordingly, the Board has reviewed and is satisfied with the time commitment of the Directors and has not made a determination of the maximum number of board representations a Director may hold.

The NC is responsible for the selection, appointment and reappointment of Directors.

(a) The NC carries out a review of the Board composition at least annually as well as on each occasion that an existing Director gives notice if his/her intention to retire or resign.

(b) The NC identifies suitable candidates for appointment to the Board after considering the skills required in the Board to achieve the Group's strategic and operational objectives.

(c) All Directors must submit themselves for re-appointment at regular intervals of at least once every three years. Article 102 of the Company's Articles of Association provides that one-third of the Directors shall retire from office by rotation and be subject to re-appointment at the Company's AGM.

(d) The NC takes into consideration the Directors' contribution and performance in its deliberations on the re-appointment of existing Directors. The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board committees as well as the quality of intervention and special contribution.

The profile and information of the Directors as at the date of this report are set out on pages 12 to 15 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.

REMUNERATION COMMITTEE (RC)

Procedures for Developing Remuneration Policies – Principle 7
Level and Mix of Remuneration – Principle 8

The RC is chaired by Ms Wong Ai Fong and its members are Mr Keith Tay and Mr Chew Kwee San. All the Directors are Non-executive Directors. With the exception of Mr Chew Kwee San, the other two Directors 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 remuneration package comprises a fixed component and a variable component. The fixed component is in the form of a basic salary while the variable component is in the form of a performance bonus which is linked to the Group and individual performance.

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

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
Executive Directors					
$500,000 to $749,999					
Mr Frank Benjamin #	–	92%	0%	8%	100%
Mr Eli Manasseh Benjamin #	–	94%	0%	6%	100%
Mr Douglas Benjamin #	–	95%	0%	5%	100%
$250,000 to $499,999					
Ms Karen Chong	–	88%	7%	5%	100%
Non-Executive Directors					
Below $250,000					
Mr Keith Tay	100%	–	–	–	100%
Mr Ng Hin Lee *	–	–	–	–	–
Ms Wong Ai Fong	100%	–	–	–	100%
Mr Chew Kwee San	100%	–	–	–	100%
Mr Daniel Ong	100%	–	–	–	100%

* Appointed on 11 July 2014.
# No variable performance bonus awarded

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:

Range of Remuneration	No. of Executives
$500,000 to $749,999	1
$250,000 to $499,999	4
Total	**$2,075,832**

The Board is of the view that disclosure of the remuneration details of each director and key management personnel as recommended by the Code will reveal commercially-sensitive information to competitors. Given the highly competitive talent market in the niche industry, it is in the best interests of the Group that specific details of the remuneration of each director and key management personnel be kept confidential.

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
$350,000 to $399,999				
Relating to the Chairman	82%	7%	11%	100%
Relating to an Executive Director	91%	7%	2%	100%
$250,000 to $299,999				
Relating to the Chairman	87%	7%	6%	100%
Relating to the Chairman	90%	7%	3%	100%

AUDIT COMMITTEE (AC)

Accountability and Audit – Principles 10 and 12

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 Ms Wong Ai Fong and its members are Mr Chew Kwee San and Mr Daniel Ong. On 11 July 2014, Mr Ng Hin Lee was appointed as an Independent Director and Chairman of the AC. With the exception of Mr Chew Kwee San, the other three Directors are Independent Directors.

The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities, with the members, including the Chairman, having accounting or related financial management expertise and experience. The members of the AC keep abreast of relevant changes to accounting standards and issues which have a direct impact on the financial statements, through regular updates from the External Auditor or other professionals.

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 also reviewed the adequacy of the whistle blowing policy instituted by the Company through which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective of such policy is to ensure that arrangements are in place for independent investigation of such matters and for appropriate follow-up actions. The AC confirms that no reports have been received under the policy.

In FY2014, a total of four AC meetings were held. The AC also held one meeting with the External Auditors and the Internal Auditor without the presence of the Management, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors.

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. Fees of $425,000 were paid to the External Auditor of the Group during the year for audit and non-audit services. Of this, fees for non-audit services amounted to $112,000.

Risk Management and Internal Controls – Principle 11

The Board, with the assistance from the Executive and Audit Committees, is responsible for the governance of risk by ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Group has established and implemented a risk management framework for the identification, assessment, monitoring and reporting of significant risks. The Board oversees the Management in the formulation, update and maintenance of an adequate and effective risk management framework, while the AC reviews the adequacy and effectiveness of the risk management and internal control systems, including financial, operational, compliance and information technology controls, on an annual basis.

The Group maintains a risk register which identifies the material risks faced by the Group and the internal controls in place to manage or mitigate those risks. The risk register is updated by the business and corporate executive heads in the Group regularly and the AC reviews the risk register on a half-yearly basis. The Internal Audit function takes into consideration the risks identified and assessed in the register and prepares the audit plan. The audit plan is approved by the AC. The Internal Audit function reports all audit findings and recommendations to the AC on a quarterly basis and follows up on all recommendations to ensure timely remediation of audit issues.

While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal 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 the internal controls, the Board has had regard to the risks which the business is exposed to and the costs of protecting against such risks.

The Board has received assurance from the CEO and the CFO during the meetings of the Board and Audit Committees that:

(1) the financial records have been properly maintained and the financial statements for the year ended 30 June 2014 give a true and fair view of the Company's operations and finances; and

(2) the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Based on the internal controls established and maintained by the Group, work performed by the Internal Auditors, External Auditors' report on their financial audit, reviews performed by management, various Board Committees and the Board, as well as the assurance received from the CEO and the CFO, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls addressing financial, operational, compliance and information technology risks were adequate as at 30 June 2014.

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. The AC approves the hiring, removal and evaluation of the Internal Auditor.

His responsibilities include the review of the effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology 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.

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

Shareholder rights – Principle 14
Communication With Shareholders – Principle 15

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.

Dividend policy

The Board aims to declare and pay annual dividend. In considering the level of dividend payments, the Board takes into account various factors including:

- the level of available cash;
- the return on equity and retained earnings; and
- the projected levels of capital expenditure and other investment plans.

Encourage Greater Shareholders' Participation – Principle 16

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 up to two proxies 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 2014, there were no material interested person transactions entered into.

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F J BENJAMIN HOLDINGS LTD
and its subsidiaries
Co. Reg. No. 197301125N
30 June 2014

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 2014.

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
Ms Wong Ai Fong	–	Independent Director
Mr Chew Kwee San	–	Non-Executive Director
Mr Daniel Ong Jen Yaw	–	Independent Director
Mr Ng Hin Lee	–	Independent Director (Appointed on 11 July 2014)

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:-

	Holdings registered in the name of Director or nominee			Holdings in which a Director is deemed to have an interest		
Name of Director	**At 1.7.2013**	**At 30.6.2014**	**At 21.7.2014**	**At 1.7.2013**	**At 30.6.2014**	**At 21.7.2014**
Ordinary shares						
Mr Frank Benjamin	39,191,000	39,191,000	39,191,000	–	–	–
Mr Keith Tay Ah Kee	256,000	256,000	256,000	–	–	–
Mr Eli Manasseh Benjamin	24,310,050	24,310,050	24,310,050	–	–	–
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	–	–	–

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 at the end of the financial year.

DIRECTORS' REPORT

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 Ng Hin Lee (Chairman) (Appointed on 11 July 2014)
Ms Wong Ai Fong (Interim Chairwoman) (Appointed on 13 November 2013)
Mr Chew Kwee San
Mr Daniel Ong Jen Yaw

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 auditors. 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

AUDITOR

The auditor, Ernst & Young LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Eli Manasseh Benjamin
Director

Karen Chong Mee Keng
Director

Singapore
11 September 2014

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 2014 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
11 September 2014

INDEPENDENT AUDITOR'S REPORT

To the Members of F J Benjamin Holdings Ltd

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of F J Benjamin Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 57 to 124, which comprise the balance sheets of the Group and the Company as at 30 June 2014, 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 financial statements

Management is responsible for the preparation of 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.

Auditor's responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

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 2014 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of F J Benjamin Holdings Ltd

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 auditor have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

11 September 2014

CONSOLIDATED INCOME STATEMENT

for the financial year ended 30 June 2014

(In Singapore Dollars)

	Note	Group 2014 $'000	Group 2013 $'000
Revenue	5	368,200	373,403
Other income	6	10,195	11,906
Interest income		654	668
		379,049	385,977
Costs and expenses			
Cost of goods sold		(224,055)	(214,143)
Staff costs	7	(54,227)	(51,564)
Rental of premises		(58,759)	(54,288)
Advertising and promotion		(12,595)	(15,064)
Depreciation of property, furniture, fixtures and equipment	13	(9,241)	(7,675)
Depreciation of investment properties	14	-	(82)
Other operating expenses	8	(32,134)	(34,955)
Total costs and expenses		(391,011)	(377,771)
Operating (loss) / profit		(11,962)	8,206
Interest expense	10	(3,572)	(3,307)
		(15,534)	4,899
Exceptional items	9	(1,350)	2,819
Foreign exchange loss, net		(634)	(1,192)
Share of results of associates / joint venture, net of tax		(1,686)	767
(Loss) / profit before taxation from continuing operations		(19,204)	7,293
Taxation	11	(2,892)	(3,254)
Net (loss) / profit for the financial year		(22,096)	4,039
(Loss) / Profit attributable to:			
Owners of the parent			
– (Loss) / profit before exceptional items		(20,752)	1,628
– Exceptional items		(1,350)	2,819
		(22,102)	4,447
Non-controlling interests		6	(408)
		(22,096)	4,039
(Loss) / Earnings per share attributable to owners of the parent	12		
Basic (cents)		(3.89)	0.78
Diluted (cents)		(3.89)	0.78

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 2014

(In Singapore Dollars)

	Group	
	2014	**2013**
	$'000	**$'000**
(Loss) / profit for the year	(22,096)	4,039
Other comprehensive loss, net of tax		
Item that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(3,743)	(1,422)
Total comprehensive (loss) / income for the year	(25,839)	2,617
Total comprehensive (loss) / income attributable to:		
Owners of the parent	(25,842)	3,042
Non-controlling interests	3	(425)
	(25,839)	2,617

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

BALANCE SHEETS

As at 30 June 2014

(In Singapore Dollars)	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 (Note 43) $'000
Non-current assets					
Property, furniture, fixtures and equipment	13	30,597	27,139	475	786
Investment properties	14	–	–	–	–
Subsidiaries	15	–	–	92,410	112,058
Goodwill	16	559	559	–	–
Investment in associates/joint venture	17	988	10,166	–	–
Investment securities	18	–	86	–	86
Other receivables	19	260	260	–	–
Loan to joint venture partner	28	16,500	16,500	–	–
Deferred tax assets	27	1,154	938	–	–
		50,058	55,648	92,885	112,930
Current assets					
Non-current asset held for sale	13	1,847	–	–	–
Inventories	20	90,451	117,694	–	–
Investment securities	18	2,724	4,261	–	–
Trade debtors	21	69,787	64,766	–	–
Other debtors	22	23,604	17,493	78,413	52,913
Prepayments and advances		3,102	3,366	455	37
Tax recoverable		2,295	3,515	–	–
Cash on hand and at banks	32	5,176	9,671	175	3,676
		198,986	220,766	79,043	56,626
Current liabilities					
Trade and other creditors	23	58,579	61,000	2,234	2,529
Finance lease creditors	24	168	163	133	127
Bank borrowings	25	77,103	73,734	–	–
Provision for taxation		514	3,035	–	476
		136,364	137,932	2,367	3,132
Net current assets		62,622	82,834	76,676	53,494
Non-current liabilities					
Finance lease creditors	24	434	602	389	522
Bank borrowings	25	7,500	4,500	–	–
Other liabilities	26	2,626	2,603	–	–
Deferred tax liabilities	27	266	240	–	–
		10,826	7,945	389	522
Net assets		101,854	130,537	169,172	165,902
Equity attributable to owners of the parent					
Share capital	29	165,447	165,447	165,447	165,447
Foreign currency translation reserve	30	(27,013)	(23,273)	–	–
(Accumulated losses) / Retained earnings		(35,814)	(10,868)	3,725	455
		102,620	131,306	169,172	165,902
Non-controlling interests	31	(766)	(769)	–	–
Total equity		101,854	130,537	169,172	165,902

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 2014

(In Singapore Dollars)

	Note	<–Attributable to owners of the parent –> Share capital $'000	Foreign currency translation reserve $'000	(Accumulated losses) $'000	Non-controlling interests $'000	Total equity $'000
Group						
At 1 July 2013		165,447	(23,273)	(10,868)	(769)	130,537
Loss for the year		–	–	(22,102)	6	(22,096)
Other comprehensive loss						
Item that may be reclassified subsequently to profit or loss:						
Foreign currency translation		–	(3,740)	–	(3)	(3,743)
Total comprehensive loss for the financial year		–	(3,740)	(22,102)	3	(25,839)
Dividends paid on ordinary shares, representing total contributions by and distributions to owners	41	–	–	(2,844)	–	(2,844)
At 30 June 2014		165,447	(27,013)	(35,814)	(766)	101,854
At 1 July 2012		165,447	(21,868)	(9,628)	(344)	133,607
Profit for the year		–	–	4,447	(408)	4,039
Other comprehensive loss						
Item that may be reclassified subsequently to profit or loss:						
Foreign currency translation		–	(1,405)	–	(17)	(1,422)
Total comprehensive income for the financial year		–	(1,405)	4,447	(425)	2,617
Dividends paid on ordinary shares, representing total contributions by and distributions to owners	41	–	–	(5,687)	–	(5,687)
At 30 June 2013		165,447	(23,273)	(10,868)	(769)	130,537

Included in the Group's accumulated losses are certain profits of approximately S$7,000 (2013: S$7,000), which was set aside by the Group's Chinese subsidiary when it generated profits. The said profits are 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 2014

(In Singapore Dollars)

	Note	Share capital $'000	Retained earnings $'000	Total equity $'000
Company				
At 1 July 2013		165,447	455	165,902
Profit for the year, representing total comprehensive income for the financial year		–	6,114	6,114
Dividends paid on ordinary shares, representing total contributions by and distributions to owners	41	–	(2,844)	(2,844)
At 30 June 2014		165,447	3,725	169,172
At 1 July 2012		165,447	357	165,804
Profit for the year, representing total comprehensive income for the financial year		–	5,785	5,785
Dividends paid on ordinary shares, representing total contributions by and distributions to owners	41	–	(5,687)	(5,687)
At 30 June 2013		165,447	455	165,902

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 2014

(In Singapore Dollars)

	Group	
	2014	2013
	$'000	$'000
Cash flow from operating activities:		
(Loss) / Profit before taxation	(19,204)	7,293
Adjustments for:		
Depreciation of property, furniture, fixtures and equipment	9,241	7,675
Depreciation of investment properties	–	82
Share of results of associates / joint venture, net of tax	1,686	(767)
Currency realignment	(3,343)	(639)
Loss on disposal of furniture, fixtures and equipment	507	62
Gain on disposal of properties	–	(2,819)
Interest income	(654)	(668)
Interest expense	3,572	3,307
Gain on disposal of investment securities	(14)	–
Gain on remeasurement of previously held interest in associate to fair value upon the loss of significant influence	–	(2,374)
Fair value loss / (gain) on investment securities	1,537	(347)
Provision for impairment of fixed assets and early termination cost for non-performing stores	1,350	–
Allowance for inventory obsolescence and inventories written off	821	3,379
Bad debts written off	20	94
Reversal of allowance for doubtful debts	(685)	(160)
Operating (loss) / profit before reinvestment in working capital	(5,166)	14,118
Increase in debtors	(2,417)	(2,998)
Decrease in prepayments and advances	264	67
Decrease / (increase) in inventories	26,422	(10,628)
Decrease in creditors	(2,530)	(4,165)
Cash flow from / (used in) operations	16,573	(3,606)
Income tax paid	(4,400)	(5,666)
Net cash from / (used in) operating activities	12,173	(9,272)
Cash flow from investing activities:		
Purchase of furniture, fixtures and equipment	(16,557)	(10,707)
Proceeds from disposal of property, furniture, fixtures and equipment	460	9,991
Proceeds from investment securities	100	–
Dividend received from joint venture partner	–	668
Interest received	–	668
Net cash (used in) / from investing activities	(15,997)	620

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 2014

(In Singapore Dollars)

	Group	
	2014	**2013**
	$'000	**$'000**
Cash flow from financing activities:		
Repayment of bank borrowings	(14,284)	(18,959)
Proceeds from bank borrowings	17,106	29,197
Repayment of obligations under finance lease	(163)	(172)
Interest paid	(4,038)	(2,869)
Dividends paid to shareholders	(2,844)	(5,687)
Net cash (used in) / from financing activities	(4,223)	1,510
Net decrease in cash and cash equivalents	(8,047)	(7,142)
Cash and cash equivalents at beginning of financial year	572	7,709
Net effect of exchange rate changes on opening cash and cash equivalents	(13)	5
Cash and cash equivalents at end of financial year (Note 32)	(7,488)	572

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

1. CORPORATE INFORMATION

F J 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 have been prepared on the historical cost basis except as disclosed in the accounting policies below.

2.2 Changes in accounting policies

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.

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 2013 and early adopted the Amendments to FRS 36 Recoverable Amount Disclosures for Non-financial Assets which are effective for annual periods beginning on or after 1 January 2014.

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

Accordingly, the transition provisions of FRS 113 Fair Value Measurement have been applied prospectively by the Group on 1 July 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 32	Offsetting financial assets and financial liabilities	1 January 2014
Amendments to FRS 39	Novation of derivatives and continuation of hedge accounting	1 January 2014
INT FRS 121	Levies	1 January 2014
Improvements to FRSs		
– Amendment to FRS 16	Property, plant and equipment	1 July 2014
– Amendment to FRS 19	Defined benefit plans: Employee contributions	1 July 2014
– Amendment to FRS 24	Related party disclosures	1 July 2014
– Amendment to FRS 38	Intangible assets	1 July 2014
– Amendment to FRS 40	Investment property	1 July 2014
– Amendment to FRS 102	Share-based payment	1 July 2014
– Amendment to FRS 103	Business combinations	1 July 2014
– Amendment to FRS 108	Operating segments	1 July 2014
– Amendment to FRS 113	Fair value measurement	1 July 2014

The Directors expect that the adoption of the other standards above (where applicable) will have no material impact on the financial statements in the period of initial application.

2.4 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

a) Transactions and balances

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 measured.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency (continued)

b) Consolidated financial statements

For consolidation purposes, 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.

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 and business combinations

a) 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.

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 and other comprehensive income within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Basis of consolidation and business combinations (continued)

a) Basis of consolidation (continued)

– recognises any surplus or deficit in profit or loss;

– reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

b) Business combinations

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.

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 a 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), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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 2.13. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the parent.

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.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses. The assessment of impairment loss 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% (2013: 5.4%) per annum and cash flow beyond the 5-year period is extrapolated using growth rate of 1.0% (2013: 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.

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.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the joint venture's profit or loss in the period in which the investment is acquired.

The Group accounts for its interest in a joint venture using the equity method from the date on which it becomes a joint venture. Under the equity method, the investment in joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the joint venture. The profit or loss reflects the share of results of operations of the joint venture. Distributions received from joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive 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.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of 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 venture. 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 venture is accounted for at cost less impairment losses.

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would have been required if that joint venture had directly disposed of the related assets or liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Joint ventures (continued)

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.

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 from the date on which it becomes an associate. On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

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 reflects the share of the results of operations of the associates. Distributions received from associates reduce the carrying amounts of the investment. 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 associates are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is the profit attributable to equity holders of the associates and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associates.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Associates (continued)

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.

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would have been required if that associate had directly disposed of the related assets or liabilities.

When an investment in an associate becomes an investment in a joint venture or an investment in 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 an associate 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 reclassified to profit or loss on the disposal of the related assets or liabilities.

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.

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.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Property, furniture, fixtures and equipment (continued)

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.

2.11 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, furniture, fixtures and equipment once classified as held for sale are not depreciated or amortised.

2.12 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, or for 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Investment properties (continued)

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.

2.13 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments

(a) Financial assets

Financial assets are recognised 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.

The subsequent measurement of financial assets depends on their classification as follows:

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair values of the financial assets are recognised in profit or loss. Net gains or losses on financial assets at fair value through profit or loss include exchange differences.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

ii) 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, loans and receivables 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(a) Financial assets (continued)

iii) 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 held-to-maturity investments are derecognised or impaired, and through the amortisation process.

iv) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

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.

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.

(b) Financial liabilities

Financial liabilities are recognised 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 not at fair value through profit or loss, directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(b) Financial liabilities (continued)

The measurement of financial liabilities depends on their classification as follows:

i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

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

ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. 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 de-recognition 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.

<u>Offsetting of financial assets and financial liabilities</u>
Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.15 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 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.

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 asset 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Impairment of financial assets (continued)

c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issue or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. '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 repayment 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.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.17 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 of disposal 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

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 of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Impairment of non-financial assets (continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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.

2.18 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.

2.19 Borrowing costs

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. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 value, 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 (legal or constructive) 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.

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 defined contribution 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 are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of services costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and 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.

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 following specific recognition criteria must also be met before revenue is recognised.

a) Sale of goods

Revenue from sale of goods 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue (continued)

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 term. 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 when 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 recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as "Other income".

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Income taxes (continued)

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, except:

– 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; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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, and the 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.

The carrying amount of deferred tax assets is reviewed at the end of 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 tax assets are reassessed at the end of 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Income taxes (continued)

b) Deferred tax (continued)

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 tax assets and deferred 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 is incurred 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Related parties (continued)

(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 is 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Contingencies (continued)

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.

2.31 Exceptional items

Exceptional items are items of income and expense of such a size, nature or incidence that their disclosure is relevant to explain the performance of the Group for the year.

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 end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

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 have 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**	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	1,154	938	–	–
Tax recoverable	2,295	3,515	–	–
Provision for taxation	514	3,035	–	476
Deferred tax liabilities	266	240	–	–

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

3.1 Judgments made in applying accounting policies (continued)

(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.

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 are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Property, furniture, fixtures and equipment, investment in subsidiaries and investment in associates / joint venture

The cost of leasehold improvements is depreciated over the lease terms of the tenanted area between 3 to 6 years and leasehold buildings are 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 property, furniture, fixtures and equipment, investment in subsidiaries, and investment in associates / joint venture 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% (2013: 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% (2013: 5.40%) per annum.

The carrying amounts of the Group's and Company's property, furniture, fixtures and equipment at 30 June 2014 were approximately $30,597,000 (2013: $27,139,000) and $475,000 (2013: $786,000) respectively. The carrying amounts of the Company's investment in subsidiaries and of the Group's investment in associates / joint venture at 30 June 2014 was approximately $70,916,000 (2013: $70,966,000) and $988,000 (2013: $10,166,000) respectively.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(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 2014 was approximately $90,451,000 (2013: $117,694,000).

(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 approximately $201,215,000 (2013: $190,043,000). 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 2014 and 30 June 2013.

(iv) Impairment of loans and receivables

The Group and Company assess 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 consider 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 receivables 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 2014 $'000	Cost 2013 $'000	Percentage of equity interest 2014 %	Percentage of equity interest 2013 %
	Held by the Company					
~	Fashion Dynamics International 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 Ideas Pte Ltd [Singapore]	Investment holding company	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]	Dormant	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]	Dormant	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	–	100
			100,481	100,770		

4. GROUP COMPANIES (CONTINUED)

	Name of company [country of incorporation]	Principal activities	Percentage of equity interest 2014 %	2013 %
	Held through subsidiaries			
~	F J Benjamin Leading Watch Concepts Pte Ltd [Singapore]	Dormant	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	100
#	F J Benjamin Lifestyle Sdn. Bhd. [Malaysia]	Importers, exporters, distributors and retailers of consumer fashion wear, accessories and timepieces	100	100
#	F J Benjamin Luxury Timepieces Sdn. Bhd. [Malaysia]	Importers, distributors and retailers of timepieces	100	100
@	Fashion Dynamics HK Ltd [Hong Kong]	Sourcing activities	100	100
+	Fashion Dynamics (Shenzhen) Co. Ltd. [People's Republic of China]	Sourcing activities	100	–
@	F J Benjamin (Shanghai) Co., Ltd [People's Republic of China]	Importers and distributors of consumer fashion wear and timepieces	100	100
@	Atelier Arcangel Ltd [United Kingdom]	Distributors of consumer fashion wear	100	100
+	Arcangel Inc. [United States]	Distributors of consumer fashion wear	100	–
+	F. J. Benjamin Fashions (U.S.) Inc. [United States]	Distributors and retailers of consumer fashion wear and accessories	100	–
+	F J Benjamin Italy S.R.L. [Italy]	Promoters, marketers and retailer of fashion apparel and accessories	100	100
+	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.

5. REVENUE

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

6. OTHER INCOME

	Group	
	2014 $'000	2013 $'000
Market support and administrative service income (Note 39)	9,144	8,499
Gain on remeasurement of previously held interest in associate to fair value upon the loss of significant influence	–	2,374
Gain on disposal of investment securities	14	–
Fair value (loss) / gain on investment securities	(1,537)	347
Rental income	–	218
Government grants	238	36
Loss on disposal of furniture, fixtures and equipment	(507)	(62)
Miscellaneous credits received from expiry of distribution agreement	1,864	–
Write back of accruals	646	124
Sample sales income	112	141
Others	221	229
	10,195	11,906

7. STAFF COSTS

	Group	
	2014 $'000	2013 $'000
Salaries and bonuses	48,487	45,797
Provident fund contributions	5,740	5,767
	54,227	51,564

8. OTHER OPERATING EXPENSES

	Group 2014 $'000	Group 2013 $'000
The following items have been included in arriving at other operating expenses:		
Audit fees paid to:		
– Auditors of the Company	313	313
– Other auditors	153	156
Non-audit fees paid to:		
– Auditors of the Company	112	147
– Other auditors	54	55
Allowance for inventory obsolescence (Note 20)	2,649	3,757
Inventories written down (Note 20)	1,101	1,257
Reversal of provision for doubtful debt	(685)	(160)
Bad debts written off	20	94
Rental of equipment	528	419
Outlet related expenses	6,000	6,074
Transportation and accommodation expenses	2,708	3,247
Utilities	2,061	1,850
Freight, handling and shipping costs	2,364	2,004
Discounts allowed	2,384	2,111
Professional and legal fees	3,977	4,778
Samples / repairs of stocks	1,778	2,194
Repair and maintenance	1,549	1,374

9. EXCEPTIONAL ITEMS

	Group 2014 $'000	Group 2013 $'000
Provision for impairment of fixed assets and early termination cost for non-performing stores	(1,350)	–
Gain on disposal of properties	–	2,819
	(1,350)	2,819

10. INTEREST EXPENSE

	Group 2014 $'000	Group 2013 $'000
Interest expense on:		
– Bank borrowings	3,546	3,274
– Finance lease	26	33
	3,572	3,307

11. TAXATION

	Group 2014 $'000	Group 2013 $'000
The major components of income tax expense for financial year ended 30 June were:		
Current tax	1,050	3,767
Under provision in respect of prior years*	2,034	78
Deferred tax:-		
Movements in temporary differences	(68)	(589)
Over provision in respect of prior years	(124)	(2)
Tax expense for the year recognised in profit or loss	2,892	3,254

* Included in the under provision in FY2014 was a write off of tax recoverable following the resolution of an issue with the Comptroller of Income Tax.

A reconciliation between tax expense and the product of accounting (loss) / profit multiplied by the applicable corporate tax rate for the years ended 30 June 2014 and 2013 is as follows:

	Group 2014 $'000	Group 2013 $'000
(Loss) / Profit before share of results of associates / joint venture and before taxation	(17,518)	6,526
Tax at the domestic rates applicable to profits in the countries where the Group operates	(3,889)	1,451
Income not subjected to tax	(1,079)	(1,750)
Expenses not deductible for tax purposes	2,761	1,636
Deferred tax assets not recognised	3,189	1,741
Under provision in respect of prior years	1,910	76
Others	–	100
Income tax expense recognised in profit or loss	2,892	3,254

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

As at 30 June 2014, certain subsidiaries had unutilised tax losses of approximately $51.7 million (2013: $36.2 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. (LOSS) / EARNINGS PER SHARE

The basic (loss) / earnings per share amounts are calculated by dividing the (loss) / 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 (loss) / earnings per share amounts are calculated by dividing (loss) / 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 (loss) / profit and share data used in the computation for basic and diluted (loss) / earnings per share for the financial years ended 30 June:

	Group	
	2014	**2013**
	$'000	**$'000**
Net (loss) / profit for the financial year attributable to owners of the parent used in the computations of basic and diluted (loss) / earnings per share	(22,102)	4,447
	'000	**'000**
Weighted average number of ordinary shares for basic and diluted (loss) / earnings per share computation	568,710	568,710

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**
Cost							
At 1 July 2012	2,087	3,735	2,496	4,350	37,860	16,603	67,131
Currency realignment	(33)	(2)	(1)	(13)	(68)	(159)	(276)
Additions	1,374	383	–	343	8,607	–	10,707
Disposals	(95)	(136)	–	(31)	(5,463)	(2,985)	(8,710)
At 30 June 2013 and 1 July 2013	3,333	3,980	2,495	4,649	40,936	13,459	68,852
Currency realignment	(1)	(52)	(8)	(48)	(422)	(149)	(680)
Additions	714	610	–	403	14,830	–	16,557
Disposals	(110)	(239)	(70)	(466)	(3,636)	–	(4,521)
Transfer to asset held for sale	–	–	–	–	–	(2,552)	(2,552)
At 30 June 2014	3,936	4,299	2,417	4,538	51,708	10,758	77,656

13. PROPERTY, FURNITURE, FIXTURES AND EQUIPMENT (CONTINUED)

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
Accumulated depreciation and impairment loss							
At 1 July 2012	1,313	2,461	1,087	3,515	27,762	4,395	40,533
Currency realignment	1	(6)	(1)	(9)	(26)	(36)	(77)
Charge for the financial year	490	427	415	436	5,596	311	7,675
Utilisation of provision for impairment	–	–	–	–	(20)	–	(20)
Disposals	(94)	(128)	–	(26)	(5,326)	(824)	(6,398)
At 30 June 2013 and 1 July 2013	1,710	2,754	1,501	3,916	27,986	3,846	41,713
Currency realignment	(3)	(32)	(5)	(46)	(277)	(45)	(408)
Charge for the financial year	732	431	413	501	6,888	276	9,241
Impairment loss	2	–	–	–	768	–	770
Disposals	(93)	(198)	(70)	(453)	(2,738)	–	(3,552)
Transfer to asset held for sale	–	–	–	–	–	(705)	(705)
At 30 June 2014	2,348	2,955	1,839	3,918	32,627	3,372	47,059
Net carrying amount							
At 30 June 2014	1,588	1,344	578	620	19,081	7,386	30,597
At 30 June 2013	1,623	1,226	994	733	12,950	9,613	27,139

During the financial year, an impairment loss of $770,000 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.

Assets pledged as security

The Group's leasehold buildings with a carrying amount of $7,386,000 (2013: $9,613,000) are pledged as security for bank facilities.

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
Cost						
At 1 July 2012	138	390	1,167	26	2,512	4,233
Additions	–	–	–	6	3	9
At 30 June 2013 and 1 July 2013	138	390	1,167	32	2,515	4,242
Additions	–	–	–	2	5	7
Disposals	–	–	(5)	–	–	(5)
At 30 June 2014	138	390	1,162	34	2,520	4,244
Accumulated depreciation and impairment loss						
At 1 July 2012	57	346	289	22	2,094	2,808
Charge for the financial year	11	36	232	7	362	648
At 30 June 2013 and 1 July 2013	68	382	521	29	2,456	3,456
Charge for the financial year	17	2	232	3	64	318
Disposals	–	–	(5)	–	–	(5)
At 30 June 2014	85	384	748	32	2,520	3,769
Net carrying amount						
At 30 June 2014	53	6	414	2	–	475
At 30 June 2013	70	8	646	3	59	786

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Net carrying amount includes furniture, fixtures and equipment under finance leases:-				
Motor vehicles	415	710	414	646

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

Non-current asset held for sale

On 8 April 2014, the Company's subsidiary in Hong Kong entered into a provisional sale and purchase agreement to sell one unit of its properties. As at 30 June 2014, the leasehold building with a carrying amount of approximately $1,847,000 related to the sale, has been presented in the balance sheet as "Non-current asset held for sale". The sale was subsequently completed on 30 July 2014 (Note 42).

14. INVESTMENT PROPERTIES

	Group	
	2014	2013
	$'000	$'000
Balance sheet:		
Cost		
At 1 July	–	7,004
Disposal	–	(6,829)
Currency realignment	–	(175)
At 30 June	–	–
Accumulated depreciation and impairment loss		
At 1 July	–	1,853
Charge for the financial year	–	82
Disposal	–	(1,888)
Currency realignment	–	(47)
At 30 June	–	–
Net book value	–	–

	Group	
	2014	2013
	$'000	$'000
Income statement:		
Rental income from investment properties	–	218
Direct operating expenses	–	40

15. SUBSIDIARIES

	Company	
	2014	2013
	$'000	$'000
Investment in subsidiaries:		
Unquoted shares, at cost	100,481	100,770
Impairment losses	(29,565)	(29,804)
	70,916	70,966
Receivables from subsidiaries:		
Loans receivable, unsecured	21,330	20,453
Other receivables	64,010	80,065
Accrual for financial undertakings	(6,196)	(4,864)
	79,144	95,654
Allowance for doubtful debts	(57,650)	(54,562)
	21,494	41,092
	92,410	112,058

15. SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are set out at Note 4. During the year, the Company has transferred its entire share in F J Benjamin Fashions (U.S.) Inc. to Fashion Dynamics International Pte Ltd. As a result, the transferee will become the immediate holding company of F J Benjamin Fashions (U.S.) Inc. The consideration transferred amounted to $289,000 and accordingly the impairment loss previously provided for by the Company was written back. In addition, the Company provided additional impairment loss of $50,000 for a subsidiary in the year.

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% (2013: 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.

The Company has undertaken not to recall the loans receivable and amounts receivable from certain subsidiaries amounting to $5,749,000 (2013: $5,635,000) and $43,730,000 (2013: $43,987,000) respectively, until such time the subsidiaries are in the position to repay the amounts without impairing their respective liquidity positions.

16. GOODWILL

	Group	
	2014	**2013**
	$'000	**$'000**
At 1 July and 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% (2013: 5.4% per annum) and 1% (2013: 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.

17. INVESTMENT IN ASSOCIATES / JOINT VENTURE

	Group	
	2014	**2013**
	$'000	**$'000**
Shares, at cost	4,153	4,153
Impairment losses	(1,559)	(1,559)
Share of post-acquisition reserves	344	9,426
Share of foreign currency translation reserve	(1,950)	(1,854)
	988	10,166

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

(a) a 50% (2013: 50%) interest in a Singapore-incorporated company, Devil's Bar Pte Ltd, 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% (2013: 48%) interest in a Singapore-incorporated company, FJD Pte Ltd, which is dormant during the financial year. The entity is audited by Ernst & Young LLP, Singapore; and

(c) a 50% (2013: 50%) interest in a joint venture, an Indonesia-incorporated company, PT Gilang Agung Persada and its subsidiary, 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. Dividends of approximately $668,000 were received from the joint venture in FY2013.

The summarised aggregated financial information of the equity accounted investments, which comprises mainly balances and results of the joint venture not adjusted for the proportion of ownership interest held by the Group are as follows:

	2014	**2013**
	$'000	**$'000**
Statement of financial position		
Cash and short term deposits	2,064	1,675
Other current assets	80,268	77,656
Non-current assets	17,723	19,897
Total assets	100,055	99,228
Current liabilities (excluding trade and other payables and provisions)	15,173	9,610
Other current liabilities	75,454	74,289
Non-current liabilities (excluding trade and other payables and provisions)	4,957	7,158
Other non-current liabilities	2,684	3,031
Total liabilities	98,268	94,088

17. INVESTMENT IN ASSOCIATES / JOINT VENTURE (CONTINUED)

	2014 $'000	2013 $'000
Statement of comprehensive income		
Revenue	111,221	113,650
Depreciation and amortisation	(3,382)	(3,379)
Interest income	17	12
Interest expense	(816)	(833)
(Loss) / Profit before tax	(3,328)	3,243
Income tax expense	(50)	(833)
(Loss) / Profit after tax	(3,378)	2,410

18. INVESTMENT SECURITIES

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current:				
Held for trading financial assets				
– Quoted equity investments	2,724	4,261	–	–
Non-current:				
Available-for-sale financial assets				
– Unquoted equity investments, at cost	2,246	2,246	2,760	2,760
– Quoted equity investments	–	527	–	527
	2,246	2,773	2,760	3,287
Impairment losses	(2,246)	(2,687)	(2,760)	(3,201)
	–	86	–	86
Market value:-				
Quoted equity investments	2,724	4,347	–	86

19. OTHER RECEIVABLES

	Group	
	2014 $'000	2013 $'000
Loan receivable from third party, unsecured	260	260

The unsecured loan receivable from third party 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 2014 $'000	Group 2013 $'000
Trading stocks:-		
On hand	73,718	98,303
On consignment	5,684	7,160
In transit	8,581	9,699
Work-in-progress	2,468	2,532
Total inventories at lower of cost and net realisable value	90,451	117,694
Inventories recognised as an expense in cost of sales	220,665	211,475
Inclusive of the following credit:		
– Reversal of write-down of inventories	(2,929)	(1,635)
Allowance for inventory obsolescence charged to the income statement	2,649	3,757
Inventories written down charged to the income statement	1,101	1,257

The reversal of write-down of inventories was made during the financial year due to a higher than expected realisation on disposal.

21. TRADE DEBTORS

	Group 2014 $'000	Group 2013 $'000
External trade debtors	8,458	12,973
Trade debts due from joint venture	61,329	51,793
	69,787	64,766
Reversal of allowance for doubtful debts charged to the income statement	(685)	(160)

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 joint venture are unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

21. TRADE DEBTORS (CONTINUED)

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:

	Group Individually impaired	
	2014	**2013**
	$'000	**$'000**
Trade debtors – nominal amounts	7	693
Allowance for impairment	(7)	(693)
	–	–
Movement in allowance accounts		
At 1 July	693	851
Reversal of allowance for the financial year	(685)	(160)
Exchange differences	(1)	2
At 30 June	7	693

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 receivables are not secured by any collateral or credit enhancements.

22. OTHER DEBTORS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Other receivables	4,633	2,787	–	103
Deposits	5,461	6,018	92	92
Due from subsidiaries	–	–	78,274	52,689
Derivative financial assets	–	8	–	–
Due from joint venture	13,510	8,680	47	29
	23,604	17,493	78,413	52,913

Other receivables and amounts due from 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. These balances are to be settled in cash.

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

22. OTHER DEBTORS (CONTINUED)

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:

	Individually impaired	
	2014	**2013**
	$'000	**$'000**
Other receivables – nominal amounts	1,188	1,170
Allowance for impairment	(1,188)	(1,170)
	–	–
Movement in allowance accounts		
At 1 July	1,170	1,154
Exchange differences	18	16
At 30 June	1,188	1,170

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 receivables are not secured by any collateral or credit enhancements.

23. TRADE AND OTHER CREDITORS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Trade creditors	36,534	40,829	–	–
Accruals	9,567	10,063	734	909
Sundry creditors	12,077	9,636	239	120
Derivative financial liabilities	10	–	–	–
Due to subsidiaries	–	–	1,261	1,500
Due to associate / joint venture	391	472	–	–
	58,579	61,000	2,234	2,529

Trade creditors and sundry creditors are non-interest bearing and are generally on 30 to 150 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. These balances are to be settled in cash.

24. FINANCE LEASE CREDITORS

The Group has entered into various finance lease facilities for its motor vehicles. 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% (2013: 1.9% to 4.8%) per annum. Lease terms include purchase options but do not contain restrictions concerning payments of dividends, additional debt or further leasing.

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Present value of minimum lease payments are as follows:-				
Not later than one year	168	163	133	127
Later than one year but not later than five years	434	602	389	522
Total present value of minimum lease payments	602	765	522	649
Future minimum lease repayments are as follows:-				
Not later than one year	183	190	149	149
Later than one year but not later than five years	460	641	409	557
Total future minimum lease payments	643	831	558	706
Amount representing interest	(41)	(66)	(36)	(57)
	602	765	522	649

25. BANK BORROWINGS

	Group	
	2014	**2013**
	$'000	**$'000**
Current		
Bank overdrafts (Note 32)	12,664	9,099
Trust receipts and bills payable	42,039	44,919
Term loans	7,000	2,481
Short term loans	15,400	17,235
	77,103	73,734
Non-current		
Term loans	7,500	4,500

Corporate guarantees are given by the Company amounting to approximately $201,215,000 (2013: $190,043,000) for facilities granted to certain subsidiaries and associates / joint venture.

Short term loans and bank overdrafts

The short term loans bear interest at rates that ranged from 2.14% to 5.1% (2013: 2.21% to 5.1%) per annum during the financial year. The bank overdrafts bear interest at rates that ranged from 4.20% to 7.85% (2013: 3.94% to 7.85%) per annum during the financial year.

25. BANK BORROWINGS (CONTINUED)

Trust receipts and bills payable

The trust receipts and bills payable bear interest at rates that ranged from 1.65% to 6.28% (2013: 1.25% to 5.57%) per annum during the financial year.

Term loans

The term loans comprise (i) an SGD loan with fixed interest rate at 3.53% per annum repayable in 20 equal quarterly instalments commencing August 2011 and, (ii) an SGD loan with fixed interest rate at 4.00% per annum repayable in 24 monthly instalments commencing August 2014.

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% (2013: 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.

27. DEFERRED TAXATION

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Deferred tax liabilities				
Depreciation	(385)	(364)	21	(282)
Provisions	159	164	5	12
Other	(40)	(40)	–	–
	(266)	(240)		
Deferred tax assets				
Provisions	821	724	(97)	(81)
Depreciation	124	(14)	(138)	(47)
Unutilised tax losses	209	197	(12)	(197)
Other	–	31	29	4
	1,154	938	(192)	(591)

27. DEFERRED TAXATION (CONTINUED)

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 in subsidiaries and joint venture

At the end of the reporting period, no deferred tax liability (2013: 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; and

– the Group's investment in 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 $16,325,000 (2013: $10,836,000). The deferred tax liability is estimated to be $2,027,000 (2013: $1,419,000).

Tax consequences of proposed dividends

There are no income tax consequences (2013: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

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

	Group and Company			
	2014	**2014**	**2013**	**2013**
	No. of shares '000	**$'000**	**No. of shares '000**	**$'000**
Ordinary shares issued and fully paid				
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. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from 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. NON-CONTROLLING INTERESTS

Included in non-controlling interests are preference shares amounting to $124,000. 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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Cash on hand and at banks	5,176	9,671	175	3,676

Cash at banks earn interest at floating rates based on daily bank deposit rates.

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

	Group	
	2014	**2013**
	$'000	**$'000**
Cash on hand and at banks	5,176	9,671
Bank overdrafts (Note 25)	(12,664)	(9,099)
	(7,488)	572

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, currency exchange risk and market price 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.

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.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

– $201,215,000 (2013: $190,043,000) relating to corporate guarantees provided by the Company to banks on banking facilities granted to certain subsidiaries and associates / joint venture.

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**	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Within 30 days	2,890	6,461	–	–
31 to 60 days	950	8,138	–	–
61 to 90 days	3,780	1,733	–	–
More than 90 days	29,336	15,612	–	–
	36,956	31,944	–	–

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

The Group has (i) an approximately 88% (2013: 80%) of the trade receivables due from a joint venture group in Indonesia and (ii) an approximately 14% (2013: 15%) of the financial assets due from a joint venture partner in Indonesia.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risk are controlled and managed accordingly.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

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 Group's exposure to interest rate risk arises primarily from bank borrowings which are subject to floating interest rates and are re-priced at intervals of less than one year.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts, and interest rate economic effect of converting borrowings from fixed rates to floating rates or vice versa.

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

	Group			
	Basis points		Increase in loss before tax	Decrease in profit before tax
	2014	2013	2014 $'000	2013 $'000
Singapore dollar borrowings	75	75	(363)	(323)
Euro dollar borrowings	75	75	(59)	(26)
Malaysian dollar borrowings	75	75	(131)	(118)
US dollar borrowings	50	50	(41)	(43)

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.

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
Group				
2014				
Financial assets:				
Investment securities	2,724	–	–	2,724
Other receivables	–	–	260	260
Loan to joint venture partner	–	17,930	–	17,930
Trade debtors	69,787	–	–	69,787
Other debtors	23,604	–	–	23,604
Cash on hand and at banks	5,176	–	–	5,176
	101,291	17,930	260	119,481
Financial liabilities:				
Trade and other creditors	58,569	–	–	58,569
Derivative financial liabilities	10	–	–	10
Finance lease creditors	183	460	–	643
Bank borrowings	77,834	7,742	–	85,576
Other creditors	–	–	2,626	2,626
	136,596	8,202	2,626	147,424
Group				
2013				
Financial assets:				
Investment securities	4,261	–	86	4,347
Other receivables	–	–	260	260
Loan to joint venture partner	–	18,590	–	18,590
Trade debtors	64,766	–	–	64,766
Other debtors	17,485	–	–	17,485
Derivative financial assets	8	–	–	8
Cash on hand and at banks	9,671	–	–	9,671
	96,191	18,590	346	115,127
Financial liabilities:				
Trade and other creditors	61,000	–	–	61,000
Finance lease creditors	190	641	–	831
Bank borrowings	74,194	4,659	–	78,853
Other creditors	–	–	2,603	2,603
	135,384	5,300	2,603	143,287

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
Company				
2014				
Financial assets:				
Subsidiaries	–	–	27,690	27,690
Other debtors	78,413	–	–	78,413
Cash on hand and at banks	175	–	–	175
	78,588	–	27,690	106,278
Financial liabilities:				
Trade and other payables	2,234	–	–	2,234
Finance lease creditors	149	409	–	558
	2,383	409	–	2,792
2013				
Financial assets:				
Subsidiaries	–	–	45,956	45,956
Investment securities	–	–	86	86
Other debtors	52,913	–	–	52,913
Cash on hand and at banks	3,676	–	–	3,676
	56,589	–	46,042	102,631
Financial liabilities:				
Trade and other payables	2,529	–	–	2,529
Finance lease creditors	149	557	–	706
	2,678	557	–	3,235

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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	HKD $'000
Group						
2014						
Trade and other receivables	8,194	1,356	3,709	866	5,508	14,718
Trade and other payables	24,308	1,538	8,365	51,181	19	65
(Net borrowings) / net cash	(7,734)	(248)	(7,730)	12	–	–
2013						
Trade and other receivables	7,069	62	1,393	879	5,827	14,302
Trade and other payables	28,032	6,363	5,053	32,189	36	12
(Net borrowings) / net cash	(8,995)	(4,119)	(3,453)	12	–	–

	AUD $'000	THB $'000	RM $'000	HKD $'000	EURO $'000
Company					
2014					
Other receivables	3,360	4,602	1,316	30,477	57
2013					
Other receivables	3,340	4,877	2,007	24,911	54

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency exchange risk (continued)

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.

	2014		2013	
	Changes	**Loss before tax (increase)/ decrease $'000**	**Changes**	**Profit before tax increase/ (decrease) $'000**
USD	+5%	(1,192)	+5%	(1,498)
CHF	+5%	(22)	+5%	(521)
EURO	+5%	(619)	+5%	(356)
SGD	+5%	(2,515)	+5%	(1,565)
THB	+5%	274	+5%	290
HKD	+5%	733	+5%	715

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

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity securities. These securities are quoted on the Singapore Exchange Securities Trading Limited (SGX-ST) in Singapore and are classified as held for trading or available-for-sale financial assets.

Sensitivity analysis for equity price risk

At the balance sheet date, if the market price had been 5% (2013: 5%) higher/lower with all other variables held constant, the Group's loss before tax would have been approximately $136,000 lower/higher (2013: profit before tax would have been approximately $213,000 higher/lower), arising as a result of higher/lower fair value gains on held for trading investments in equity instruments.

34. FINANCIAL INSTRUMENTS

Carrying value of assets and liabilities

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Financial assets carried at fair value through profit and loss				
Derivative financial assets	–	8	–	–
Loans and receivables				
Subsidiaries	–	–	27,690	45,956
Loan to joint venture partner	16,500	16,500	–	–
Other receivables	260	260	–	–
Trade debtors	69,787	64,766	–	–
Other debtors	23,604	17,485	78,413	52,913
Cash on hand and at banks	5,176	9,671	175	3,676
	115,327	108,682	106,278	102,545
Held for trading financial assets				
Investment securities	2,724	4,261	–	–
Available-for-sale financial assets				
Investment securities	–	86	–	86
Financial liabilities carried at fair value through profit and loss				
Derivative financial liabilities	10	–	–	–
Financial liabilities measured at amortised cost				
Trade and other creditors	58,569	61,000	2,234	2,529
Finance lease creditors	602	765	522	649
Bank borrowings	84,603	78,234	–	–
Other liabilities	2,626	2,603	–	–
	146,400	142,602	2,756	3,178

34. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of assets and liabilities

A. Fair Value Hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

B. Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2014			
	Quoted prices in active markets for identical instruments (Level 1) $'000	**Significant other observable inputs (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**	**Total $'000**
Recurring fair value measurements				
Financial assets:				
Held for trading financial assets				
Investment securities (quoted)	2,724	–	–	2,724
Financial assets as at 30 June 2014	2,724	–	–	2,724
Financial liabilities:				
Financial liabilities carried at fair value through profit and loss				
Derivative financial liabilities	–	10	–	10
Financial liabilities as at 30 June 2014	–	10	–	10

34. FINANCIAL INSTRUMENTS (CONTINUED)

B. Assets and liabilities measured at fair value (continued)

	Group 2013			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Recurring fair value measurements				
Financial assets:				
Held for trading financial assets				
Investment securities (quoted)	4,261	–	–	4,261
Available-for-sale financial assets				
Investment securities (quoted)	86	–	–	86
Financial assets carried at fair value through profit and loss				
Derivative financial assets	–	8	–	8
Financial assets as at 30 June 2013	4,347	8	–	4,355

There have been no transfers between Level 1 and Level 2 during the financial years ended 2014 and 2013.

C. Level 2 fair value measurements

Derivative financial assets (forward currency contracts) are valued by reference to current forward exchange rates for contracts with similar maturity profiles.

34. FINANCIAL INSTRUMENTS (CONTINUED)

D. Assets and liabilities that are not carried at fair value and whose carrying amounts approximate fair values

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

E. Assets and liabilities whose fair values not determinable

The loans receivable and other receivables from subsidiaries have no fixed terms of repayment and are repayable only when the cash flows of the subsidiaries permit. Accordingly, the fair values 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 loan receivable from third party and the advance from an associate have no fixed terms of repayment. Accordingly, the fair values of the loan receivable from third party and the advance from an associate are not determinable as the timing of the future cash flow arising from them cannot be estimated reliably.

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.

35. SEGMENT INFORMATION (CONTINUED)

Business segments

	Ongoing Retail $'000	Distribution $'000	Export $'000	Corporate and Others $'000	Elimination $'000	Group $'000
2014						
Sales to external consumers	221,505	68,571	78,124	–	–	368,200
Intersegment sales	–	9,952	4,943	–	(14,895)	–
Segment revenue	221,505	78,523	83,067	–	(14,895)	368,200
Segment results	(4,728)	(6,294)	4,000	(6,228)		(13,250)
Exceptional items						(1,350)
Interest income						654
Interest expense						(3,572)
Share of results of associates / joint venture, net of tax						(1,686)
Loss before taxation						(19,204)
Taxation						(2,892)
Net loss for the financial year						(22,096)
2013						
Sales to external consumers	213,335	84,108	75,960	–	–	373,403
Intersegment sales	–	11,116	17,614	–	(28,730)	–
Segment revenue	213,335	95,224	93,574	–	(28,730)	373,403
Segment results	9,552	(3,721)	3,485	(2,970)		6,346
Exceptional items						2,819
Interest income						668
Interest expense						(3,307)
Share of results of associates / joint venture, net of tax						767
Profit before taxation						7,293
Taxation						(3,254)
Net profit for the financial year						4,039

35. SEGMENT INFORMATION (CONTINUED)

Business segments (continued)

	Ongoing Retail $'000	Distribution $'000	Export $'000	Corporate and Others $'000	Group $'000
2014					
Segment assets	123,013	36,388	42,036	26,410	227,847
Investment in associates/ joint venture	–	–	–	988	988
	123,013	36,388	42,036	27,398	228,835
Unallocated assets					20,209
Total assets					249,044
Segment liabilities	44,529	8,924	16,767	1,023	71,243
Unallocated liabilities					75,947
Total liabilities					147,190
Capital expenditure	13,974	1,102	1,475	6	16,557
Depreciation	6,893	1,250	504	594	9,241
2013					
Segment assets	105,169	68,796	43,979	27,091	245,035
Investment in associates / joint venture	–	–	–	10,166	10,166
	105,169	68,796	43,979	37,257	255,201
Unallocated assets					21,213
Total assets					276,414
Segment liabilities	38,185	14,889	15,953	1,072	70,099
Unallocated liabilities					75,778
Total liabilities					145,877
Capital expenditure	9,827	421	450	9	10,707
Depreciation	5,533	868	315	1,041	7,757

35. SEGMENT INFORMATION (CONTINUED)

Business segments (continued)

Assets and liabilities which are common and cannot be meaningfully allocated to the business segments are presented as unallocated assets and liabilities, as shown in the table below.

	2014 $'000	2013 $'000
Unallocated assets		
Loan to joint venture partner	16,500	16,500
Other receivables	260	260
Deferred tax assets	1,154	938
Tax recoverable	2,295	3,515
	20,209	21,213
Unallocated liabilities		
Finance lease creditors	602	765
Bank borrowings (excluding bank overdrafts)	71,939	69,135
Provision for taxation	514	3,035
Other liabilities	2,626	2,603
Deferred tax liabilities	266	240
	75,947	75,778

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
2014				
Turnover	317,810	39,858	10,532	368,200
Other geographical information:				
Non-current assets	40,803	8,660	595	50,058
Capital expenditure	16,132	338	87	16,557
2013				
Turnover	303,432	61,644	8,327	373,403
Other geographical information:				
Non-current assets	43,604	11,462	582	55,648
Capital expenditure	10,495	113	99	10,707

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 2020 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 $2,519,000 (2013: $3,706,000) 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	
	2014	**2013**
	$'000	**$'000**
Within one year	53,162	50,803
Between one year to five years	85,185	91,103
Later than five years	2,792	966
	141,139	142,872

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 2014, 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 2014, the Group has outstanding forward contracts with settlement dates within the next one year of USD 6,699,000 (2013: CHF 1,200,000).

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:

	2014 $'000	2013 $'000
Sale of goods to joint venture	69,136	63,091
Market support and administrative service income from joint venture	9,144	8,499
Purchase of goods from joint venture	39	6
Directors' fees		
– Directors of the Company	285	315
– Other directors of subsidiaries	–	24
Remuneration of key management personnel comprising short-term employee benefits:		
– Directors of the Company	2,242	2,770
– Other directors of subsidiaries	3,262	3,496
– Non directors	403	643
	5,907	6,909

Provident fund contributions of $156,000 (2013: $158,000) 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 2014 and 30 June 2013. The Group has complied with bank covenants, relating to net equity arising from its borrowings for the financial years 30 June 2014 and 30 June 2013.

The Group monitors capital using a gearing ratio and return on equity. Gearing ratio is computed as net debt divided by total equity attributable to owners of the parent while return on equity is computed as net (loss)/ profit attributable to owners of the parent for the financial year divided by the total equity attributable to owners of the parent. Net debt is calculated as borrowings less cash on hand and at banks.

40. CAPITAL MANAGEMENT (CONTINUED)

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

	Group	
	2014	2013
	$'000	$'000
Bank borrowings	84,603	78,234
Finance lease creditors	602	765
Less: cash on hand and at banks	(5,176)	(9,671)
Net debt	80,029	69,328
Equity attributable to owners of the parent	102,620	131,306
Net (loss) / profit attributable to owners of the parent for the financial year	(22,102)	4,447
Gearing ratio	78.0%	52.8%
Return on equity	–21.5%	3.4%

41. DIVIDENDS

	Group and Company	
	2014	2013
	$'000	$'000
Paid during the financial year:		
First and final dividend (one-tier tax exempt) for financial year 2013: 0.5 cent [2012: 1.0 cent (one-tier tax exempt)] per ordinary share	2,844	5,687
Proposed but not recognised as a liability as at 30 June:		
First and final dividend (one-tier tax exempt) for financial year 2014: 0.25 cent [2013: first and final dividend 0.5 cent (one-tier tax exempt)] per ordinary share	1,422	2,844

42. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) On 30 July 2014, a Hong Kong subsidiary of the Group completed the sale of a unit of the properties, which has been classified as non-current asset held for sale (Note 13) as at 30 June 2014, for a cash consideration of $3.3 million.

(b) On 11 August 2014, FJ Benjamin (Singapore) Pte Ltd entered into separate sale and purchase agreements dated 30 July 2014 with PT Saratoga Investama Sedaya Tbk and its co-investor where FJ Benjamin (Singapore) Pte Ltd will sell and PT Saratoga Investama Sedaya Tbk and its co-investor will purchase 6 out of 24 mandatory convertible bonds issued by an associated company of PT Meteor Prima Sejati for the aggregate consideration of US$18 million. The face value of each of the MCBs is IDR 12,550,000,000.

43. COMPARATIVES

Certain comparative figures have been reclassified to conform to the current year's presentation. The effects of such reclassification are as follows:

	Company	
	As restated	**As previously disclosed**
	$'000	**$'000**
Balance Sheet		
Subsidiaries	112,058	116,686
Other debtors	52,913	48,322
Prepayments and advances	37	–

44. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 30 June 2014 were authorised for issue in accordance with a resolution of the Directors dated 11 September 2014.

STATISTICS OF SHAREHOLDINGS

As at 5 September 2014

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	53	1.12	4,316	0.00
1,000 – 10,000	2,987	63.10	12,909,922	2.27
10,001 – 1,000,000	1,667	35.21	105,595,990	18.57
1,000,001 AND ABOVE	27	0.57	450,199,629	79.16
TOTAL	4,734	100.00	568,709,857	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	DBS NOMINEES (PRIVATE) LIMITED	99,256,900	17.45
2	LIM ENG HOCK	65,000,000	11.43
3	RAFFLES INVESTMENTS LIMITED	62,280,000	10.95
4	BENJAMIN FRANK	39,191,000	6.89
5	WESTERN PROPERTIES PTE LTD	28,050,000	4.93
6	UOB KAY HIAN PRIVATE LIMITED	25,530,000	4.49
7	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	19,592,000	3.44
8	SSP INNOVATIONS PTE LTD	19,264,000	3.39
9	BENJAMIN ELI MANASSEH *	17,310,050	3.04
10	KESTREL CAPITAL (HONG KONG) LIMITED	9,312,000	1.64
11	CITIBANK NOMINEES SINGAPORE PTE LTD	9,141,500	1.61
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	8,824,040	1.55
13	HSBC (SINGAPORE) NOMINEES PTE LTD	7,307,500	1.28
14	DB NOMINEES (SINGAPORE) PTE LTD	6,408,439	1.13
15	LIM YEW HOE	6,399,000	1.13
16	BANK OF SINGAPORE NOMINEES PTE. LTD.	4,222,000	0.74
17	OCBC SECURITIES PRIVATE LIMITED	3,695,000	0.65
18	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,964,000	0.52
19	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,701,080	0.47
20	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,587,120	0.45
	TOTAL	439,035,629	77.20

* Excludes 7,000,000 shares held in a nominee's name.

STATISTICS OF SHAREHOLDINGS

As at 5 September 2014

SUBSTANTIAL SHAREHOLDERS AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest	%	Deemed Interest	%
1.	Lim Eng Hock	65,000,000	11.43	35,641,000	6.27
2.	Segulah Pte Ltd @	91,937,900	16.17	–	–
3.	Raffles Investments Limited #	62,280,000	10.95	–	–
4.	Frank Benjamin	39,191,000	6.89	–	–
5.	Temasek Holdings (Private) Ltd @	–	–	91,937,900	16.17
6.	DBS Trustee Limited @	–	–	91,937,900	16.17
7.	DBS Group Holdings Limited @	–	–	91,937,900	16.17
8.	DBS Bank Ltd. @	–	–	91,937,900	16.17
9.	Aequitas Pte Ltd #	–	–	62,280,000	10.95
10.	Kambau Pte Ltd #	–	–	62,280,000	10.95
11.	Siong Lim Private Limited #	–	–	62,280,000	10.95
12.	Tecity Pte Ltd #	–	–	62,280,000	10.95
13.	Dr Tan Kheng Lian #	–	–	62,280,000	10.95
14.	Mavis Benjamin, Mrs	–	–	39,191,000	6.89

@ 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.

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 5 September 2014, approximately 44% 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

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 Monday, 20 October 2014 at 11.00 a.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 2014 together with the Auditor's Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 0.25 cent per ordinary share one-tier tax exempt for the year ended 30 June 2014 (FY2013: 0.5 cent per ordinary share) **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 102 of the Articles of Association of the Company:

   Mr Douglas Jackie Benjamin **(Resolution 3)**
   Ms Karen Chong Mee Keng **(Resolution 4)**

   Mr Douglas Benjamin will, upon re-election as a Director of the Company, remain as a member of the Executive Committee and will be considered non-independent.

   Ms Karen Chong will, upon re-election as a Director of the Company, remain as a member of the Executive Committee and will be considered non-independent.

4. To re-elect Mr Ng Hin Lee as a Director of the Company retiring pursuant to Article 106 of the Articles of Association of the Company. **(Resolution 5)**

   Mr Ng will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and will be considered independent.

5. To re-appoint Mr Frank Benjamin, a Director of the Company retiring under Section 153(6) of the Companies Act Chapter 50 of Singapore (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.

6. To re-appoint Mr Keith Tay Ah Kee, 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 Keith Tay will, upon re-appointment as a Director of the Company, remain as Chairman of the Nominating Committee and a member of the Remuneration Committee and the Executive Committee and will be considered independent.

7. To approve the payment of Directors' Fees of up to S$325,000 for the year ending 30 June 2015 (FY2014: S$325,000) **(Resolution 8)**

8. To re-appoint Messrs Ernst & Young LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 9)**

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 ("SGX-ST"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in 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 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:

(a) any new shares arising from the conversion or exercise of any instruments or 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 (ii)] **(Resolution 10)**

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") in accordance with 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) 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 on the earlier of:

(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.

(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) Market Days; 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 (iii)] **(Resolution 11)**

By Order of the Board

Karen Chong Mee Keng
Company Secretary

Singapore, 3 October 2014

EXPLANATORY NOTES:

(i) The effects of the Ordinary Resolutions 6 and 7 proposed in items 5 and 6 above, are to re-appoint directors of the Company who are over 70 years of age.

(ii) The Ordinary Resolution 10 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 existing shareholders of the Company.

The sub-limit of 10% for issues other than on a pro-rata basic 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.

(iii) The Ordinary Resolution 11 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 (i) the date of the next Annual General Meeting of the Company, (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, or (iii) 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, whichever is the earliest, 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 2014 is set out in the Letter.

NOTES:

1. A Member entitled to attend and vote at the Annual General Meeting (the "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 or proxies 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 either under seal or the hand of its duly authorised 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 the holding of the Meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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 (Nash) Benjamin, *Chief Executive Officer*
Douglas Jackie Benjamin, *Executive Director*
Karen Chong Mee Keng, *Executive Director*
Wong Ai Fong, *Independent Director*
Chew Kwee San, *Non-Executive Director*
Daniel Ong Jen Yaw, *Independent Director*
Ng Hin Lee, *Independent Director (appointed on 11 July 2014)*

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

3 October 2014

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 3 October 2014 (the "**Notice of AGM**") convening the AGM to be held on 20 October 2014 (the "**2014 AGM**"), and (b) the ordinary resolution number 11 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 2014 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.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 The Share Purchase Mandate

Any purchase or acquisition of Shares by the Company would have to be made in accordance with and in the manner prescribed by the Companies Act (Chapter 50) of Singapore (the "**Companies Act**"), its Memorandum and Articles, the rules of the Listing Manual and such other laws and regulations as may, for the time being, be applicable.

It is also a requirement that a company which wishes to purchase or acquire its own shares should obtain approval of its shareholders to do so at a general meeting. At the extraordinary general meeting of the Company ("**EGM**") held on 29 October 2007, Shareholders approved a Share Purchase Mandate (as defined herein) to allow the Company to purchase or otherwise acquire its issued Shares (as defined herein). The Share Purchase Mandate was subsequently renewed at the AGMs of the Company in each subsequent year, including the AGM held on 31 October 2013 (the "**2013 AGM**"). The rationale for, the authority and limitations on, and the financial effects of, the renewal of the mandate at the 2013 AGM (the "**2013 Share Purchase Mandate**") were set out in the Company's Letter to Shareholders dated 16 October 2013.

The authority conferred pursuant to the 2013 Share Purchase Mandate may be exercised by the Directors at any time during the period commencing from the date of the 2013 AGM and expiring on the date (a) when the next AGM of the Company is held or required by law to be held, (b) the date on which the purchases or acquisitions of Shares pursuant to the 2013 Share Purchase Mandate are carried out to the full extent mandated or (c) the date on which the authority conferred by the 2013 Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting, whichever is earliest.

Accordingly, the Directors are seeking the approval of Shareholders for the renewal of the Share Purchase Mandate at the 2014 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.

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 2014 AGM, are similar in terms to those previously approved by Shareholders at the 2013 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 2014 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 2014 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 2014 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, 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 Rule 885 of the Listing Manual, 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 (as defined herein) or other applicable take-over rules;

(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.

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, 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 Rule 704(28) of 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.

Rule 886 of the Listing Manual specifies 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.

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 2014 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 2014 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$0.19 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$8.644 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$0.22 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$10.009 million.

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 2014; 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 2014, 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 2014 are set out below:

(1) Purchases made entirely out of capital and held as treasury shares

(A) Market Purchases

	Group		Company	
	Before Share Purchase S$'000	**After Share Purchase S$'000**	**Before Share Purchase S$'000**	**After Share Purchase S$'000**
As at 30 June 2014				
Issued capital and reserves	101,854	101,733	169,172	169,051
Treasury shares	–	(8,644)	–	(8,644)
Total shareholders' equity	101,854	93,089	169,172	160,407
NTA	101,854	93,089	169,172	160,407
(Loss) / Profit after taxation and minority interest	(22,096)	(22,217)	6,114	5,993
Net debt	80,029	88,673	347	3,990
Number of Shares ('000)	568,710	568,710	568,710	568,710
Financial Ratios				
NTA per Share (cents)	17.91	16.37	29.75	28.21
Gross debt gearing (%)	83.65	95.26	0.31	2.49
Net debt gearing (%)	78.57	95.26	0.21	2.49
Current ratio (times)	1.46	1.38	33.39	12.40
(Loss) / Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	(1.97)	(1.91)	298.52	44.15
Basic (LPS) / EPS (cents)				
(before exceptional items)	(3.65)	(3.67)	1.81	1.79
(after exceptional items)	(3.89)	(3.91)	1.08	1.05
ROE (%)	(21.69)	(23.87)	3.61	3.74

(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
As at 30 June 2014				
Issued capital and reserves	101,854	101,685	169,172	169,003
Treasury shares	–	(10,009)	–	(10,009)
Total shareholders' equity	101,854	91,676	169,172	158,994
NTA	101,854	91,676	169,172	158,994
(Loss) / Profit after taxation and minority interest	(22,096)	(22,265)	6,114	5,945
Net debt	80,029	90,038	347	5,355
Number of Shares ('000)	568,710	568,710	568,710	568,710
Financial Ratios				
NTA per Share (cents)	17.91	16.12	29.75	27.96
Gross debt gearing (%)	83.65	98.21	0.31	3.37
Net debt gearing (%)	78.57	98.21	0.21	3.37
Current ratio (times)	1.46	1.37	33.39	10.02
(Loss) / Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	(1.97)	(1.88)	298.52	32.99
Basic (LPS) / EPS (cents)				
(before exceptional items)	(3.65)	(3.68)	1.81	1.78
(after exceptional items)	(3.89)	(3.92)	1.08	1.05
ROE (%)	(21.69)	(24.29)	3.61	3.74

(2) Purchases made entirely out of capital and cancelled

(A) Market Purchases

	Group		Company	
	Before Share Purchase S$'000	After Share Purchase S$'000	Before Share Purchase S$'000	After Share Purchase S$'000
As at 30 June 2014				
Issued capital and reserves / Total shareholders' equity	101,854	93,089	169,172	160,407
NTA	101,854	93,089	169,172	160,407
(Loss) / Profit after taxation and minority interest	(22,096)	(22,217)	6,114	5,993
Net debt	80,029	88,673	347	3,990
Number of Shares ('000)	568,710	523,213	568,710	523,213
Financial Ratios				
NTA per Share (cents)	17.91	17.79	29.75	30.66
Gross debt gearing (%)	83.65	95.26	0.31	2.49
Net debt gearing (%)	78.57	95.26	0.21	2.49
Current ratio (times)	1.46	1.38	33.39	12.40
(Loss) / Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	(1.97)	(1.91)	298.52	44.15
Basic (LPS) / EPS (cents)				
(before exceptional items)	(3.65)	(3.99)	1.81	1.94
(after exceptional items)	(3.89)	(4.25)	1.08	1.15
ROE (%)	(21.69)	(23.87)	3.61	3.74

(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
As at 30 June 2014				
Issued capital and reserves / Total shareholders' equity	101,854	91,676	169,172	158,994
NTA	101,854	91,676	169,172	158,994
(Loss) / Profit after taxation and minority interest	(22,096)	(22,265)	6,114	5,945
Net debt	80,029	90,038	347	5,355
Number of Shares ('000)	568,710	523,213	568,710	523,213
Financial Ratios				
NTA per Share (cents)	17.91	17.52	29.75	30.39
Gross debt gearing (%)	83.65	98.21	0.31	3.37
Net debt gearing (%)	78.57	98.21	0.21	3.37
Current ratio (times)	1.46	1.37	33.39	10.02
(Loss) / Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	(1.97)	(1.88)	298.52	32.99
Basic (LPS) / EPS (cents)				
(before exceptional items)	(3.65)	(4.00)	1.81	1.94
(after exceptional items)	(3.89)	(4.26)	1.08	1.14
ROE (%)	(21.69)	(24.29)	3.61	3.74

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.

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, but only in respect of the investment account which such person manages;

(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.

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.

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 of Directors 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 full year financial statements; and

(b) two (2) weeks immediately preceding the announcement of the Company's financial statements 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 or 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 249,561,907 Shares, representing 43.88% 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 204,065,118 Shares, representing 39.00% 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 2013 Share Purchase Mandate in the 12 months immediately preceding the Latest Practicable Date.

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 (Nash) Benjamin (1)	17,310,050	7,000,000	4.27
Keith Tay Ah Kee	256,000	–	0.05
Douglas Jackie Benjamin (2)	–	130,000	0.02
Wong Ai Fong (3)	–	35,000	0.01
Karen Chong Mee Keng	–	–	–
Chew Kwee San	–	–	–
Daniel Ong Jen Yaw	–	–	–
Ng Hin Lee	–	–	–

(1) Eli Manasseh (Nash) Benjamin – deemed interest - The shares are held in a nominee's name.
(2) Douglas Jackie Benjamin – 10,000 shares are held in his spouse's name, 40,000 shares are held in a nominee's name and 80,000 shares are purchased under the CPF Investment Scheme.
(3) Wong Ai Fong – The shares are purchased under the CPF Investment Scheme and managed by a nominee.

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 (4)	65,000,000	35,641,000	17.70
Segulah Pte Ltd	91,937,900	–	16.17
Temasek Holdings (Private) Ltd (5)	–	91,937,900	16.17
DBS Trustee Limited (5)	–	91,937,900	16.17
DBS Group Holdings Limited (5)	–	91,937,900	16.17
DBS Bank Ltd. (5)	–	91,937,900	16.17
Raffles Investments Limited	62,280,000	–	10.95
Aequitas Pte Ltd (6)	–	62,280,000	10.95
Kambau Pte Ltd (6)	–	62,280,000	10.95
Siong Lim Private Limited (6)	–	62,280,000	10.95
Tecity Pte Ltd (6)	–	62,280,000	10.95
Dr Tan Kheng Lian (6)	–	62,280,000	10.95
Mavis Benjamin (7)	–	39,191,000	6.89

(4) Lim Eng Hock – deemed interest - The shares are held in nominees' names and by related companies.
(5) 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.
(6) 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.
(7) Mavis Benjamin – Mavis Benjamin is the spouse of Frank Benjamin and therefore deemed interested in the shares held by Frank Benjamin.

4. ANNUAL GENERAL MEETING

The 2014 AGM of the Company, notice of which is set out in pages 127 to 132 of the 2014 Annual Report, will be held on 20 October 2014 at 11 a.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 11, 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 , after making all reasonable enquires that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the renewal of the Share Purchase Mandate, the Company and its Subsidiaries, and 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 2014 AGM:

(a) the Memorandum and Articles; and

(b) the 2014 Annual Report.

Yours faithfully
For and on behalf of the Board of Directors of
F J 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:

"**2013 AGM**"	:	The annual general meeting of the Company held on 31 October 2013
"**2013 Share Purchase Mandate**"	:	The Share Purchase Mandate renewed at the 2013 AGM
"**2014 AGM**"	:	The annual general meeting of the Company to be held on 20 October 2014
"**2014 Annual Report**"	:	The annual report of the Company for the financial year ended 30 June 2014
"**AGM**"	:	The annual general meeting of the Company
"**Articles**"	:	The Articles of Association of the Company
"**Board of Directors**"	:	The board of Directors of the Company
"**CDP**"	:	The Central Depository (Pte) Limited
"**Companies Act**"	:	The Companies Act (Chapter 50 of Singapore)
"**Company**"	:	F J Benjamin Holdings Ltd
"**Director**"	:	A director of the Company as at the date of this Letter
"**EGM**"	:	An extraordinary general meeting of the Company
"**EPS**"	:	Earnings per Share
"**Group**"	:	The Company, its Subsidiaries and associated companies
"**Latest Practicable Date**"	:	5 September 2014, being the latest practicable date prior to the printing of this Letter
"**Listing Manual**"	:	The listing manual of the SGX-ST
"**Listing Rules**"	:	The listing rules of the SGX-ST as set out in the Listing Manual
"**Market Day**"	:	A day on which the SGX-ST is open for trading in securities
"**Market Purchase**"	:	Shall have the meaning ascribed to it in **paragraph 2.3(c)(i)**
"**Maximum Price**"	:	Shall have the meaning ascribed to it in **paragraph 2.3(d)**
"**Memorandum**"	:	The Memorandum of Association of the Company
"**Notice of AGM**"	:	The notice of the 2014 AGM
"**NTA**"	:	Net tangible assets
"**Off-Market Purchase**"	:	Shall have the meaning ascribed to it in **paragraph 2.3(c)(ii)**
"**ROE**"	:	Return on equity
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited

"**Shareholders**"	:	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
"**Shares**"	:	Ordinary shares in the share capital of the Company
"**Share Purchase Mandate**"	:	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
"**Subsidiary**"	:	A company which is for the time being a subsidiary of the Company as defined by Section 5 of the Companies Act
"**Substantial Shareholder**"	:	Shall have the meaning ascribed to it in the Companies Act
"**Take-over Code**"	:	The Singapore Code on Take-overs and Mergers
"**S$**" and "**cents**"	:	Singapore dollars and cents, respectively
"%"	:	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.

F J BENJAMIN HOLDINGS LTD
(Co. Reg. No. 197301125N)
(Incorporated In The Republic of Singapore)

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.

PROXY FORM

(Please see notes overleaf before completing this Form)

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 Monday, 20 October 2014 at 11.00 a.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 2014		
2	Payment of proposed first & final dividend		
3	Re-election of Mr Douglas Jackie Benjamin as a Director		
4	Re-election of Ms Karen Chong Mee Keng as a Director		
5	Re-election of Mr Ng Hin Lee as a Director		
6	Re-appointment of Mr Frank Benjamin as a Director		
7	Re-appointment of Mr Keith Tay Ah Kee as a Director		
8	Approval of Directors' Fees amounting to S$325,000 for the year ending 30 June 2015		
9	Re-appointment of Messrs Ernst & Young LLP as Auditors		
10	Authority to issue shares		
11	Renewal of Share Purchase Mandate		

Dated this ____________ day of ________________2014

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* *Delete where inapplicable*

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.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 3 October 2014.

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
Fashion Dynamics Singapore Lte 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 14
3/F Shing Yip Industrial Building,
19-21 Shing Yip Street,
Kwun Tong, Kowloon
Hong Kong

Tel : (852) 2308 4091
Fax : (852) 2308 4090

TAIWAN

F J Benjamin (Taiwan) Ltd

5F-9, No 255 Sec 1
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Taiwan, Republic of China

Tel : (886) 2 2711 8088
Fax : (886) 2 2781 7880

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Arcangel Inc.

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F J Benjamin Italy S.R.L.

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