ANNUAL REPORT

2017/18

FJ BENJAMIN

CONTENTS

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 South East Asia. Headquartered in Singapore and listed on the Singapore Exchange since November 1996, F J Benjamin has offices in three cities, manages over 20 iconic brands and operates 220 stores.

The Group employs over 2,500 employees and runs two core businesses:

Luxury and Lifestyle Fashion Retailing and Distribution

F J Benjamin exclusively retails and distributes brands such as Babyzen, Céline, Givenchy, Guess, La Senza, Loewe, Marc Jacobs, Petunia Pickle Bottom, Pretty Ballerinas, Rebecca Minkoff, Sheridan, Superdry, Tom Ford, U.S. Polo and VNC across various territories.

Timepiece Distribution

F J Benjamin exclusively distributes timepiece brands – Alpina, Casio (in Indonesia only) , Frédérique Constant, Gc, Guess, Nautica, Superdry and Victorinox Swiss Army across Southeast Asia.

CORPORATE DIRECTORY

REGISTERED OFFICE

1 Jalan Kilang Timor,
#07-01/02
Pacific Tech Centre
Singapore 159303
Tel: (65) 6737 0155
Fax: (65) 6732 9616
Email: info@fjbenjamin.com
Website: www.fjbenjamin.com

DIRECTORS

Mr Frank Benjamin
Non-Executive Chairman

Mr Eli Manasseh (Nash) Benjamin
Chief Executive Officer

Mr Douglas Jackie Benjamin
Executive Director

Mr Ng Hin Lee
Independent Director

Mr Daniel Ong Jen Yaw
Independent Director

Mr Liew Choon Wei
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
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner: Mr Christopher Wong
(since financial year ended
30 June 2017)

SOLICITORS

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

PRINCIPAL BANKERS

Citibank Berhad
DBS Bank Ltd
Malayan Banking Berhad
RHB Bank Berhad
Standard Chartered Bank
The Hongkong and Shanghai
Banking Corporation Limited
United Overseas Bank Limited

CHAIRMAN'S REVIEW

Our brand portfolio performed creditably with several of the newer labels exceeding expectations even as they made full-year contributions to the bottom line.

DEAR SHAREHOLDERS

Last year, I informed you that our Group-wide restructuring programme was nearly completed and the results would be evident in the new financial year. I am glad to report that this has turned out to be the case and we are encouraged by the improved quality of our business and financials.

For the first time in four years, we have returned to profitability at the operating level, albeit at a modest level. Group net profit before tax totalled $939,000 for the financial year ended 30 June 2018 (FY18), compared to a net loss of $16.5 million the year before. The positive comparable store growth and margin expansion is a positive testament to the actions we have taken to turn the business around.

During the year under review, a sustained recovery in the macro environment and consumer sentiment fuelled sales in our regional network. In Singapore and Malaysia, revenue of our ongoing business grew by 12% and 16% respectively. Sales for our Indonesian Associate Company on ongoing business grew by 15%. Whilst our turnover may have declined, the quality of our ongoing business has improved significantly which resulted in a big swing from heavy losses the year before. Against this backdrop, our brand portfolio performed creditably with several of the newer labels exceeding expectations even as they made full-year contributions to the bottom line.

The restructuring programme these last several years while painful was necessary. It has set us up for greater efficiency in our operations so that we can reinvest in value-creating businesses for the future.

We have stepped up our online presence and taking an omnichannel approach to offering our customers an integrated and consistent brand experience that ensure they are well served no matter what channel, device, place or time they need to engage with us. While we use new technology to reach our customers and track their purchases, we will continue to make ourselves relevant by monitoring closely our consumers' changing shopping behaviour and taste.

Fund Raising

I wish to thank all Shareholders who supported my request to apply for the Rights cum Warrants issue in April this year, which raised net proceeds of $8.1 million. The Rights shares were priced at $0.035 per share, while the Warrants with a three-year exercise period were priced at $0.04 per Warrant.

If Warrants are all exercised by April 2021, the Company will raise an additional $27 million.

The Rights exercise was oversubscribed by 48.6%, and we are grateful to all Shareholders who have given us overwhelming support to our first fund raising exercise in 16 years.

The funds raised will support Group's expansion plans and working capital.

Board Changes

Mr Chew Kwee San stepped down from his role as Non-Independent Director from our Board of Directors in October 2017. He was our Chairman of the Remuneration Committee and Member of the Audit Committee. I thank him for his services and valuable inputs to the Board during the nine years he has been a director. Mr Daniel Ong has taken over Mr Chew's role as Chairman of the Remuneration Committee, while Mr Liew Choon Wei has been appointed as a member of the Audit Committee.

Following Mr Chew's departure and in keeping with the Code of Corporate Governance's recommendation which stipulates at least half of the Board should be independent, Ms Karen Chong has stepped down as Executive Director. She remains the Chief Financial Officer and Company Secretary of the Group.

Looking Ahead

Having learnt hard lessons from the slump of recent years, we believe we have become stronger as a company. We will reinvest prudently and exercise greater discipline in managing our business.

Whilst business sentiment remains positive, an escalation of the trade war between the US and China and fluctuation of currencies could dampen consumer's confidence and economic growth. Management will monitor all operating ratios diligently while driving productivity on a more cost-effective basis.

Finally, I would like to thank my fellow Board members for their wise counsel over the past year. I would also like to express my deepest gratitude to our landlords, bankers, business partners, shareholders and customers for journeying alongside us in recent years. Finally, I reserve my deepest appreciation for our employees, all of whom have given us their support, hard work, patience and perseverance. It is only through teamwork that we can build a better and stronger F J Benjamin.

FRANK BENJAMIN

Non-Executive Chairman
F J Benjamin Holdings Ltd

CHIEF EXECUTIVE OFFICER'S REPORT

This turnaround was achieved by the Group-wide exercise of right sizing, restructuring and discontinuing of non profitable brands which has now been completed.

DEAR SHAREHOLDERS

I am pleased to report the results of our financial year ended 30 June 2018 where we reported a turnaround with a Group Pre-Tax Profit of just under $1 million compared to a net loss of $16.5 million the year before. This turnaround was achieved by the Group-wide exercise of right sizing, restructuring and discontinuing of non profitable brands which has now been completed.

During the year under review, we closed down the last of the non-performing stores that were included in our restructuring programme and discontinued some major brands. Although our topline sales decreased, these were made up of loss-making businesses, and supplemented by positive growth of our ongoing brands in the region.

Financial & Operating Review

Group turnover in FY18 fell 20% to $166.0 million from $207.5 million compared to the year before. Pre-tax profit stood at $939,000 against a net loss of $16.5 million previously.

Net loss after tax of $1.2 million was significantly lower than the loss of $17.4 million in FY17. The results included an operating loss of $1.1 million from one of our discontinued brands.

Sales in Singapore and Malaysia grew by $16.2 million. There was also a currency translation gain of $0.8 million from the appreciation of the Malaysia ringgit against the Singapore dollar. Arising from the discontinued business, the Group recorded $39.9 million decline in revenue. There was also $18.6 million reduction of direct sales to our Indonesian associate as it has started to finance part of its purchases.

Gross profit margin improved from 42% to 46% due to higher margins from existing brands and the cessation of low-yielding brands.

Revenue from the fashion business in Southeast Asia grew 16% after excluding purchases by the Indonesian associate, discontinued brands and translation gain from the strengthening of the ringgit. Revenue from timepiece business declined by two per cent.

Revenue of the Group's Associated Company in Indonesia grew by 15% to $111.1 million. Share of result of $3.1 million loss included translation loss of $603,000, losses from discontinued business of $923,000 and aggressive clearance of aged inventory.

In addition to new stores, we witnessed continued comparable store growth for brands like Superdry, La Senza and Guess. Our Associate Company in Indonesia also recorded growth of existing brands and started its distribution of Casio watches.

As at 30 June 2018, inventory was reduced by 22% to $31.6 million with improved sell throughs and discontinuance of some brands during the financial year.

During the year, the Group generated positive cash flow of $7.6 million from operating activities and invested primarily in shop fittings.

Net borrowings in FY18 totalled $12.8 million compared to $22.7 million as at 30 June 2017 with gearing at 24% compared to 53% the year before.

The Board has not recommended a dividend for FY18.

We are encouraged by our operating results which have returned to the black after four years. This was achieved by reduction of operating cost, improved consumer sentiment, comparable store growth in all territories for most of our brands, as well as full year contributions from new stores opened in FY17.

Retail Network

As at 30 June, the Group's distribution network in the region comprised of 220 stores compared to 250 in the previous year. We have a total of 16 stores in Singapore, 65 in Malaysia and 139 in Indonesia.

Omnichannel Marketing

While our brick-and-mortar stores give us unique advantages, we recognise the need to embrace technology to engage our customers across all our touchpoints. To this end, we set up an Omnichannel Advisory Board in March 2018 to guide us in giving our customers a truly immersive and seamless experience that integrates our physical stores and online channels.

We have plans in place to harness big data and to deploy data analytics and other digital tools on a fully-integrated marketing platform.

Three domain experts – Marcelo Wesseler, Jon Sugihara and Tito Costa – have been appointed Members of the Advisory Board, together with three senior F J Benjamin executives. They will recommend to management ways to optimise our regional network as well as grow our online business volume.

Outlook

With the Group's finances on a stable footing and restructuring completed, management will now be able to focus on growing the business organically with improved merchandise assortments, implementation of a new CRM (Customer Relationship Management) software together with its digital marketing program. The Group continues to evaluate prospects of introducing new brands into its portfolio.

Whilst sentiment remains positive, an escalation of the trade war between the US and China could dampen consumer confidence and economic growth. The Group will monitor its business and investments carefully while driving productivity on a more cost-effective platform.

Appreciation

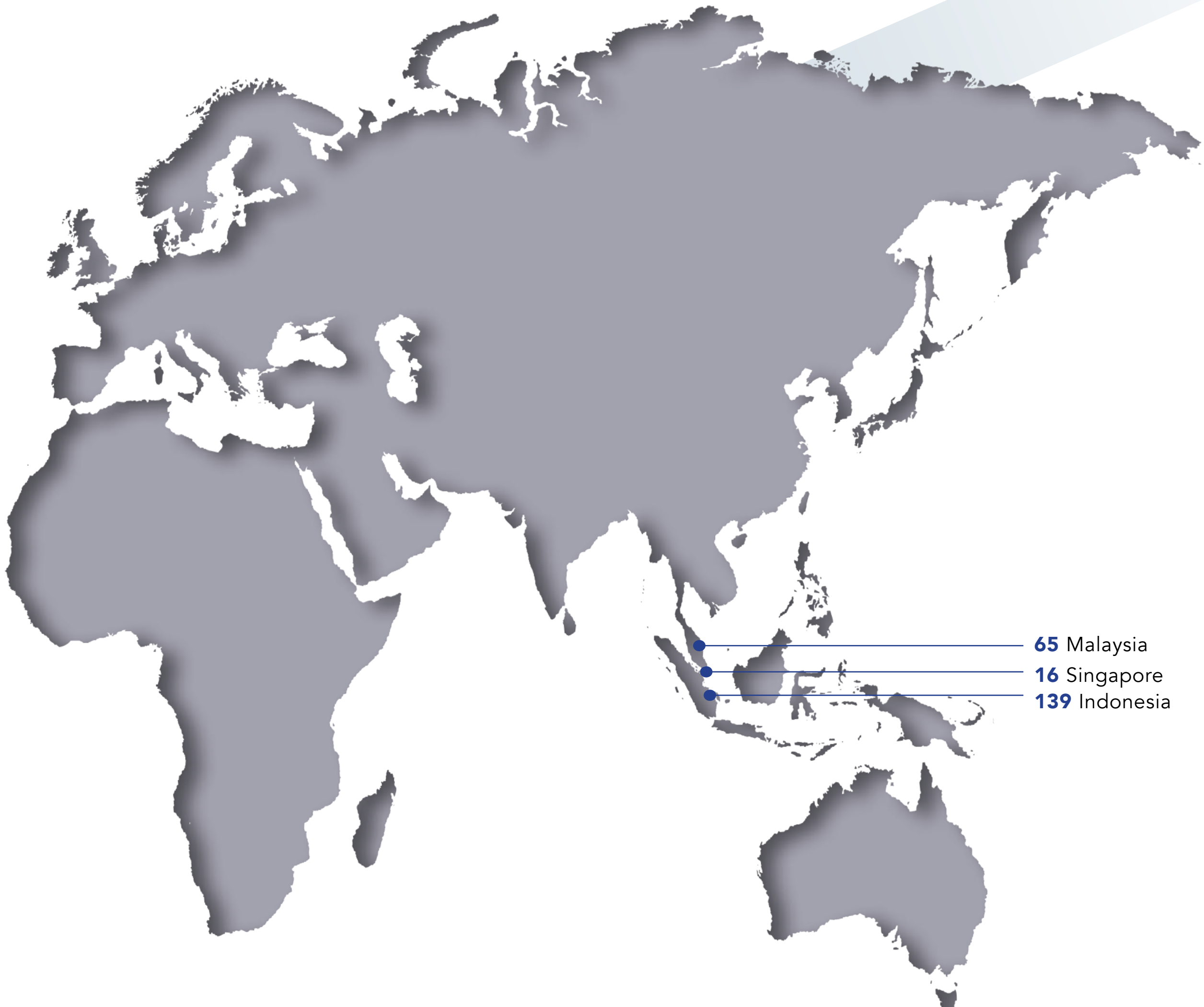
I am grateful to all Shareholders who have supported the Group over the years and recently for our Rights cum Warrants Issue exercise.

I would like to extend my deep appreciation to all the management and staff of the Group who have worked tirelessly and believed in the company through the difficult times. I am also grateful to our principals, bankers, business associates, partners and landlords for their support. We will endeavour to work smart and deliver improved results in the coming year.

ELI MANASSEH (NASH) BENJAMIN

Chief Executive Officer
F J Benjamin Holdings Ltd

GEOGRAPHICAL PRESENCE



RETAIL FOOTPRINT

	FY2018	FY2017
Singapore	**16**	30
Malaysia	**65**	76
Indonesia	**139**	144
TOTAL	**220**	**250**

CORPORATE STRUCTURE

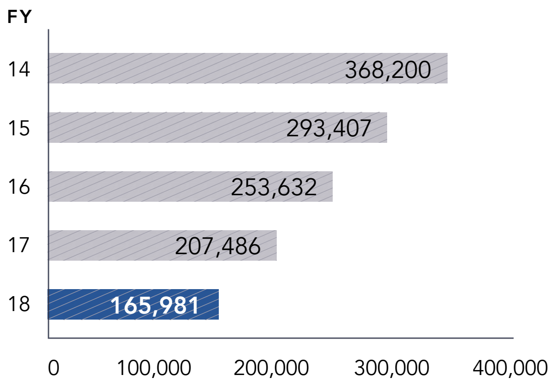
F J BENJAMIN HOLDINGS LTD

- SOUTHEAST ASIA
  - Singapore
    - F.J.B. Investment **100%**
      - F J Benjamin (Singapore) **100%**
      - F J Benjamin Lifestyle **100%**
      - Nootrees Pte Ltd **100%**
    - F J Benjamin Concepts **100%**
      - Scotts Outlet Mall **50%**
    - F J Benjamin Ideas **100%**
    - Fashion Dynamics International **100%**
      - Fashion Dynamics Singapore **100%**
  - Malaysia
    - F J Benjamin (M) **100%**
      - F J Benjamin Lifestyle **100%**
    - F J Benjamin Luxury Timepieces **100%**
  - Thailand
    - F.J.Benjamin Concepts (Thailand) **100%**
  - 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%**
    - Fashion Dynamics HK Ltd **100%**
- EUROPE
  - Italy
    - F J Benjamin Italy S.R.L **100%**
- USA
  - F. J. Benjamin Fashions (US) **100%**

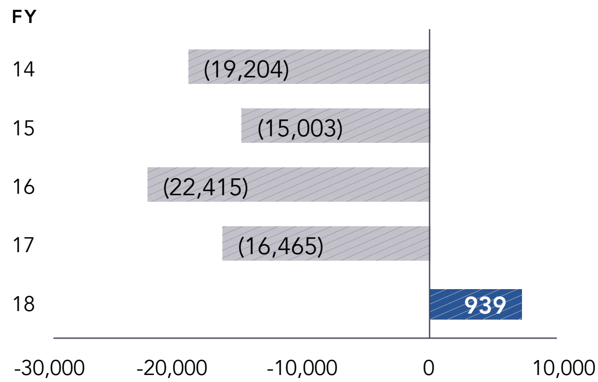
Active · Investment holding · Dormant

GROUP FIVE-YEAR FINANCIAL SUMMARY

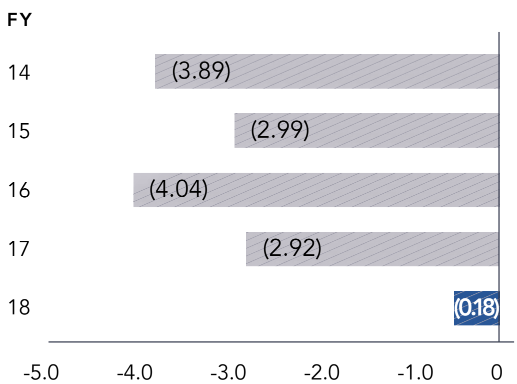
Turnover ($'000)



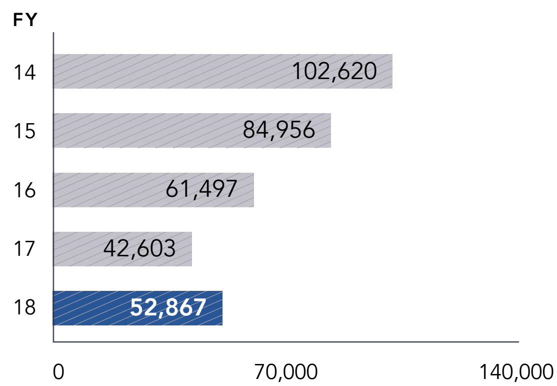
Profit / (Loss) Before Taxation ($'000)



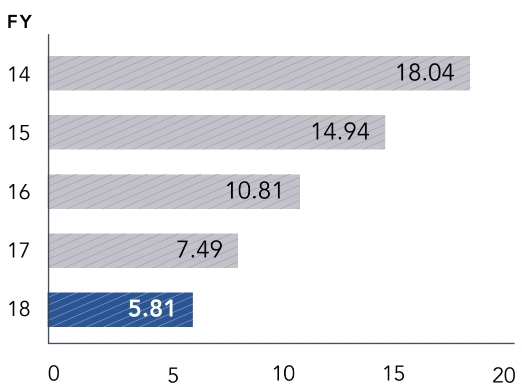
Basic Earnings / (Loss) Per Share (cents)



Shareholders' Equity ($'000)



NTA Per Share (cents)



	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000
Profit & Loss					
Turnover	368,200	293,407	253,632	207,486	**165,981**
Operating Profit / (Loss) before Borrowing Costs	(13,946)	(13,932)	(19,796)	(12,028)	**5,377**
Borrowing Costs	(3,572)	(3,227)	(2,507)	(1,744)	**(1,382)**
Share of Results of Associates	(1,686)	2,156	(112)	(2,693)	**(3,056)**
Profit / (Loss) Before Taxation	(19,204)	(15,003)	(22,415)	(16,465)	**939**
Loss After Taxation and Non-controlling Interest	(22,102)	(16,988)	(22,959)	(17,420)	**(1,235)**
Basic Earnings / (Loss) Per Share (cents)	(3.89)	(2.99)	(4.04)	(2.92)*	**(0.18)**
Operating Margin (%)	-3.4%	-4.7%	-7.8%	-5.8%	**3.2%**
Balance Sheet					
Non-Current Assets	50,058	56,217	45,194	35,806	**33,166**
Net Current Assets	62,622	32,158	16,483	7,571	**20,476**
Shareholders' Equity attributable to equity holders of the Company	102,620	84,956	61,497	42,603	**52,867**
Net Debt	80,029	46,064	31,749	22,747	**12,835**
Return on Equity (%)	-21.5%	-20.0%	-37.3%	-40.9%	**-2.3%**
Net Debt to Equity	0.78	0.54	0.52	0.53	**0.24**
Net Tangible Assets Per Share (cents)	18.04	14.94	10.81	7.49	**5.81**
Dividend Per Share	0.25	–	–	–	**–**

* Restated

BOARD OF DIRECTORS

MR FRANK BENJAMIN

Date of appointment as Director:
5 June 1973

Date of last re-election:
27 October 2016

Nature of appointment:
Executive. Redesignated to Non- Executive on 1st July 2017

Board committees served on:
Nominating Committee

Mr Frank Benjamin was re-designated as Non-Executive Chairman on 1st July 2017.

He is the founder and Executive Chairman from April 2006 to 30 June 2017. Prior to that, he was the Chief Executive Officer, a position he held since the founding of F J Benjamin in 1959.

MR ELI MANASSEH (NASH) BENJAMIN

Date of appointment as Director:
26 July 1973

Date of last re-election:
27 October 2017

Nature of appointment:
Executive

Board committees served on:
None

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, Mr Nash Benjamin 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 DOUGLAS BENJAMIN

Date of appointment as Director:
3 November 2000

Date of last re-election:
20 October 2014

Nature of appointment:
Executive

Board committees served on:
None

With F J Benjamin since 1989, Mr Douglas Benjamin is the Chief Operating Officer of the Group. He works closely with Mr Nash Benjamin to coordinate the Group's activities.

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

He sits on the board of trustees for the KK Hospital & Health Endowment Fund.

MR NG HIN LEE

Date of appointment as Director:
11 July 2014

Date of last re-election:
27 October 2017

Nature of appointment:
Independent

Board committees served on:
Audit Committee (Chairman) and Remuneration Committee

Mr Ng Hin Lee 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 is an independent Non-Executive Director of KOP Limited, and also sits on the boards of four non-listed companies.

BOARD OF DIRECTORS

MR DANIEL ONG JEN YAW

Date of appointment as Director:
30 November 2011

Date of last re-election:
28 October 2015

Nature of appointment:
Independent

Board committees served on:
Audit Committee, Nominating Committee and Remuneration Committee (Chairman)

Mr Daniel Ong has more than 30 years of working experience in diverse fields ranging from banking and finance, property development and investment, manufacturing, cruise, hotels and the F&B industry.

He was founder and executive director of Sushi Tei, a successful F&B company with over 80 restaurants in Southeast Asia and Indochina, before it was sold in May 2018. He also held senior management positions at listed retail and property group Metro Holdings Limited and started his career at Citibank.

Mr Ong graduated from the University of Southern California with a Bachelor of Science in Mechanical Engineering and a MBA in Finance.

MR LIEW CHOON WEI

Date of appointment as Director:
29 November 2016

Date of last re-election:
27 October 2017

Nature of appointment:
Independent

Board committees served on:
Audit Committee, Remuneration Committee and Nominating Committee (Chairman)

Mr Liew was with an international public accounting firm for more than 30 years before retiring in 2013 as an Audit Partner. He is a retired Fellow of the Association of Chartered Certified Accountants, UK and a Chartered Accountant of Singapore.

Mr Liew is an Independent Non-Executive Director of Halcyon Agri Corporation Limited and an Independent Non-Executive Director of The Hour Glass Limited. He is an Independent Non-Executive Director of Frasers Hospitality Asset Management Pte Ltd and Frasers Hospitality Trust Management Pte Ltd respectively. The former and latter are the manager of the real estate investment trust (REIT) and the trustee-manager of the business trust (BT), of which the REIT and BT comprise the stapled group, Frasers Hospitality Trust. Mr Liew is also the Chairman of the Internal Audit Committee of Kuok (Singapore) Ltd.

SENIOR MANAGEMENT

SINGAPORE

Douglas Jackie Benjamin
Chief Executive Officer
F J Benjamin Singapore Pte Ltd

Please refer to information on the Board of Directors on page 13.

Karen Chong
Group Chief Financial Officer and Company Secretary
F J Benjamin Holdings Ltd

Ms Karen Chong has been with the Group since 1997 and oversees the financial and accounting functions of the Group including statutory and regulatory compliance. She is a Fellow of CPA Australia, Association of Chartered Certified Accountants and a Fellow member of the Institute of Singapore Chartered Accountants.

Samuel Benjamin
Director – Luxury Fashions and Timepieces
F J Benjamin Singapore Pte Ltd

Mr Samuel 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 luxury fashion and timepiece businesses in the region.

Ben Benjamin
Director – Corporate Strategy & Business Development
F J Benjamin Holdings Ltd

Mr Ben Benjamin joined the Group in 2005 and was responsible for the overall business operations of the Group's luxury brands as well as the development and identification of new brands for the luxury fashion division.

Mr Benjamin now oversees the corporate strategy and business development for the Group.

MALAYSIA

Douglas Jackie Benjamin
Chief Executive Officer
F J Benjamin (M) Sdn. Bhd. and subsidiaries

Please refer to information on the Board of Directors on page 13.

Goretta Yeoh
Chief Financial Officer
F J Benjamin (M) Sdn. Bhd. and subsidiaries

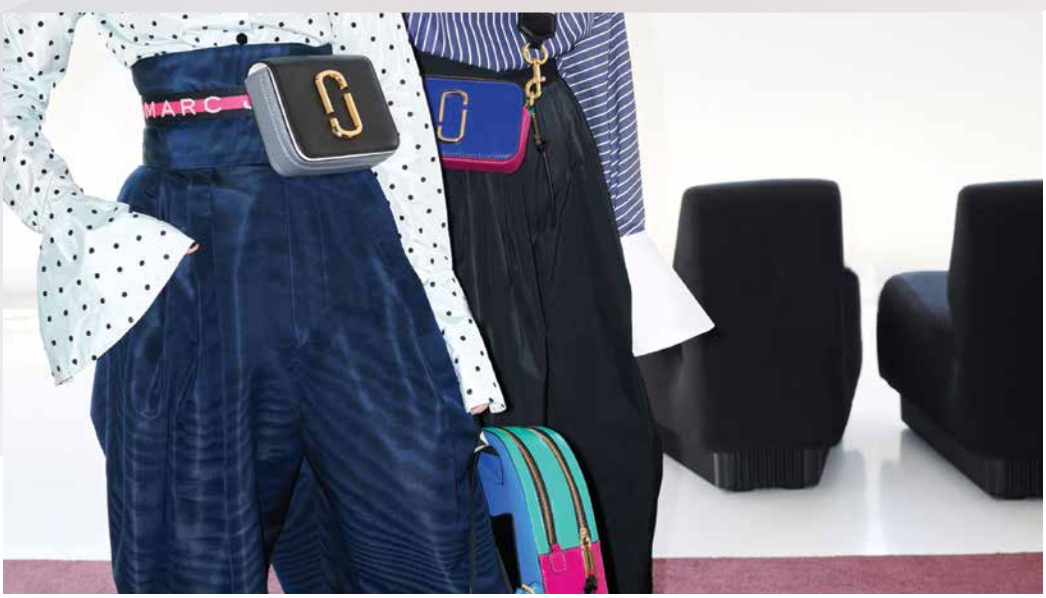
Ms Goretta Yeoh has worked with the Company for more than 20 years and oversees the financial functions of the Group's entities in Malaysia.


CÉLINE

GIVENCHY

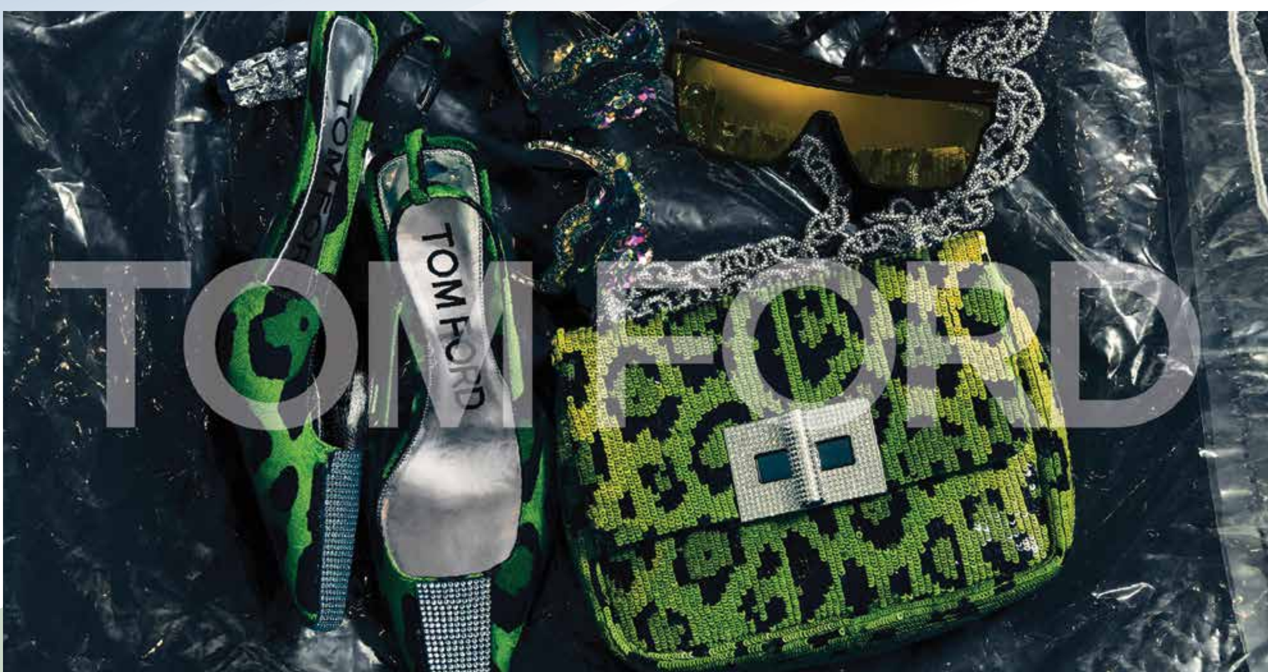
LOEWE


MARC JACOBS


MARC

Pretty Ballerinas

TOM FORD



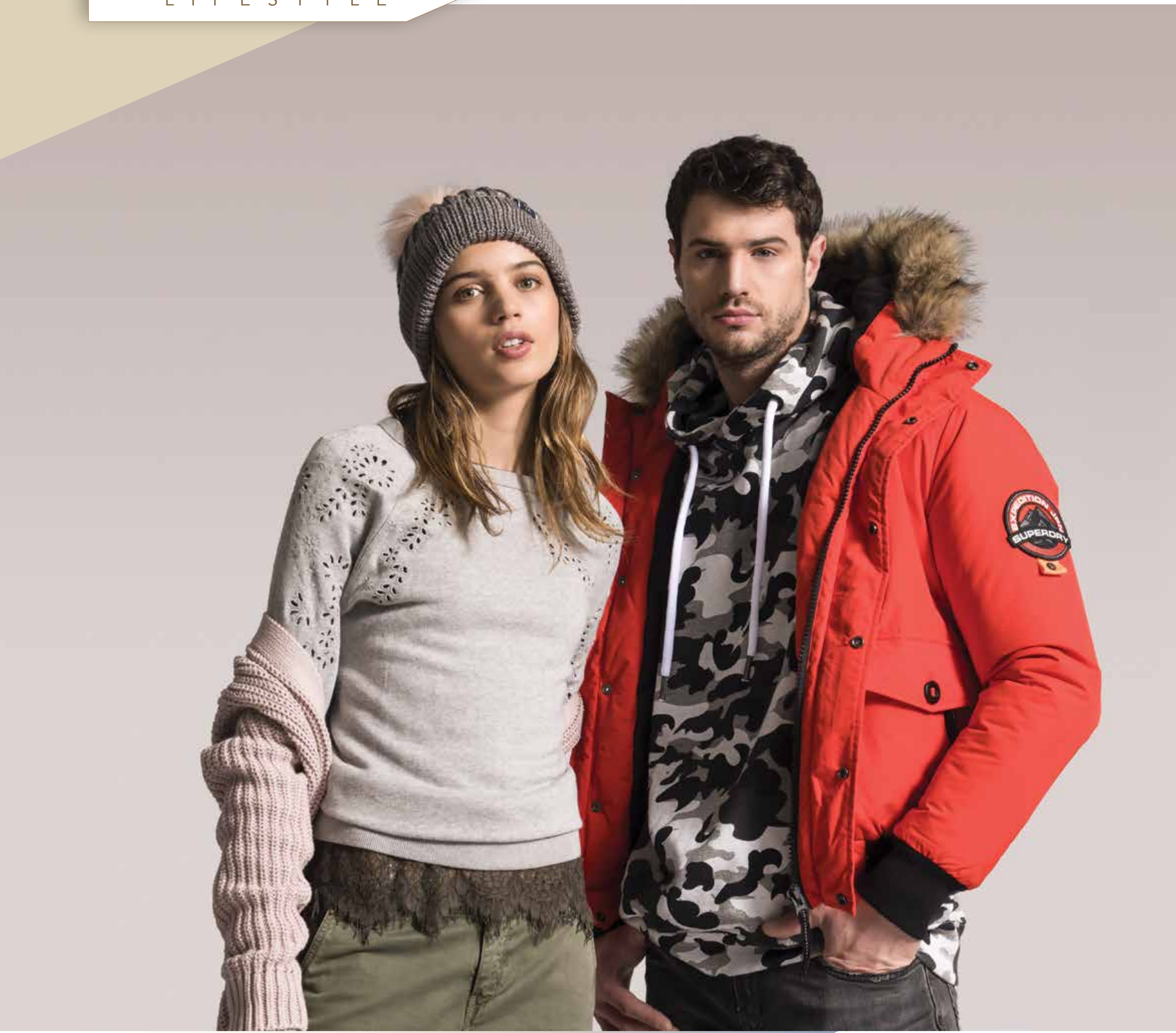
GUESS

GUESS
KIDS

La Senza

U.S. POLO ASSN.
SINCE 1890

REBECCAMINKOFF



極度乾燥(しなさい)
Superdry®

BABYZEN™

petunia pickle bottom®

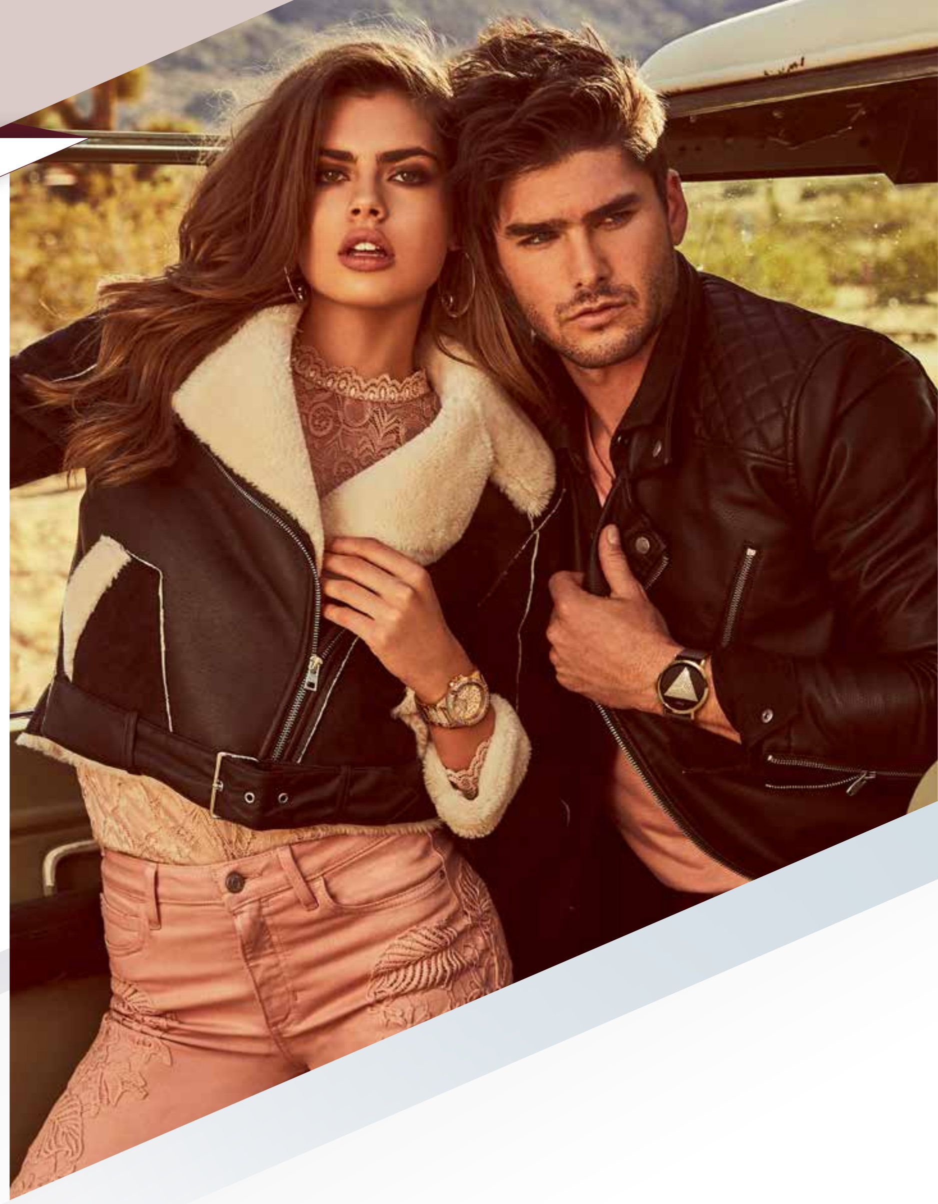
SHERIDAN

FREDERIQUE CONSTANT
GENEVE

Alpina
1883 GENEVE

CASIO


WORLD TIME
WATER 20BAR RESIST
G-SHOCK
12
ADJUST
RESET
CONNECT
CASIO
Bluetooth
MODE
START
ALARM
PROTECTION
GRAVITYMASTER
TOUGH SOLAR



GUESS

Gc

SMART LUXURY®

VICTORINOX
SWISS ARMY

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, and deviations from the Code are explained.

BOARD OF DIRECTORS

The Board's Conduct of its Affairs – Principle 1

The Board is accountable to the shareholders and oversees 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. 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.

Besides carrying out its statutory responsibilities, the Board's principal responsibilities include:

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

(b) review Management performance (including Group's financial and operating performance);

(c) establish a framework of prudent and effective controls which enable risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(d) identify the key stakeholder groups and recognize that their perceptions affect the Company's reputation;

(e) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;

(f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and

(g) assume responsibility for corporate governance.

To assist the Board in the discharge of specific responsibilities, certain Board Committees have been constituted, namely 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		Nominating Committee		Remuneration Committee		Audit Committee	
	No. of meetings							
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Frank Benjamin	5	4	1	0	NA	NA	NA	NA
Eli Manasseh (Nash) Benjamin	5	5	NA	NA	NA	NA	NA	NA
Douglas Benjamin	5	5	NA	NA	NA	NA	NA	NA
Ng Hin Lee	5	5	NA	NA	1	1	4	4
Daniel Ong Jen Yaw	5	4	1	1	1	1	4	3
Liew Choon Wei#	5	5	1	1	1	1	4	3
Karen Chong*	5	2	NA	NA	NA	NA	NA	NA
Chew Kwee San*	5	2	NA	NA	NA	NA	4	2

* Resigned on 31 October 2017.
\# Appointed as member of AC on 16 October 2017.

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. The Company informs Board members from time to time of changes in relevant regulatory and accounting standards requirements.

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.

Board Composition and Balance – Principle 2

The Board currently comprises six Directors, three of whom are Independent Directors.

The number of Independent Board members is in line with the recommendation in the Code (which stipulates at least half of the Board should be independent where (among others) the Chairman of the Board is not an independent director).

The independence of each independent member of the Board is reviewed annually and is subject to particularly rigorous review where such person has served on the Board beyond nine years. None of the Independent Directors have served on the Board for more than 9 years. The Nominating Committee assists the Board with such reviews. There are no material relationships (including immediate family relationships) between each Independent Non-Executive Director and other directors or the Company or its 10% shareholders.

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 in the field of management, financial, accounting, investment and industry knowledge allows for the useful exchange of ideas and views. The Board is satisfied that no individual member of the Board dominates the Board's decision-making and that there is sufficient accountability and capacity for independent decision-making.

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

Chairman and Chief Executive Officer – Principle 3

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

The Chairman, Mr Frank Benjamin, is a Non-Executive Director. He is redesignated as Non-Executive Director on 1 July 2017. 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 an Executive Director. He supervises the day-to-day business operations with the support of the other Executive Director 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.

The Board also has separate and independent access to the Management and Company Secretary. The appointment and removal of Company Secretary are subject to the Board's approval as a whole. 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.

Changes to regulations are closely monitored by the Management and the Directors are briefed during the Board meetings on changes which have an important bearing on the Company or the Directors' disclosure obligations.

NOMINATING COMMITTEE (NC)

The NC is chaired by Mr Liew Choon Wei 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 Constitution, 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 as follows:

(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 of 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 Constitution 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 14 of the Annual Report.

There are no alternate directors on its Board.

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 evaluation of Board's performance as a whole deals with matters on Board composition, procedures and accountability as well as information available to the Board. The evaluation of the Board also covers the Board's contribution to the testing and development of strategy, ensuring effective risk management, the Board's response to problems and crisis, etc. The Board Committee's evaluation deals with the efficiency and effectiveness of each committee in assisting the Board. The criteria for the evaluation of individual Directors include, amongst others, attendance at Board and Board Committee meetings, Directors' duties and know-how and interaction with fellow Directors.

The last Board of Directors' evaluation was conducted in May 2018. The Board was satisfied that the Board was effective as a whole and that each and every Director had demonstrated commitment and had contributed to the effective functioning of the Board and the relevant Board Committees. The Board did not engage an external facilitator for the assessment process for FY2018.

Notwithstanding that some of the Directors have multiple board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his duties as a director of the Company.

REMUNERATION COMMITTEE (RC)

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

The RC is chaired by Mr Daniel Ong and its members are Mr Ng Hin Lee and Mr Liew Choon Wei. All of them are Independent Directors.

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

(a) to ensure that remuneration policies and systems that support the Company's objectives and strategies are in place and being adhered to;

(b) to co-ordinate annual reviews of the Company's remuneration policies and practice to ensure they are comparable with the pay and employment conditions within the industry and in similar companies.

(c) to recommend the remuneration of Executive Directors and key executives, covering all aspect of remuneration, which includes salaries, allowances, bonuses, options and benefits-in-kind 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 subject to Shareholders' approval 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 RC also reviews the Company's obligations arising in the event of termination of the CEO's and key management personnel's contracts of services, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

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.

No remuneration consultants were engaged by the Company in the financial year ended 30 June 2018.

Disclosure of Remuneration – Principle 9

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

	Directors' Fee	Basic Salary	Variable Performance Bonus	Benefit-in-Kind And Others	Total
Executive Directors					
$250,000 to $349,999					
Mr Eli Manasseh Benjamin	–	92%	–	8%	100%
Mr Douglas Benjamin	–	88%	–	12%	100%
Non-Executive Directors					
Below $100,000					
Mr Frank Benjamin	43%	–	–	57%	100%
Mr Ng Hin Lee	100%	–	–	–	100%
Mr Daniel Ong	100%	–	–	–	100%
Mr Liew Choon Wei	100%	–	–	–	100%

Total amount paid as Directors' Fees for the financial year ended 30 June 2018 was S$205,000.

The key management personnel of the Group who are not Directors of the Company are as follows:

No. of executives	4
Total remunerations	$805,836

The following indicates the composition (in percentage terms) of the annual remuneration of key executives.

	Basic Salary and allowance	**Variable Performance Bonus**	**Benefit-in-Kind**	**Total**
<u>$250,000 to $349,999</u>				
Karen Chong	94%	–	6%	100%
<u>Below $250,000</u>				
Samuel Benjamin	88%	–	12%	100%
Goretta Yeoh	78%	14%	8%	100%
Ben-Judah Benjamin *	96%	–	4%	100%

* on 50% work week.

There were no termination, retirement and post-employment benefits granted to directors, the CEO and the key management personnel.

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**
<u>$150,000 to $199,999</u>				
Samuel Benjamin Son of Chairman	88%	–	12%	100%
<u>Below $150,000</u>				
Mavis Benjamin Wife of Chairman	84%	–	16%	100%
Odile Benjamin # Wife of Executive Director, Douglas Jackie Benjamin	97%	–	3%	100%
Ben-Judah Benjamin * Son of Chairman	96%	–	4%	100%

* on 50% work week.
# Resigned on 30 September 2017.

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 comprises Mr Ng Hin Lee (Chairman), Mr Daniel Ong and Mr Liew Choon Wei.

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) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any formal announcements relating to the Company's financial performance;

(c) 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;

(d) 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;

(e) to review the audit plan and audit report with the External Auditor;

(f) to review the scope of the internal audit plan with the Internal Auditor and approve it;

(g) 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;

(h) 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

(i) 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 FY2018, a total of four AC meetings were held. The AC also held one meeting with the External Auditor 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 $453,000 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 $198,000.

Risk Management and Internal Controls – Principle 11

The Board, with the assistance from the Audit Committee, is responsible for the governance of risk by ensuring that the 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 2018 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 Auditor, External Auditor's 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 and effective as at 30 June 2018.

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 reviews annually the adequacy and effectiveness of internal audit function and 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.

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 Constitution 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 Constitution 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. Voting at the Annual General Meeting will be by way of poll. Members are briefed on the procedures of voting by independent polling agent. Announcement on the poll results (showing the number of votes cast for and against each resolution and the respective percentages) will be released after the meeting via SGXNet.

Voting in absentia by mail, email or fax is currently not permitted to ensure proper authentication of the identity of the shareholders and their voting intentions.

ADDITIONAL INFORMATION

Dealing in Securities

The Company has adopted the 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.

Use of Proceeds from Rights Issue

On 5 April 2018 and 6 April 2018, the Company allotted and issued 341,225,914 new ordinary shares with 682,451,828 free detachable warrants. The total net proceeds from the Rights Issue amounted to $8.118 million.

The amount utilised as at 30 June 2018 are as follows:

		Amount $'000
Net Proceeds received		8,118
Share issuance expenses		(435)
Net funds available		7,683
Allocated as follows:		
(a)	General working capital purposes	
	Total allocated	3,842
	Repayment of trade invoices financed by banks and trade suppliers' invoices	(3,842)
		–
(b)	Expansion of Group's business activities	
	Total allocated	3,841
	Fit out and inventory for new store opened	(800)
		3,041

A total of $5.077 million has been utilised, leaving a balance of $3.041 million which is set aside for expansion of the Group's business activities.

The use of proceeds from the Rights cum Warrants Issue as disclosed above is in accordance with the intended uses as disclosed in the Offer Information Statement.

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 2018, there were no material interested person transactions entered into.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The Directors present their statement 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 2018.

OPINION OF THE DIRECTORS

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on the 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.

DIRECTORS

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

Mr Frank Benjamin	–	Non-Executive Chairman
Mr Eli Manasseh Benjamin	–	Chief Executive Officer
Mr Douglas Jackie Benjamin	–	Executive Director
Mr Ng Hin Lee	–	Independent Director
Mr Daniel Ong Jen Yaw	–	Independent Director
Mr Liew Choon Wei	–	Independent Director

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following Directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, 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 the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Mr Frank Benjamin	39,191,000	125,429,770	–	–
Mr Eli Manasseh Benjamin	24,310,050	31,460,050	–	–
Mr Douglas Jackie Benjamin	120,000	168,000	10,000	10,000
Warrants of the Company				
Mr Frank Benjamin	–	172,477,540	–	–
Mr Eli Manasseh Benjamin	–	14,300,000	–	–
Mr Douglas Jackie Benjamin	–	96,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2018.

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.

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 audit committee (AC) carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

(a) reviewed the financial and other information to be presented to Shareholders, the system of internal control and risk management, and the audit process;

(b) reviewed the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any formal announcements relating to the Company's financial performance;

(c) 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;

AUDIT COMMITTEE (CONTINUED)

(d) reviewed and evaluated the adequacy of the system of internal control, including accounting controls, taking input from external audit, internal audit, risk management and compliance functions;

(e) reviewed the audit plan and audit report with the External Auditor;

(f) reviewed the scope of the internal audit plan with the Internal Auditor and approve it;

(g) reviewed 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;

(h) reviewed and approved 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

(i) reviewed 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 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.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

Eli Manasseh Benjamin
Director

Douglas Jackie Benjamin
Director

Singapore
25 September 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF F J BENJAMIN HOLDINGS LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of F J Benjamin Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Company as at 30 June 2018, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

KEY AUDIT MATTERS (CONTINUED)

Assessment of impairment of investment in associate

The carrying value of the Group's investment in associate amounts to $23 million as at 30 June 2018, which represents 43% of the total net assets of the Group. The impairment assessment of this investment was significant to our audit due to the magnitude and its significance to the Group's balance sheet.

Management assessed the impairment of the carrying value of the investment by determining the recoverable amount of the investment. As the recoverable amount calculation involves significant judgement and estimates that are affected by future market and economic conditions, changes to the assumptions could lead to changes in the estimated recoverable amount.

Our audit procedures included, amongst others, reviewing management's identification of indicators of impairment and considered management's assessment of impairment of interests in the associate. We assessed the valuation methodology and the reasonableness of key assumptions used to estimate the recoverable amount of the investment. The key assumptions include revenue growth, long-term growth and the discount rate used. We considered the robustness of management's budgeting process by comparing the actual financial performance against previously forecasted results and evaluated the revenue growth rates by comparing them to recent and actual performance and available external industry data. Our valuation specialists assisted us in assessing the reasonableness of certain significant estimates used in management's impairment assessment, such as the long-term growth rates and discount rates. We also assessed the adequacy of the disclosures on the investment in associated company in Note 14 to the financial statements.

Recoverability of trade debtors

As at 30 June 2018, the Group had trade debtors amounting to $17 million. The determination as to whether a trade debt is collectable involves significant management judgement. Specific factors management considers in reviewing of debtors account include the past due balances, debtors' financial ability to repay, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of debtors. Management uses these information to determine whether an allowance for impairment is required either for a specific transaction or for a customer's balance overall.

We focused on this area because it requires a high level of management judgement and due to the materiality of the amounts involved.

We evaluated the Group's processes and controls relating to the monitoring of the outstanding trade debts due. Our audit procedures included, among others, obtaining trade receivables confirmations and obtaining evidence of receipts from debtors subsequent to the year end. We also evaluated management's assessment of the recoverability of the trade debts through testing of the accuracy of ageing of debtors, analyses of ageing profile to identify collection risk, reviewing historical payment patterns and correspondences with customers on expected settlement dates.

We also assessed the adequacy of the disclosures on the trade debtors and the related risks such as credit risk and liquidity risk in Notes 18, 29(a) and 29(c) to the financial statements.

KEY AUDIT MATTERS (CONTINUED)

Adequacy of allowances for inventory obsolescence and net realisable value

The Group sells retail merchandise that is subject to changing consumer demands and fashion trends, increasing the level of judgement involved in estimating inventory allowances (refer to Note 16 to the financial statements). As at 30 June 2018, the carrying amount of inventories amounted to $32 million, after considering the allowance for inventory obsolescence of $4 million. Judgement is required to assess the appropriate level of allowance for merchandise which may be ultimately destroyed, sold below cost or remained unsold as a result of a reduction in consumer demand. Such judgements include management's expectations for future sales, inventory liquidation plans and management's forecast of inventory levels required to meet consumer demand. In addition, the judgements used by management may vary between business units depending on the nature of the merchandise. As such, we determine this to be a key audit matter.

Our audit procedures included, amongst others, assessing the process, methods and assumptions used by management to develop the policy for allowance for obsolescence. We considered the appropriateness of management's estimates used in determining the allowance for obsolescence. Such estimates include historical markdowns of inventory values, gross margin analysis, historical sales pattern of inventories and future sales expectations.

We tested the reliability of the underlying data used by management to calculate the inventory obsolescence allowances by re-performing the ageing calculation driven by the system. We also tested the accuracy of the resultant aging calculation by assessing that allowances made are in line with their policy and recalculating the allowances for a sample of merchandise.

We also assessed the adequacy of the related disclosures set out in Note 3.2(ii) and Note 16 to the financial statements.

Impairment assessment of furniture, fixtures and equipment

The Group operates numerous retail stores primarily in Singapore and Malaysia. The associated store assets are significant to our audit due to the material carrying value of store assets and significant judgement involved in identification of any impairment indicators and the impairment assessment valuation. Such judgement focuses on future store performance, which is, amongst others, dependent on the expected store traffic and the competitive environment in local markets. Accordingly, we have identified this as a key audit matter.

Our audit procedures included, amongst others, reviewing management's identification of impairment indicators related to non-performing stores by assessing management's review of the financial performance on a store by store basis. Where an impairment indicator is identified, we tested management's key assumptions underlying the recoverable value calculation for those stores. The key assumptions includes projections of revenue growth rate and discount rates. We assessed the revenue growth rates by comparing them to recent performance of the stores and available external industry data. We also involved our internal valuation specialists to assist us in assessing certain key assumptions used in management's impairment calculations in the area of discount rates. We also assessed the adequacy and appropriateness of the related disclosures set out in Note 3.2(i) and Note 12 to the financial statements.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS 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 Act and FRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Wong Mun Yick Christopher.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

25 September 2018

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

(In Singapore Dollars)

	Note	Group 2018 $'000	Group 2017 $'000
Revenue	5	165,981	207,486
Other income, net	6	1,160	4,352
Interest income		222	223
		167,363	212,061
Costs and expenses			
Cost of goods sold		(89,685)	(120,424)
Staff costs	7	(25,847)	(31,790)
Rental of premises		(27,434)	(39,819)
Advertising and promotion		(3,012)	(3,878)
Depreciation of furniture, fixtures and equipment	12	(3,223)	(4,312)
Other operating expenses		(15,097)	(23,232)
Total costs and expenses	8	(164,298)	(223,455)
Operating profit/ (loss)		3,065	(11,394)
Interest expense	9	(1,382)	(1,744)
		1,683	(13,138)
Foreign exchange gain /(loss), net		2,312	(634)
Share of results of associate, net of tax		(3,056)	(2,693)
Profit/ (loss) before tax		939	(16,465)
Income tax expenses	10	(2,174)	(955)
Net loss for the year		(1,235)	(17,420)
Loss attributable to:			
Owners of the Company		(1,235)	(17,420)
Loss per share (cents)			
Basic and diluted	11	(0.18)	(2.92)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

(In Singapore Dollars)

	Group	
	2018	**2017**
	$'000	$'000
Loss for the year	(1,235)	(17,420)
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(207)	(1,474)
Share of other comprehensive income of associate, net of tax	198	–
Total comprehensive income for the year	(1,244)	(18,894)
Total comprehensive income attributable to:		
Owners of the Company	(1,244)	(18,894)

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

BALANCE SHEETS

AS AT 30 JUNE 2018

(In Singapore Dollars)	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Non-current assets					
Furniture, fixtures and equipment	12	9,475	10,131	–	33
Subsidiaries	13	–	–	23,054	11,102
Investment in associate	14	22,609	23,932	–	–
Other receivables	15	648	1,024	–	–
Deferred tax assets	23	434	719	–	–
		33,166	35,806	23,054	11,135
Current assets					
Inventories	16	31,645	40,620	–	–
Investment securities	17	–	167	–	–
Trade debtors	18	17,447	14,264	–	–
Other debtors	19	11,762	13,788	14,057	31,752
Loan to related party of associate	24	5,500	5,500	–	–
Prepayments and advances		497	435	25	3
Tax recoverable		113	751	–	–
Cash on hand and at banks	28	9,298	7,204	2,796	3,236
		76,262	82,729	16,878	34,991
Current liabilities					
Trade and other creditors	20	33,584	45,941	2,500	3,736
Finance lease creditors	21	425	324	–	27
Bank borrowings	22	20,973	28,893	–	–
Provision for taxation		804	–	–	–
		55,786	75,158	2,500	3,763
Net current assets		20,476	7,571	14,378	31,228
Non-current liabilities					
Finance lease creditors	21	735	734	–	–
Deferred tax liabilities	23	40	40	–	–
		775	774	–	–
Net assets		52,867	42,603	37,432	42,363
Equity attributable to owners of the Company					
Share capital	25	176,955	165,447	176,955	165,447
Foreign currency translation reserve	26	(28,448)	(28,241)	–	–
Other reserves	27	198	–	–	–
Accumulated losses		(95,838)	(94,603)	(139,523)	(123,084)
Total equity		52,867	42,603	37,432	42,363

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

(In Singapore Dollars)

	Attributable to owners of the Company				
	Share capital	**Foreign currency translation reserve**	**Other reserves**	**Accumulated losses**	**Total equity**
	$'000	$'000	$'000	$'000	$'000
Group					
At 1 July 2017	165,447	(28,241)	–	(94,603)	42,603
Loss for the year	–	–	–	(1,235)	(1,235)
Other comprehensive income					
Foreign currency translation	–	(207)	–	–	(207)
Share of other comprehensive income of associate, net of tax	–	–	198	–	198
Total comprehensive income for the financial year	–	(207)	198	(1,235)	(1,244)
Issuance of rights cum warrants	11,943	–	–	–	11,943
Share issuance expenses	(435)	–	–	–	(435)
Total transactions with owners	11,508	–	–	–	11,508
At 30 June 2018	176,955	(28,448)	198	(95,838)	52,867
At 1 July 2016	165,447	(26,767)	–	(77,183)	61,497
Loss for the year	–	–	–	(17,420)	(17,420)
Other comprehensive income					
Foreign currency translation	–	(1,474)	–	–	(1,474)
Total comprehensive income for the financial year	–	(1,474)	–	(17,420)	(18,894)
At 30 June 2017	165,447	(28,241)	–	(94,603)	42,603

Included in the Group's accumulated losses are certain profits of approximately $7,000 (2017: $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 accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

(In Singapore Dollars)

	Share capital $'000	Accumulated losses $'000	Total equity $'000
Company			
At 1 July 2017	165,447	(123,084)	42,363
Loss for the year, representing total comprehensive income for the financial year	–	(16,439)	(16,439)
Issuance of rights cum warrants	11,943	–	11,943
Share issuance expenses	(435)	–	(435)
Total transactions with owners	11,508	–	11,508
At 30 June 2018	176,955	(139,523)	37,432
At 1 July 2016	165,447	(106,648)	58,799
Loss for the year, representing total comprehensive income for the financial year	–	(16,436)	(16,436)
At 30 June 2017	165,447	(123,084)	42,363

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

(In Singapore Dollars)

	Group	
	2018	**2017**
	$'000	$'000
Cash flows from operating activities:		
Profit/ (loss) before tax	939	(16,465)
Adjustments for:		
Depreciation of furniture, fixtures and equipment	3,223	4,312
Share of results of associate, net of tax	3,056	2,693
Currency realignment	(833)	(1,180)
Loss on disposal of furniture, fixtures and equipment	445	127
Interest income	(222)	(223)
Interest expense	1,382	1,744
Provision for impairment in investment securities	167	–
Provision for impairment in investment in associate	–	3,982
Provision for onerous leases	–	3,215
Impairment loss on furniture, fixtures and equipment	–	571
Reversal for inventory obsolescence and inventories written off, net	(1,770)	(533)
Gain on disposal of business and assets of subsidiary	–	(10,745)
Allowance for doubtful debts and bad debts written off	140	24
Operating cash flows before working capital changes	6,527	(12,478)
(Increase)/ Decrease in debtors	(699)	7,807
(Increase)/ Decrease in prepayments and advances	(62)	281
Decrease in inventories	10,935	14,243
Decrease in creditors	(8,722)	(7,060)
Cash flows generated from operations	7,979	2,793
Income tax paid	(413)	(465)
Net cash flows generated from operating activities	7,566	2,328
Cash flows from investing activities:		
Purchase of furniture, fixtures and equipment	(2,740)	(4,678)
Proceeds from disposal of furniture, fixtures and equipment	543	2,083
Investment in associate	(1,356)	(172)
Proceeds from disposal of business and assets of subsidiary	–	11,196
Net cash flows (used in)/generated from investing activities	(3,553)	8,429

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

(In Singapore Dollars)

	Group	
	2018	**2017**
	$'000	$'000
Cash flows from financing activities:		
Proceeds from issuance of rights cum warrants	8,118	–
Share issuance expenses	(435)	–
Repayment of bank borrowings	(10,661)	(6,275)
Proceeds from bank borrowings	6,294	2,839
Repayment of obligations under finance leases	(403)	(389)
Interest paid	(1,382)	(1,744)
Proceeds from finance lease liabilities	–	1,189
Net cash flows generated from/(used in) financing activities	1,531	(4,380)
Net increase in cash and cash equivalents	5,544	6,377
Cash and cash equivalents at beginning of financial year	538	(5,828)
Net effect of exchange rate changes on opening cash and cash equivalents	103	(11)
Cash and cash equivalents at end of financial year (Note 28)	6,185	538

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

1. CORPORATE INFORMATION

F J Benjamin Holdings Ltd (the "Company") is a limited liability 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 located at 1 Jalan Kilang Timor, #07-01/02 Pacific Tech Centre, Singapore 159303.

The principal activities of the Company are those of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 4 to the financial statements.

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

The financial statements are presented in Singapore dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

<u>Convergence with International Financial Reporting Standards</u>

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 July 2018.

The Group has performed an assessment of the impact of adopting the new financial reporting framework. On transition to SFRS(I), the Group expects to elect the option to deem cumulative translation differences for foreign operations to be zero on 1 July 2017, and accordingly, the gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 July 2017. The Group expects to reclassify an amount of $28,241,000 of foreign currency translation reserve to the opening retained earnings as at 1 July 2017.

Other than the effects of the matter as described above and the adoption of the new standards that are effective on 1 July 2018, the Group expects that the adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application. The Group expects that the impact of adopting the new standards that are effective on 1 July 2018 will be similar to that as disclosed in Note 2.3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Improvements to FRSs (December 2016)	
– Amendments to FRS 28: Measuring an Associate or Joint Venture at fair value	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 109: Prepayment Features with Negative Compensation	1 January 2019
Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures	1 January 2019
FRS 109 Financial Instruments	1 January 2018
Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 116 Leases	1 January 2019
Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Improvements to FRSs (March 2018)	
– Amendments to FRS 103: Business Combinations	1 January 2019
– Amendments to FRS 111: Joint Arrangements	1 January 2019
– Amendments to FRS 12: Income Taxes	1 January 2019
– Amendments to FRS 23: Borrowing Costs	1 January 2019
INT FRS 122 Foreign Currency Transactions and Advance Consideration	1 January 2018
INT FRS 123 Uncertainty over Income Tax Treatments	1 January 2019

Except for FRS 115, FRS 109 and FRS 116, the Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115, FRS 109 and FRS 116 are described below:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary assessment of the impact of FRS 115 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts FRS 115. The impact upon adoption of FRS 115 is not expected to be material to the Group's financial statements.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Group has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. The assessment may be subject to changes arising from ongoing analysis, until the Group adopts FRS 109.

(a) Classification and measurement

The Group currently measures its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investments at fair value. Any difference between the previous carrying amount under FRS 39 and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109.

(b) Impairment

FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group does not expect a material impact on its equity. However, it will need to perform a more detailed analysis which considers all reasonable and supportable information, include forward looking elements to determine the extent of the impact.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary impact assessment of the adoption of FRS 116 and expects that the adoption of FRS 116 will result in increase in total assets and total liabilities, earnings before interest, tax, depreciation and amortisation ("EBITDA") and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying FRS 116 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 July 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (continued)

(a) Basis of consolidation (continued)

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;
- 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 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.

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 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's 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 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 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.

(b) Consolidated financial statements

For consolidation purpose, 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 exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 Furniture, fixtures and equipment

All items of furniture, fixtures and equipment are initially recorded at cost. Subsequent to recognition, furniture, fixtures and equipment are measured at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fittings	– 3 to 10 years
Electrical installation and office equipment	– 6 to 7 years
Motor vehicles	– 5 years
Data processing equipment	– 3 years
Leasehold improvements	– 1 to 6 years

Assets under construction included in leasehold improvements are not depreciated as these assets are not yet available for use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Furniture, fixtures and equipment (continued)

The carrying values of 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 value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

2.7 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 an 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 or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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.

2.8 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.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates 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 investments 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 profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, 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.

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 investments in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investments in associates are 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.

The financial statements of associates are prepared as 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 associates, are used by the Group in applying the equity method.

Upon loss of significant influence or joint control over an associate, 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

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.

Subsequent measurement

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

(i) 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 measured 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 de-recognised or impaired and through the amortisation process.

(ii) 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 subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments (continued)

(a) Financial assets (continued)

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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 had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

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.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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 de-recognised, and through the amortisation process.

De-recognition

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset 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 assesses 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 flows 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)

2.11 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 issuer 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.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition 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 and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase 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.

2.12 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.

2.13 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of 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.

2.15 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".

2.16 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 recognised initially 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.

2.17 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)

2.18 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 service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

(c) Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for termination benefits is recognised at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognises related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employment benefits, short-term employee benefits, or other long-term employee benefits.

2.19 Leases

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 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.

(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.

(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) Market support and administrative service income

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

2.21 Taxes

(a) Current income tax

Current income 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 income 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)

2.21 Taxes (continued)

(b) Deferred tax

Deferred tax is provided, using the liability method on 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 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, the carry-forward of unused tax credits and unused 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes (continued)

(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.

2.22 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.

2.23 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 probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, 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 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Income tax

The Group has exposure to income taxes in several jurisdictions. Significant judgement 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	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Deferred tax assets	434	719	–	–
Tax recoverable	113	751	–	–
Provision for taxation	804	–	–	–
Deferred tax liabilities	40	40	–	–

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 were 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(i) Assessment of impairment of non-financial assets

The Group and Company assesses whether there are indicators of impairment for furniture, fixtures and equipment, investment in subsidiaries, and investment in associate 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 recoverable amounts of the cash generating units which is determined based on the higher of fair value less cost to sell ("FVLCTS') and value-in-use ("VIU") methods. In determining the recoverable amounts of the cash generating units, the Group and Company evaluates, amongst other factors, the market and economic environment in which the cash generating units operate and the economic performance of these assets.

The carrying amounts of the Group's and Company's furniture, fixtures and equipment at 30 June 2018 were approximately $9,475,000 (2017: $10,131,000) and nil (2017: $33,000) respectively. The carrying amounts of the Company's investment in subsidiaries and of the Group's investment in associate at 30 June 2018 was approximately $8,516,000 (2017: $8,516,000) and $22,609,000 (2017: $23,932,000) respectively.

(ii) Allowance for inventory obsolescence and net realisable value

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 inventory. The carrying amount of the Group's inventories at 30 June 2018 was approximately $31,645,000 (2017: $40,620,000).

(iii) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is an objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability.

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 loans and receivables at the end of the reporting period is disclosed in Note 30 to the financial statements.

4. GROUP COMPANIES

The subsidiaries as at 30 June are:

	Name of company [country of incorporation]	Principal activities	Cost 2018 $'000	Cost 2017 $'000	Percentage of equity interest 2018 %	Percentage of equity interest 2017 %
	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]	Dormant	58,612	58,612	100	100
*	BMI (Hong Kong) Limited [Hong Kong]	Dormant	–	1,119	–	100
@	Ferro Designs Limited [Hong Kong]	Investment holding company	19	19	100	100
*	F J Benjamin (Taiwan) Ltd [Taiwan]	Dormant	–	3,909	–	100
*	FJ Benjamin (Aust) Pty Ltd [Australia]	Dormant	–	21,434	–	100
+	F J Benjamin Concepts (Thailand) Ltd [Thailand]	Dormant	243	243	100	100
			73,450	99,912		

4. GROUP COMPANIES (CONTINUED)

	Name of company [country of incorporation]	Principal activities	Percentage of equity interest 2018 %	2017 %
	Held through subsidiaries			
~	Nootrees Pte Ltd [Singapore]	Dormant	100	100
~	F J Benjamin Lifestyle Pte. Ltd. [Singapore]	Importers, exporters, distributors and retailers of consumer fashion wear and accessories	100	100
~	F J Benjamin (Singapore) Pte Ltd [Singapore]	Importers, exporters, licensees, distributors and retailers of consumer fashion wear, accessories, timepieces and home furnishings	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]	Dormant	100	100
@	Fashion Dynamics HK Ltd [Hong Kong]	Sourcing activities	100	100
**	Fashion Dynamics (Shenzhen) Co. Ltd. [People's Republic of China]	Dormant	–	100
+	F J Benjamin (Shanghai) Co., Ltd [People's Republic of China]	Dormant	100	100
+	F. J. Benjamin Fashions (U.S.) Inc. [United States]	Dormant	100	100
+	F J Benjamin Italy S.R.L. [Italy]	Dormant	100	100

4. GROUP COMPANIES (CONTINUED)

	Name of company [country of incorporation]	Principal activities	Percentage of equity interest 2018 %	2017 %
	Held through subsidiaries			
+	PT Meteor Prima Sejati [Indonesia]	Importers, exporters and distributors of consumer fashion wear, timepieces 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.
^ Cost of investment is two Singapore dollars.
* Struck off during the financial year ended 30 June 2018
** Sold to a related party during the financial year ended 30 June 2018
@ Audited by other auditors.

5. REVENUE

Revenue of the Group represents the invoiced value of sale of goods to external customers.

6. OTHER INCOME, NET

	Group 2018 $'000	Group 2017 $'000
Market support and administrative service income (Note 35)	450	600
Provision for impairment in investment in associate (Note 14)	–	(3,982)
Gain on disposal of business and assets of subsidiary (1)	–	10,745
Government grants (2)	296	380
Loss on disposal of furniture, fixtures and equipment	(445)	(127)
Write back of payables and accruals	22	170
Sample sales income	–	249
Provision for onerous leases	–	(3,215)
Impairment loss on furniture, fixtures and equipment (Note 12)	–	(571)
Reversal of/ (provision) for restoration cost (Note 20)	484	(133)
Provision for impairment in investment securities (Note 17)	(167)	–
Reversal of provision for restructuring costs	189	–
Others	331	236
	1,160	4,352

6. OTHER INCOME, NET (CONTINUED)

(1) Comprise gain on expiration of the Group's exclusive retail distribution agreement of a franchise brand and the sale of a subsidiary's business to a third party.

The value of assets of the business and the franchise brand as at date of disposal and the effects of disposal are as follows:

	2017
	$'000
Inventories, representing carrying amount of net assets	348
Total consideration received	11,196
Gain on disposal	10,848
Less: disposal related expenses	(103)
Net gain on disposal	10,745

(2) Comprise mainly grant income received by the Group under Wage Credit Scheme and Temporary Credit Scheme.

7. STAFF COSTS

	Group	
	2018	2017
	$'000	$'000
Salaries and bonuses	17,882	23,170
Provident fund contributions	2,975	3,540
Other short-term benefits	4,990	5,080
	25,847	31,790

8. TOTAL COSTS AND EXPENSES

The following items have been included in arriving at total costs and expenses:

	Group	
	2018	2017
	$'000	$'000
Audit fees:		
– Auditors of the Company	255	283
– Other auditors	57	58
Non-audit fees:		
– Auditors of the Company	198	122
– Other auditors	16	14
Write-back of allowance for inventory obsolescence, net (Note 16)	(2,115)	(2,164)
Inventories written down (Note 16)	345	1,631
Allowance for doubtful debts, net	57	16
Bad debts written off	83	8
Rental of equipment	133	243
Outlet related expenses	3,125	4,162
Transportation and accommodation expenses	737	1,490
Utilities	823	1,000
Freight, warehousing, handling and shipping costs *	5,096	5,650
Discounts allowed	177	352
Royalties	334	539
Professional and legal fees	788	1,102
Samples/repairs of inventories	(59)	260
Repair and maintenance	827	1,039

* Included fees paid to third party warehousing and logistic provider.

9. INTEREST EXPENSE

	Group	
	2018	2017
	$'000	$'000
Interest expense on:		
– Bank borrowings	1,316	1,709
– Finance leases	66	35
	1,382	1,744

10. INCOME TAX EXPENSES

Major components of income tax expense

The major components of income tax expense for financial years ended 30 June are:

	Group	
	2018	2017
	$'000	$'000
Current income tax:		
– Current tax	1,836	749
– Under provision in respect of prior years	23	22
Deferred income tax:		
– Movements in temporary differences	194	151
– Under provision in respect of prior years	121	33
Income tax expense recognised in profit or loss	2,174	955

Relationship between tax expense and accounting profit/(loss)

A reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 30 June 2018 and 2017 is as follows:

	Group	
	2018	2017
	$'000	$'000
Profit/(loss) before share of results of associate and before tax	3,995	(13,772)
Tax at the domestic rates applicable to profits in the countries where the Group operates	1,008	(2,256)
Adjustments:		
Income not subjected to tax	(258)	(2,183)
Expenses not deductible for tax purposes	895	2,696
Effect of partial tax exemption and relief	(213)	–
Deferred tax assets not recognised	598	2,643
Under provision in respect of prior years	144	55
Income tax expense recognised in profit or loss	2,174	955

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

As at 30 June 2018, certain subsidiaries had unutilised tax losses of approximately $92.7 million (2017: $99.9 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.

11. LOSS PER SHARE

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

Diluted loss per share amounts are calculated by dividing loss for the financial year that is attributable to owners of the Company 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 and share data used in the computation for basic and diluted loss per share for the financial years ended 30 June:

	Group	
	2018	**2017**
	$'000	$'000 (Restated)
Net loss for the financial year attributable to owners of the Company used in the computations of basic and diluted loss per share	(1,235)	(17,420)
	'000	'000
Weighted average number of ordinary shares for basic and diluted loss per share computation	671,354	596,679

The weighted average number of shares have been restated to reflect the effect of the rights issue. Refer to Note 25 for details.

The Company's warrants are not included in the calculation of diluted earnings per share above because they are antidilutive for the financial years presented.

12. FURNITURE, FIXTURES AND EQUIPMENT

Group	Furniture and Fittings	Electrical Installation and Office Equipment	Motor Vehicles	Data Processing Equipment	Leasehold Improvements	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
At 1 July 2016	4,327	3,571	2,176	3,558	41,611	55,243
Currency realignment	(1)	(70)	(9)	(38)	(743)	(861)
Additions	1	190	–	53	4,434	4,678
Disposals	(1,886)	(618)	(1,121)	(247)	(9,279)	(13,151)
At 30 June 2017 and 1 July 2017	2,441	3,073	1,046	3,326	36,023	45,909
Currency realignment	3	77	11	55	900	1,046
Additions	178	139	–	167	2,709	3,193
Disposals	(863)	(1,240)	(165)	(969)	(16,880)	(20,117)
At 30 June 2018	1,759	2,049	892	2,579	22,752	30,031
Accumulated depreciation and impairment loss						
At 1 July 2016	3,404	2,777	2,159	3,406	30,678	42,424
Currency realignment	(2)	(49)	(9)	(38)	(490)	(588)
Charge for the financial year	226	238	12	127	3,709	4,312
Impairment loss	1	38	–	–	532	571
Disposals	(1,299)	(503)	(1,119)	(296)	(7,724)	(10,941)
At 30 June 2017 and 1 July 2017	2,330	2,501	1,043	3,199	26,705	35,778
Currency realignment	2	56	11	53	562	684
Charge for the financial year	43	190	3	95	2,892	3,223
Impairment loss utilised during the year	(1)	(38)	–	–	(532)	(571)
Disposals	(850)	(1,134)	(165)	(969)	(15,440)	(18,558)
At 30 June 2018	1,524	1,575	892	2,378	14,187	20,556
Net carrying amount						
At 30 June 2018	235	474	–	201	8,565	9,475
At 30 June 2017	111	572	3	127	9,318	10,131

Assets under construction

The Group's leasehold improvements included $34,000 (2017: $340,000) which relate to expenditure for retail outlets in the course of renovation.

12. FURNITURE, FIXTURES AND EQUIPMENT (CONTINUED)

Impairment of assets

During financial year 2017, the Group recognised an impairment loss of $571,000 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 and the pre-tax discount rate used was 6.0%.

During the financial year, the Group acquired plant and equipment amounting to $3,193,000 of which $453,000 were acquired by way of finance lease agreements.

Company	Furniture and Fittings	Electrical Installation and Office Equipment	Motor Vehicles	Data Processing Equipment	Leasehold Improvements	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
At 1 July 2016	139	395	1,162	34	2,552	4,282
Disposal	–	–	(765)	–	–	(765)
At 30 June 2017 and 1 July 2017	139	395	397	34	2,552	3,517
Additions	–	–	–	3	–	3
Disposal	(139)	(162)	–	(5)	(2,504)	(2,810)
At 30 June 2018	–	233	397	32	48	710
Accumulated depreciation and impairment loss						
At 1 July 2016	97	388	1,162	34	2,552	4,233
Charge for the financial year	14	2	–	–	–	16
Disposal	–	–	(765)	–	–	(765)
At 30 June 2017 and 1 July 2017	111	390	397	34	2,552	3,484
Charge for the financial year	–	5	–	1	–	6
Disposal	(111)	(162)	–	(3)	(2,504)	(2,780)
At 30 June 2018	–	233	397	32	48	710
Net carrying amount						
At 30 June 2018	–	–	–	–	–	–
At 30 June 2017	28	5	–	–	–	33

12. FURNITURE, FIXTURES AND EQUIPMENT (CONTINUED)

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Net carrying amount includes furniture, fixtures and equipment under finance leases:				
Leasehold improvements	1,492	1,027	–	–

Assets pledged as security

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

There were no other assets pledged as security for bank facilities as at 30 June 2018 and 30 June 2017.

13. SUBSIDIARIES

	Company	
	2018	2017
	$'000	$'000
Investment in subsidiaries:		
Unquoted shares, at cost	73,450	99,912
Impairment losses	(64,934)	(91,396)
	8,516	8,516
Receivables from subsidiaries:		
Loans receivable, unsecured	11,010	14,152
Other receivables	109,100	34,536
Accrual for financial undertakings	(1,461)	(3,254)
	118,649	45,434
Allowance for doubtful debts	(104,111)	(42,848)
	14,538	2,586
	23,054	11,102
Movement in allowance account:		
At 1 July	42,848	55,822
Allowance for the financial year	17,221	8,115
Transfer of allowance (Note 19)	47,629	–
Reversal of allowance in the prior years	–	(18)
Written off against allowance	(3,587)	(21,071)
At 30 June	104,111	42,848

Details of the subsidiaries are set out at Note 4. During the financial year, management performed an impairment test for its investment in subsidiaries. The Company recognised impairment loss of nil (2017: $1,138,000) to write down the investment in subsidiaries to their recoverable amounts.

13. SUBSIDIARIES (CONTINUED)

During the year, the Group struck off its subsidiaries, namely BMI (Hong Kong) Limited, F J Benjamin (Taiwan) Ltd and F J Benjamin (Aust) Pty Ltd amounting to $26,462,000. The cost of these investments have been fully impaired in prior year.

At the end of the reporting period, the Company has provided an allowance of $17,221,000 (2017: $8,115,000) for impairment of receivables due from its subsidiaries. In addition, the Company has written off receivables of $3,587,000 (2017: $21,071,000) due from subsidiaries that are struck off during the financial year and to be struck off within the next one year.

The loans receivable have no fixed terms of repayment and are not expected to be repaid within one year. The loans receivable was non-interest bearing. The other receivables are non-trade related, unsecured, non-interest bearing, 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 amounts receivable from certain subsidiaries amounting to $109,100,000 (2017: $34,536,000) until such time the subsidiaries are in the position to repay the amounts without impairing their respective liquidity positions.

During the financial year, Fashion Dynamics HK Ltd, the indirect wholly-owned subsidiary of the Company, has sold its entire shareholdings, comprising of 50,000 shares in Fashion Dynamics (Shenzhen) Co. Ltd to Estair Private Ltd, a related party, for a consideration of $24,000. There is no gain or loss arising from this disposal. The related party is owned by Odile Benjamin, the wife of Douglas Jackie Benjamin. The directors of the related party are Odile Benjamin and Karen Chong Mee Keng. Further to the disposal, Fashion Dynamics (Shenzhen) Co. Ltd is no longer a subsidiary of the Company.

14. INVESTMENT IN ASSOCIATE

	Group	
	2018	**2017**
	$'000	$'000
Cost of investment in associate	1,681	325
Share of post-acquisition reserves	(3,202)	(344)
Currency realignment	(1,750)	(1,929)
	(3,271)	(1,948)
Mandatory convertible bonds, representing investment in associate	29,862	29,862
Less: Provision for impairment	(3,982)	(3,982)
	25,880	25,880
PT Gilang Agung Persada and its subsidiaries	22,609	23,932

14. INVESTMENT IN ASSOCIATE (CONTINUED)

The investment in associate relates to a 50% (2017: 50%) interest in an Indonesia-incorporated company, PT Gilang Agung Persada and its subsidiaries, whose principal activities comprise the distribution of consumer fashion wear, accessories and timepieces and other sales related activities.

On 24 July 2014, the Group entered into an agreement with its Indonesian associate to subscribe for $39.9 million of mandatory convertible bonds issued by the associate. Consideration was satisfied by the offsetting of trade and other debts due from that associate. On 11 August 2014, $10.0 million of these bonds were sold to Indonesian investors, PT Saratoga Investama Sedaya Tbk and its co-investors for an aggregate consideration of US$18.0 million. As at 30 June 2018 and 2017, the Group holds $29.9 million of these bonds, which are entirely denominated in Indonesian Rupiah.

The mandatory convertible bonds bear interest at 8% per annum up to the date of conversion. During the financial year ended 30 June 2016, the Indonesian associate issued a revision to the terms relating to the interest to be paid on the mandatory convertible bonds, stating that with effect from 1 July 2015, all interest arising shall accrue and accumulate until the date of conversion of the bonds. On the conversion date, all accrued interest shall be converted into principal and such principal shall be paid on such date by way of an issuance of the underlying shares of the associate. As a result, the previous interest receivable component was reclassified in the prior year to form part of the Group's investment in associate.

The bonds shall be converted to shares of the associate at the earlier of (i) the initial public offering of the associate; or (ii) 30 June 2018 or such other date as may be agreed. During the financial year, the parties agreed to extend the conversion date relating to (ii) to 31 January 2020 or such other dates as may be agreed.

Management performed an impairment test to calculate the recoverable amount of the investment in light of the declined operating performance and the declined net assets of the associate in the financial year. An impairment loss of nil (2017: $3,982,000) has been recognised in income statement under the line item "other income, net".

The entity is audited by an associated firm of Moore Stephens International Limited.

14. INVESTMENT IN ASSOCIATE (CONTINUED)

The summarised aggregated financial information of PT Gilang Agung Persada and its subsidiaries, based on its financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	2018 $'000	2017 $'000
Summarised balance sheet		
Current assets	69,158	78,359
Non-current assets	13,261	15,217
Total assets	82,419	93,576
Current liabilities	54,044	60,200
Non-current liabilities	4,841	6,250
Total liabilities	58,885	66,450
Net assets	23,534	27,126
Less: mandatory convertible bonds	28,614	31,022
Net liabilities of the associated company	(5,080)	(3,896)
Net liabilities of the associated company attributable to:		
– Equity holder	(7,560)	(3,896)
– Non-controlling interest	2,480	–
	(5,080)	(3,896)
Proportion of Group's ownership	50%	50%
Group's share of net liabilities	(3,780)	(1,948)
Other adjustments	509	–
Carrying amount of the investment	(3,271)	(1,948)
Summarised statement of comprehensive income		
Revenue	121,079	111,865
Loss after tax	(5,530)	(5,386)
Other comprehensive income	396	–
Total comprehensive income	(5,134)	(5,386)

During the financial year, PT Gilang Agung subscribed to a 50% interest in PT FJB Lifestyle. Based on the shareholders' agreement, PT FJB Lifestyle is a subsidiary of PT Gilang Agung Persada's Group.

The activities of PT Gilang Agung Persada and its subsidiaries are strategic to the Group's activities. No dividends were received from PT Gilang Agung Persada and its subsidiaries during the financial years ended 30 June 2018 and 30 June 2017.

15. OTHER RECEIVABLES

	Group	
	2018	2017
	$'000	$'000
Sales tax refunds receivable	648	1,024

Sales tax refunds receivable from a subsidiary's tax authority is non-interest bearing and is collectible more than one year. These balances are to be settled in cash.

16. INVENTORIES

	Group	
	2018	2017
	$'000	$'000
Trading stocks:		
On hand	28,196	37,500
On consignment	1,071	523
In transit	2,378	2,597
Total inventories at lower of cost and net realisable value	31,645	40,620
Inventories recognised as an expense in cost of sales	86,623	117,652
Write-back of allowance for inventory obsolescence charged to the income statement, net	(2,115)	(2,164)
Inventories written down charged to the income statement	345	1,631

The write-back of allowance for inventory obsolescence was made when the related inventories were sold above their carrying amounts during the year.

17. INVESTMENT SECURITIES

	Group	
	2018	2017
	$'000	$'000
Available-for-sale financial assets		
Unquoted equity investments, at cost	167	167
Less: Provision for impairment	(167)	–
	–	167

During the financial year, the Company recognised an impairment loss of $167,000 as the investee has ceased its main operations and is unlikely to be recoverable.

18. TRADE DEBTORS

	Group	
	2018	2017
	$'000	$'000
External trade debtors	3,089	4,380
Trade debts due from associate	14,358	9,884
	17,447	14,264
Allowance for doubtful debts charged to the income statement	100	16

Trade debtors are non-interest bearing and are generally on 60 to 90 days' terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Trade debts due from associate are non-interest bearing and are generally on 60 days' terms.

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	
	2018	2017
	$'000	$'000
Trade debtors – nominal amounts	111	132
Allowance for impairment	(111)	(132)
	–	–
Movement in allowance accounts:		
At 1 July	132	128
Allowance for the financial year	100	16
Allowance utilised	(121)	(12)
At 30 June	111	132

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.

19. OTHER DEBTORS

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Other receivables	1,497	1,966	51	30
Sales tax refunds receivable	913	613	–	–
Deposits	2,190	3,539	6	72
Due from subsidiaries	–	–	13,930	31,563
Due from associate	7,156	7,664	70	87
Derivative financial assets	6	6	–	–
	11,762	13,788	14,057	31,752

Other receivables and amounts due from associate are non-trade related, non-interest bearing and unsecured.

Sales tax refunds receivable from a subsidiary's tax authority is non-interest bearing and is collectible within one year. These balances are to be settled in cash.

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

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

The Group's and the Company'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:

	Group Individually impaired 2018 $'000	Group Individually impaired 2017 $'000	Company Individually impaired 2018 $'000	Company Individually impaired 2017 $'000
Other receivables – nominal amounts	107	154	11,574	59,203
Allowance for impairment	(107)	(154)	(11,574)	(59,203)
	–	–	–	–
Movement in allowance accounts:				
At 1 July	154	573	59,203	52,338
(Reversal)/Allowance for the financial year	(43)	–	–	6,865
Transfer of allowance (Note 13)	–	–	(47,629)	–
Utilised	(5)	(417)	–	–
Exchange differences	1	(2)	–	–
At 30 June	107	154	11,574	59,203

19. OTHER DEBTORS (CONTINUED)

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.

20. TRADE AND OTHER CREDITORS

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Trade creditors	18,444	19,711	–	–
Accruals	5,201	5,468	911	582
Provisions	893	5,182	–	–
Sundry creditors	7,661	11,047	398	278
Loans due to shareholders and directors	1,385	4,361	–	1,800
Due to subsidiaries	–	–	1,191	1,076
Due to associate	–	172	–	–
	33,584	45,941	2,500	3,736

Trade creditors and sundry creditors are non-interest bearing and are generally on 60 to 90 days' terms.

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

Loans due to shareholders and directors are unsecured, non-interest bearing and are repayable on demand. These balances are to be settled in cash.

Movement in provision accounts:

	Restoration cost	Onerous leases	Restructuring cost	Total
	$'000	$'000	$'000	$'000
At 1 July 2017	1,778	3,215	189	5,182
Provided during the year	289	–	–	289
Utilisation	(711)	(3,215)	–	(3,926)
Provision no longer required	(484)	–	(189)	(673)
Exchange differences	21	–	–	21
At 30 June 2018	893	–	–	893

Provision for restoration cost is the estimated costs of restoring leasehold premises, retail outlets and warehouse, which are capitalised as part of leasehold improvements and amortised over the remaining leasehold periods.

20. TRADE AND OTHER CREDITORS (CONTINUED)

Management had taken the decision during financial year 2017 not to renew the agreements for the distributorship of two franchise brands. These agreements expired during financial year 2018. Accordingly, the obligation for the committed lease rental payments in the lease agreements of the retail stores of these brands, net of expected operating income, had been provided as onerous lease provision for the financial year ended 30 June 2017.

21. FINANCE LEASE CREDITORS

The Group has entered into various finance lease facilities for its motor vehicles and leasehold improvements. These leases expire in one to four years and are secured by a charge over the leased assets (Note 12). Lease terms include purchase options but do not contain restrictions concerning payments of dividends, additional debt or further leasing.

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Present value of minimum lease payments are as follows:				
Not later than one year	425	324	–	27
Later than one year but not later than five years	735	734	–	–
Total present value of minimum lease payments	1,160	1,058	–	27
Future minimum lease repayments are as follows:				
Not later than one year	499	376	–	28
Later than one year but not later than five years	861	858	–	–
Total future minimum lease payments	1,360	1,234	–	28
Amount representing interest	(200)	(176)	–	(1)
	1,160	1,058	–	27

22. BANK BORROWINGS

	Group	
	2018	**2017**
	$'000	$'000
Bank overdrafts (Note 28)	3,113	6,666
Trust receipts and bills payable	11,566	22,227
Short term loans	6,294	–
	20,973	28,893

Corporate guarantees are given by the Company amounting to approximately $50,586,000 (2017: $98,853,000) for facilities granted to certain subsidiaries and associate.

22. BANK BORROWINGS (CONTINUED)

Short term loans and bank overdrafts

The short term loans bore interest at rates that ranged from 2.91% to 3.18% (2017: 4.94% to 6.75%) per annum during the financial year. The bank overdrafts bear interest at rates that ranged from 4.25% to 9.53% (2017: 4.25% to 9.10%) per annum during the financial year.

Trust receipts and bills payable

The trust receipts and bills payable bear interest at rates that ranged from 2.00% to 6.20% (2017: 1.50% to 6.31%) per annum during the financial year.

The Group's credit facilities are subject to certain terms and conditions, including compliance with debt covenants. Management monitors and assesses its debt covenants for all its loans and borrowings periodically.

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes				
	1 July 2017	**Cash flows**	**Acquisition of furniture, fixtures and equipment**	**Acquisition of shares**	**Foreign exchange movement**	**Other**	**30 June 2018**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Short term loans	–	6,294	–	–	–	–	6,294
Trust receipts and bills payable	22,227	(10,661)	–	–	–	–	11,566
Loans due to shareholders and directors	4,361	849	–	(3,825)	–	–	1,385
Obligations under finance leases							
– current	324	(403)	63	–	16	425	425
– non-current	734	–	390	–	36	(425)	735
Total	27,646	(3,921)	453	(3,825)	52	–	20,405

The 'other' column relates to reclassification of non-current portion of obligations under finance leases due to passage of time.

23. DEFERRED TAXATION

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Gross deferred tax liabilities:				
Depreciation	(214)	(40)	174	–
	(214)	(40)		
Gross deferred tax assets:				
Provisions	608	483	(97)	192
Depreciation	–	156	156	(173)
Unutilised tax losses	–	80	82	165
	608	719	315	184

	Group	
	Consolidated balance sheet	
	2018	2017
	$'000	$'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	434	719
Deferred tax liabilities	(40)	(40)
	394	679

Unrecognised temporary differences relating to investments in subsidiaries and associate

At the end of the reporting period, no deferred tax liability (2017: 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 associate 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 $12,059,000 (2017: $18,007,000). The deferred tax liability is estimated to be $1,206,000 (2017: $2,194,000).

24. LOAN TO RELATED PARTY OF ASSOCIATE

The loan to related party of associate is secured by shares in the associate, bears interest at 4.0% per annum and is repayable on 11 August 2016. During the financial year, the repayment date has been extended to earlier of 10 June 2019 or the date of Initial Public Offering of PT Gilang Agung Persada. The loan is to be settled in cash.

25. SHARE CAPITAL

	Group and Company			
	2018	**2018**	**2017**	**2017**
	No. of shares '000	$'000	**No. of shares** '000	$'000
Ordinary shares issued and fully paid				
At 1 July	568,710	165,447	568,710	165,447
Issuance of rights cum warrants	341,226	11,943	–	–
Share issuance expenses	–	(435)	–	–
At 30 June	909,936	176,955	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.

On 5 April 2018 and 6 April 2018, the Company allotted and issued 341,225,914 new ordinary shares at $0.035 per new share and 682,451,828 free detachable warrants to its shareholders. Each warrants carries the rights to subscribe one new ordinary share in the capital of the Company at an exercise price of $0.04 per warrant for each new share. Each warrant may be exercised at any time during the period of three years commencing on and including the date of issue of the warrants and the date of expiry immediately preceding the third anniversary of the date of issue of the warrants. The newly issued shares ranked pari passu in all respects with the previously issued shares. During the financial year, nil warrants were exercised.

26. 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.

27. OTHER RESERVES

Other reserves comprises share of movements in the net defined benefits plan liabilities of associate resulting from re-measurements at each year end.

28. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Cash on hand and at banks	9,298	7,204	2,796	3,236

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	
	2018	2017
	$'000	$'000
Cash on hand and at banks	9,298	7,204
Bank overdrafts (Note 22)	(3,113)	(6,666)
	6,185	538

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by 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.

(a) 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 debtors, other debtors and loan to a related party of associate. 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.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

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

– $50,586,000 (2017: $98,853,000) relating to corporate guarantees provided by the Company to banks on banking facilities granted to certain subsidiaries and associate.

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	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Within 30 days	1,486	1,505	45	33
31 to 60 days	590	1,044	5	–
61 to 90 days	1,223	912	10	3
More than 90 days	19,090	13,735	50	81
	22,389	17,196	110	117

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) approximately 82% (2017: 69%) of the trade receivables due from an associate in Indonesia and (ii) approximately 15% (2017: 15%) of the financial assets due from a related party of an associate 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.

Financial assets that are neither past due nor impaired

Trade and other debtors and loan to related party of associate that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash on hand and at banks and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18 (Trade debtors) and Note 19 (Other debtors).

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) 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 the profit/(loss) before tax by the amounts shown below.

			Group	
	Basis points		Decrease in profit before tax	Increase in loss before tax
	2018	2017	2018	2017
			$'000	$'000
Singapore dollar borrowings	75	75	(83)	(86)
Malaysian dollar borrowings	75	75	(64)	(67)

(c) 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.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

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

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group				
2018				
Financial assets:				
Other receivables	–	648	–	648
Loan to related party of associate	6,500	–	–	6,500
Trade debtors	17,447	–	–	17,447
Other debtors	10,756	–	–	10,756
Derivative financial assets	6	–	–	6
Cash on hand and at banks	9,298	–	–	9,298
Total undiscounted financial assets	44,007	648	–	44,655
Financial liabilities:				
Trade and other creditors	32,691	–	–	32,691
Finance lease creditors	499	861	–	1,360
Bank borrowings	21,853	–	–	21,853
Total undiscounted financial liabilities	55,043	861	–	55,904
Total net undiscounted financial liabilities	(11,036)	(213)	–	(11,249)
2017				
Financial assets:				
Investment securities	167	–	–	167
Other receivables	–	1,024	–	1,024
Loan to related party of associate	6,280	–	–	6,280
Trade debtors	14,264	–	–	14,264
Other debtors	13,002	–	–	13,002
Derivative financial assets	6	–	–	6
Cash on hand and at banks	7,204	–	–	7,204
Total undiscounted financial assets	40,923	1,024	–	41,947
Financial liabilities:				
Trade and other creditors	40,759	–	–	40,759
Finance lease creditors	376	858	–	1,234
Bank borrowings	30,204	–	–	30,204
Total undiscounted financial liabilities	71,339	858	–	72,197
Total net undiscounted financial (liabilities)/assets	(30,416)	166	–	(30,250)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Company				
2018				
Financial assets:				
Subsidiaries	–	–	15,999	15,999
Other debtors	14,057	–	–	14,057
Cash on hand and at banks	2,796	–	–	2,796
Total undiscounted financial assets	16,853	–	15,999	32,852
Financial liabilities:				
Trade and other payables	2,500	–	–	2,500
Total undiscounted financial liabilities	2,500	–	–	2,500
Total net undiscounted financial assets	14,353	–	15,999	30,352
2017				
Financial assets:				
Subsidiaries	–	–	5,840	5,840
Other debtors	31,752	–	–	31,752
Cash on hand and at banks	3,236	–	–	3,236
Total undiscounted financial assets	34,988	–	5,840	40,828
Financial liabilities:				
Trade and other payables	3,736	–	–	3,736
Finance lease creditors	28	–	–	28
Total undiscounted financial liabilities	3,764	–	–	3,764
Total net undiscounted financial assets	31,224	–	5,840	37,064

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Company				
2018				
Financial guarantee	1,461	–	–	1,461
2017				
Financial guarantee	3,254	–	–	3,254

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency 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 significant foreign currencies balances at the end of the reporting period.

	USD	CHF	EURO	SGD	THB	HKD	IDR	AUD	GBP
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
2018									
Trade and other receivables	10,802	1	494	24,754	6	418	–	1,912	–
Trade and other payables	13,629	293	1,731	–	7	6,714	4,180	2	2,094
Net borrowings	(1,587)	(130)	(375)	–	–	–	–	–	(548)
2017									
Trade and other receivables	12,737	–	416	19,763	–	182	–	1,917	–
Trade and other payables	15,431	509	1,370	24	7	5,863	5,919	2	1,756
Net borrowings	(2,694)	(298)	(2,657)	–	–	–	–	–	(1,458)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (continued)

	AUD	HKD	EURO
	$'000	$'000	$'000
Company			
2018			
Other receivables	182	26,393	38
2017			
Other receivables	190	26,462	38

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.

	2018		2017	
	Changes	Profit before tax increase/ (decrease)	Changes	Loss before tax (increase)/ decrease
		$'000		$'000
USD	+5%	(221)	+5%	(269)
CHF	+5%	(21)	+5%	(40)
EURO	+5%	(81)	+5%	(181)
SGD	+5%	1,238	+5%	987
HKD	+5%	(315)	+5%	(284)
IDR	+5%	(209)	+5%	(296)
AUD	+5%	96	+5%	96
GBP	+5%	(132)	+5%	(161)

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

30. 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	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Loans and receivables				
Subsidiaries	–	–	15,999	5,840
Loan to related party of associate	5,500	5,500	–	–
Trade debtors	17,447	14,264	–	–
Other debtors	12,404	14,806	14,057	31,752
Cash on hand and at banks	9,298	7,204	2,796	3,236
	44,649	41,774	32,852	40,828
Available-for-sale financial assets				
Investment securities	–	167	–	–
Financial assets carried at fair value through profit or loss				
Derivative financial assets	6	6	–	–
Financial liabilities measured at amortised cost				
Trade and other creditors	32,691	40,759	2,500	3,736
Finance lease creditors	1,160	1,058	–	27
Bank borrowings	20,973	28,893	–	–
	54,824	70,710	2,500	3,763

30. 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 2018 Fair value measurements at the end of the reporting period using:			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
Financial assets carried at fair value through profit or loss				
Derivative financial assets	–	6	–	6
Financial assets as at 30 June 2018	–	6	–	6

30. FINANCIAL INSTRUMENTS (CONTINUED)

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

	Group 2017			
	Fair value measurements at the end of the reporting period using:			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
Financial assets carried at fair value through profit or loss				
Derivative financial assets	–	6	–	6
Financial assets as at 30 June 2017	–	6	–	6

There have been no transfers between Level 1 and Level 2 during the financial years ended 2018 and 2017.

C. Level 2 fair value measurements

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

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 related party of associate, 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.

30. FINANCIAL INSTRUMENTS (CONTINUED)

E. Assets and liabilities whose fair values are 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.

Fair value information has not been disclosed for the Group's investments in equity securities that are carried at cost because fair value cannot be measured reliably using valuation techniques. These equity securities represent ordinary shares in companies that are not quoted on any market and do not have any comparable industry peer that is listed. The Group does not intend to dispose of these investments in the foreseeable future.

31. 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.

31. SEGMENT INFORMATION (CONTINUED)

Business segments

	Ongoing Retail $'000	Distribution $'000	Export $'000	Discontinued Operations $'000	Corporate and Others $'000	Group $'000
2018						
Sales to external consumers	119,299	12,446	16,415	17,821	–	165,981
Segment results	4,991	879	1,526	583	(2,824)	5,155
Interest income						222
Interest expense						(1,382)
Share of results of associate, net of tax						(3,056)
Profit before tax						939
Income tax expenses						(2,174)
Net loss for the year						(1,235)

	Ongoing Retail $'000	Distribution $'000	Export $'000	Discontinued Operations $'000	Corporate and Others $'000	Group $'000
2017						
Sales to external consumers	120,556	16,537	32,169	38,224	–	207,486
Impairment loss on furniture, fixtures and equipment	–	–	–	(571)	–	(571)
Provision for onerous leases	–	–	–	(3,215)	–	(3,215)
Segment results	6,524	(1,321)	166	(6,047)	(3,805)	(4,483)
Provision for impairment in value of associate						(3,982)
Interest income						223
Interest expense						(1,744)
Share of results of associate, net of tax						(2,693)
Loss before tax						(16,465)
Income tax expenses						(955)
Net loss for the year						(17,420)

31. SEGMENT INFORMATION (CONTINUED)

Business segments (continued)

	Ongoing Retail	Distribution	Export	Discontinued Operations	Corporate and Others	Group
	$'000	$'000	$'000	$'000	$'000	$'000
2018						
Segment assets	57,019	6,474	7,357	679	9,243	80,772
Investment in associate	–	–	–	–	22,609	22,609
	57,019	6,474	7,357	679	31,852	103,381
Unallocated assets						6,047
Total assets						109,428
Segment liabilities	26,144	3,631	4,565	2,049	1,468	37,857
Unallocated liabilities						18,704
Total liabilities						56,561
Capital expenditure	2,592	–	–	–	601	3,193
Depreciation	2,926	113	–	178	6	3,223

	Ongoing Retail	Distribution	Export	Discontinued Operations	Corporate and Others	Group
	$'000	$'000	$'000	$'000	$'000	$'000
2017						
Segment assets	48,435	7,512	8,960	12,396	10,330	87,633
Investment in associate	–	–	–	–	23,932	23,932
	48,435	7,512	8,960	12,396	34,262	111,565
Unallocated assets						6,970
Total assets						118,535
Segment liabilities	27,126	4,371	7,484	11,846	2,811	53,638
Unallocated liabilities						22,294
Total liabilities						75,932
Capital expenditure	4,416	3	2	257	–	4,678
Depreciation	3,388	140	8	760	16	4,312

31. 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.

	2018 $'000	2017 $'000
Unallocated assets		
Loan to related party of associate	5,500	5,500
Deferred tax assets	434	719
Tax recoverable	113	751
	6,047	6,970
Unallocated liabilities		
Finance lease creditors	–	27
Bank borrowings (excluding bank overdrafts)	17,860	22,227
Provision for taxation	804	–
Deferred tax liabilities	40	40
	18,704	22,294

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
2018				
Turnover	165,962	–	19	165,981
Other geographical information:				
Non-current assets	33,138	–	28	33,166
Capital expenditure	3,193	–	–	3,193
2017				
Turnover	206,009	37	1,440	207,486
Other geographical information:				
Non-current assets	35,751	8	47	35,806
Capital expenditure	4,678	–	–	4,678

32. OPERATING LEASES

The Group has various operating lease agreements for retail outlets, office premises and office equipment. The leases expire at various dates till 2022 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 $2,126,000 (2017: $2,168,000) 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	
	2018	**2017**
	$'000	$'000
Within one year	17,897	28,021
Between one year to five years	20,793	32,143
	38,690	60,164

33. 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.

The accrual for financial undertaking is disclosed in Note 13.

34. COMMITMENTS

As at 30 June 2018, the Group has entered into several licensing and distribution agreements with its principals. These agreements stipulate certain levels of purchases and advertising expenditure in accordance with the agreed terms and conditions.

As at 30 June 2018, the Group has outstanding forward contracts with settlement dates within the next one year of USD 275,000, GBP 300,000 and EUR 136,000 (2017: USD 346,000).

35. RELATED PARTY TRANSACTIONS DISCLOSURE

In addition to related party 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:

	2018 $'000	2017 $'000
Sale of goods to associate	15,308	33,989
Market support and administrative service income from associate	450	600
Directors' fees		
– Directors of the Company	205	170
Remuneration of key management personnel comprising short-term employee benefits:		
– Directors of the Company	624	2,057
– Other Directors of subsidiaries	1,024	1,758
– Non Directors	128	273
	1,776	4,088

Provident fund contributions of $96,000 (2017: $130,000) are included in remuneration of key management personnel.

36. 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 2018 and 30 June 2017.

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 Company while return on equity is computed as net profit attributable to owners of the Company for the financial year divided by the total equity attributable to owners of the Company. Net debt is calculated as borrowings less cash on hand and at banks.

36. CAPITAL MANAGEMENT (CONTINUED)

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

	Group	
	2018	2017
	$'000	$'000
Bank borrowings	20,973	28,893
Finance lease creditors	1,160	1,058
Less: cash on hand and at banks	(9,298)	(7,204)
Net debt	12,835	22,747
Equity attributable to owners of the Company	52,867	42,603
Net loss attributable to owners of the Company for the financial year	(1,235)	(17,420)
Gearing ratio	24.3%	53.4%
Return on equity	-2.3%	-40.9%

37. EVENTS OCCURRING AFTER THE REPORTING PERIOD

In July 2018, F J Benjamin Singapore Pte Ltd, a wholly-owned subsidiary of the Company entered into call option agreements with a shareholder of its associate for the right for the shareholder to acquire the mandatory convertible bonds at a mutually agreed price.

38. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 30 June 2018 were authorised for issue in accordance with a resolution of the Directors dated 25 September 2018.

STATISTICS OF SHAREHOLDINGS

AS AT 14 SEPTEMBER 2018

Number of Equity Securities	:	909,935,771
Number of Treasury Shares	:	Nil
Subsidiary Holding	:	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 – 99	44	1.00	1,486	0.00
100 – 1,000	697	15.89	682,002	0.07
1,001 – 10,000	1,862	42.44	9,730,210	1.07
10,001 – 1,000,000	1,742	39.71	152,128,708	16.72
1,000,001 AND ABOVE	42	0.96	747,393,365	82.14
TOTAL	**4,387**	**100.00**	**909,935,771**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	143,323,960	15.75
2	BENJAMIN FRANK	125,429,770	13.78
3	LIM ENG HOCK	104,000,000	11.43
4	RAFFLES INVESTMENTS LIMITED	99,648,000	10.95
5	UOB KAY HIAN PRIVATE LIMITED	74,579,650	8.20
6	WESTERN PROPERTIES PTE LTD	44,880,000	4.93
7	SSP INNOVATIONS PTE LTD	30,822,400	3.39
8	RAFFLES NOMINEES (PTE) LIMITED	13,711,400	1.51
9	LIM CHER KHIANG	12,601,200	1.38
10	LIM YEW HOE	10,703,900	1.18
11	CITIBANK NOMINEES SINGAPORE PTE LTD	8,804,700	0.97
12	DB NOMINEES (SINGAPORE) PTE LTD	6,939,000	0.76
13	MAYBANK KIM ENG SECURITIES PTE. LTD.	6,563,300	0.72
14	LOW CHIN YEE	6,379,000	0.70
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	5,679,100	0.62
16	ELIAS MICHELLE RUTH MRS MICHELLE SASSOON	3,856,000	0.42
17	CHANG SEE HIANG	3,360,000	0.37
18	CHIEW POH CHENG	3,263,840	0.36
19	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,225,500	0.35
20	DEREK MARTIN DA CUNHA	3,000,000	0.33
	TOTAL	**710,770,720**	**78.10**

STATISTICS OF SHAREHOLDINGS

AS AT 14 SEPTEMBER 2018

SUBSTANTIAL SHAREHOLDERS AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	DIRECT INTEREST	%	DEEMED INTEREST	%
1. Lim Eng Hock	104,000,000	11.43	57,025,600	6.27
2. Segulah Pte Ltd @	91,937,900	10.10	–	–
3. Raffles Investments Limited #	99,648,000	10.95	–	–
4. Frank Benjamin *	125,429,770	13.78	–	–
5. Temasek Holdings (Private) Ltd @	–	–	91,937,900	10.10
6. DBS Trustee Limited @	–	–	91,937,900	10.10
7. DBS Group Holdings Limited @	–	–	91,937,900	10.10
8. DBS Bank Ltd. @	–	–	91,937,900	10.10
9. Tan Chin Tuan Pte. Ltd. #	–	–	99,648,000	10.95
10. Aequitas Pte Ltd #	–	–	99,648,000	10.95
11. Tecity Pte Ltd #	–	–	99,648,000	10.95
12. Dr Tan Kheng Lian #	–	–	99,648,000	10.95
13. Mavis Benjamin, Mrs *	–	–	125,429,770	13.78

@ 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.

Tan Chin Tuan Pte. Ltd., Aequitas Pte Ltd, Tecity Pte Ltd and Dr Tan Kheng Lian are deemed to be interested in the shares held by Raffles Investments Limited.

* Mavis Benjamin is the spouse of Frank Benjamin and therefore deemed interested in the shares held by Frank Benjamin.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on the information available to the Company, as at 14 September 2018, approximately 43.97% 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.

STATISTICS OF WARRANTHOLDINGS

AS AT 14 SEPTEMBER 2018

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 – 99	6	0.48	318	0.00
100 – 1,000	2	0.16	2,000	0.00
1,001 – 10,000	321	25.72	1,876,304	0.28
10,001 – 1,000,000	879	70.43	104,290,406	15.28
1,000,001 AND ABOVE	40	3.21	576,282,800	84.44
TOTAL	**1,248**	**100.00**	**682,451,828**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	BENJAMIN FRANK	172,477,540	25.27
2	LIM ENG HOCK	78,000,000	11.43
3	RAFFLES INVESTMENTS LIMITED	74,736,000	10.95
4	DBS NOMINEES (PRIVATE) LIMITED	38,630,220	5.66
5	UOB KAY HIAN PRIVATE LIMITED	38,430,800	5.63
6	WESTERN PROPERTIES PTE LTD	33,660,000	4.93
7	SSP INNOVATIONS PTE LTD	23,116,800	3.39
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	12,960,760	1.90
9	LIM CHER KHIANG	11,160,840	1.64
10	RAFFLES NOMINEES (PTE) LIMITED	9,494,000	1.39
11	LIM YEW HOE	8,609,800	1.26
12	TAN ENG CHUA EDWIN	8,412,200	1.23
13	KGI SECURITIES (SINGAPORE) PTE. LTD.	8,026,000	1.18
14	DEREK MARTIN DA CUNHA	6,000,000	0.88
15	CITIBANK NOMINEES SINGAPORE PTE LTD	5,973,800	0.88
16	DB NOMINEES (SINGAPORE) PTE LTD	5,040,000	0.74
17	ELIAS MICHELLE RUTH MRS MICHELLE SASSOON	2,892,000	0.42
18	TAN YONG SENG	2,800,000	0.41
19	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,799,200	0.41
20	CHANG SEE HIANG	2,520,000	0.37
	TOTAL	**545,739,960**	**79.97**

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 Ballroom 2, Level 3, Hilton Singapore, 581 Orchard Road, Singapore 238883 on Friday, 26 October 2018 at 11.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 30 June 2018 together with the Auditor's Report thereon. **(Resolution 1)**

2. To re-elect the following directors who will be retiring by rotation under Article 102 of the Constitution of the Company:

   (i) Mr Douglas Jackie Benjamin **(Resolution 2)**
   (ii) Mr Daniel Ong Jen Yaw **(Resolution 3)**

3. To approve the sum of up to S$205,000 to be paid as directors' fees for the year ending 30 June 2019 (FY2018: up to S$205,000). **(Resolution 4)**

4. To re-appoint Messrs Ernst & Young LLP as Auditor of the Company and to authorise the directors to fix their remuneration. **(Resolution 5)**

5. 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:

6. **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 and shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act ("subsidiary holdings")) 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 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 Constitution 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.

(Resolution 6)

7. **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 treasury shares and subsidiary holdings 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.

(Resolution 7)

By Order of the Board

Karen Chong Mee Keng
Company Secretary

Singapore, 11 October 2018

Explanatory Notes:

Ordinary Resolution 2 is to re-elect Mr Douglas Jackie Benjamin who will be retiring by rotation under Article 102 of the Constitution of the Company. Mr Benjamin will, upon re-election as a Director of the Company, remain as the Executive Director of the Company.

Ordinary Resolution 3 is to re-elect Mr Daniel Ong Jen Yaw who will be retiring by rotation under Article 102 of the Constitution of the Company. Mr Ong will, upon re-election as a Director of the Company, remain as Chairman of Remuneration Committee and as the member of the Audit Committee and Nominating Committee and will be considered independent.

Ordinary Resolution 6 is to empower the directors 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 and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders.

For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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.

Ordinary Resolution 7 is to renew the mandate to allow 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 2018 is set out in the Letter.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "Meeting").

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 1 Jalan Kilang Timor, Pacific Tech Centre, #07-01/02 Singapore 159303 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 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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 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.

F J BENJAMIN HOLDINGS LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 197301125N)

Board of Directors:
Frank Benjamin, *Non-Executive Chairman*
Eli Manasseh (Nash) Benjamin, *Chief Executive Officer*
Douglas Jackie Benjamin, *Chief Operating Officer*
Ng Hin Lee, *Independent Director*
Daniel Ong Jen Yaw, *Independent Director*
Liew Choon Wei, *Independent Director*

Registered Office:
1 Jalan Kilang Timor,
#07-01 Pacific Tech Centre,
Singapore 159303

11 October 2018

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 11 October 2018 (the "**Notice of AGM**") convening the AGM to be held on 26 October 2018 (the "**2018 AGM**"), and (b) the ordinary resolution number 7 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 2018 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 Constitution, 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 27 October 2017 (the "**2017 AGM**"). The rationale for, the authority and limitations on, and the financial effects of, the renewal of the mandate at the 2017 AGM (the "**2017 Share Purchase Mandate**") were set out in the Company's Letter to Shareholders dated 12 October 2017.

The authority conferred pursuant to the 2017 Share Purchase Mandate may be exercised by the Directors at any time during the period commencing from the date of the 2017 AGM and expiring on the date (a) when the next AGM of the Company is held or required by law to be held, (b) when the purchases or acquisitions of Shares pursuant to the 2017 Share Purchase Mandate are carried out to the full extent mandated or (c) when the authority conferred by the 2017 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 2018 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 2018 AGM, are similar in terms to those previously approved by Shareholders at the 2017 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 2018 AGM at which the renewal of the Share Purchase Mandate is approved). Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for purposes of computing the 8% limit.

For illustrative purposes only, on the basis of 909,935,771 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 2018 AGM, not more than 72,794,862 Shares (representing approximately 8% of the total number of Shares excluding treasury shares and subsidiary holdings 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 2018 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) off-market acquisition(s) ("**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. Under the Companies Act, an Off-Market Purchase in accordance with an equal access scheme 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 10% 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 any share scheme whether for its employees, directors or other persons;

(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, 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, and the value of the treasury shares used in each such 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 Constitution (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 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. Where the purchase or acquisition of Shares is paid out of the Company's profits or capital, the total amount of consideration paid by the Company shall include any expenses (including brokerage or commission) incurred directly in such purchase or acquisition of Shares.

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 2018 are based on the assumptions set out below:

(a) based on 909,935,771 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 2018 AGM, not more than 72,794,862 Shares (representing approximately 8% of the total number of issued Shares of the Company excluding treasury shares and subsidiary holdings 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 72,794,862 Shares at the Maximum Price of S$0.036 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 72,794,862 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S$2.6 million; and

(c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 72,794,862 Shares at the Maximum Price of S$0.041 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 72,794,862 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S$3.0 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 2018; and (iii) the Company had purchased or acquired 72,794,862 Shares (representing approximately 8% of the total number of issued Shares of the Company excluding treasury shares and subsidiary holdings at the Latest Practicable Date) on 30 June 2018, the financial effects of the purchase or acquisition of 72,794,862 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 2018 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 2018				
Issued capital and reserves	52,867	52,867	37,432	37,432
Treasury shares	–	(2,621)	–	(2,621)
Total shareholders' equity	52,867	50,246	37,432	34,811
NTA	52,867	50,246	37,432	34,811
Loss after taxation and minority interest	(1,235)	(1,235)	(16,439)	(16,439)
Net debt/ (cash)	12,835	15,456	(2,796)	(175)
Number of Shares ('000)	909,936	909,936	909,936	909,936
Financial Ratios				
NTA per Share (cents)	5.81	5.52	4.11	3.83
Gross debt gearing (%)	41.87	44.05	–	–
Net debt gearing (%)	24.28	30.76	–	–
Current ratio (times)	1.37	1.32	6.75	5.70
Profit/ (Loss) before interest, tax, depreciation and amortisation divided by interest expenses (times)	3.85	3.85	(744)	(744)
Basic (LPS) (cents)				
(before exceptional items)	(0.15)	(0.15)	(0.13)	(0.13)
(after exceptional items)	(0.14)	(0.14)	(1.81)	(1.81)
ROE (%)	(2.34)	(2.46)	(43.92)	(47.22)

(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 2018				
Issued capital and reserves	52,867	52,867	37,432	37,432
Treasury shares	–	(2,985)	–	(2,985)
Total shareholders' equity	52,867	49,882	37,432	34,447
NTA	52,867	49,882	37,432	34,447
Loss after taxation and minority interest	(1,235)	(1,235)	(16,439)	(16,439)
Net debt/ (cash)	12,835	15,820	(2,796)	–
Number of Shares ('000)	909,936	909,936	909,936	909,936
Financial Ratios				
NTA per Share (cents)	5.81	5.48	4.11	3.79
Gross debt gearing (%)	41.87	44.37	–	–
Net debt gearing (%)	24.28	31.71	–	–
Current ratio (times)	1.37	1.31	6.75	5.56
Profit/ (Loss) before interest, tax, depreciation and amortisation divided by interest expenses (times)	3.85	3.85	(744)	(744)
Basic (LPS) (cents) (before exceptional items)	(0.15)	(0.15)	(0.13)	(0.13)
(after exceptional items)	(0.14)	(0.14)	(1.81)	(1.81)
ROE (%)	(2.34)	(2.48)	(43.92)	(47.72)

(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 2018				
Issued capital and reserves / Total shareholders' equity	52,867	50,246	37,432	34,811
NTA	52,867	50,246	37,432	34,811
Loss after taxation and minority interest	(1,235)	(1,235)	(16,439)	(16,439)
Net debt/ (cash)	12,835	15,456	(2,796)	(175)
Number of Shares ('000)	909,936	837,141	909,936	837,141
Financial Ratios				
NTA per Share (cents)	5.81	6.00	4.11	4.16
Gross debt gearing (%)	41.87	44.05	–	–
Net debt gearing (%)	24.28	30.76	–	–
Current ratio (times)	1.37	1.32	6.75	5.70
Profit/ (Loss) before interest, tax, depreciation and amortisation divided by interest expenses (times)	3.85	3.85	(744)	(744)
Basic (LPS) (cents) (before exceptional items)	(0.15)	(0.16)	(0.13)	(0.14)
(after exceptional items)	(0.14)	(0.15)	(1.81)	(1.96)
ROE (%)	(2.34)	(2.46)	(43.92)	(47.22)

(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 2018				
Issued capital and reserves / Total shareholders' equity	52,867	49,882	37,432	34,447
NTA	52,867	49,882	37,432	34,447
Loss after taxation and minority interest	(1,235)	(1,235)	(16,439)	(16,439)
Net debt/ (cash)	12,835	15,820	(2,796)	–
Number of Shares ('000)	909,936	837,141	909,936	837,141
Financial Ratios				
NTA per Share (cents)	5.81	5.96	4.11	4.11
Gross debt gearing (%)	41.87	44.37	–	–
Net debt gearing (%)	24.28	31.71	–	–
Current ratio (times)	1.37	1.31	6.75	5.56
Loss before interest, tax, depreciation and amortisation divided by interest expenses (times)	3.85	3.85	(744)	(744)
Basic (LPS) (cents)				
(before exceptional items)	(0.15)	(0.16)	(0.13)	(0.14)
(after exceptional items)	(0.14)	(0.15)	(1.81)	(1.96)
ROE (%)	(2.34)	(2.48)	(43.92)	(47.72)

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 (excluding treasury shares and subsidiary holdings), 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;

(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 excluding treasury shares and subsidiary holdings 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 400,065,451 Shares, representing 43.97% 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 327,270,589 Shares, representing 39.09% 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 2017 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:

	Number of Shares		Total Percentage
Director	**Direct Interest**	**Deemed Interest**	**Interest (%)**
Frank Benjamin	125,429,770	–	13.78
Eli Manasseh (Nash) Benjamin(1)	–	31,460,050	3.46
Douglas Jackie Benjamin(2)	48,000	130,000	0.02
Ng Hin Lee	–	–	–
Daniel Ong Jen Yaw	–	–	–
Liew Choon Wei	–	–	–

Notes:

(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.

3.2 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[(3)]	104,000,000	57,025,600	17.70
Segulah Pte Ltd	91,937,900	–	10.10
Temasek Holdings (Private) Limited[(4)]	–	91,937,900	10.10
DBS Trustee Limited[(4)]	–	91,937,900	10.10
DBS Group Holdings Ltd[(4)]	–	91,937,900	10.10
DBS Bank Ltd.[(4)]	–	91,937,900	10.10
Raffles Investments Limited	99,648,000	–	10.95
Tan Chin Tuan Pte. Ltd.[(5)]	–	99,648,000	10.95
Aequitas Pte Ltd[(5)]	–	99,648,000	10.95
Tecity Pte Ltd[(5)]	–	99,648,000	10.95
Dr Tan Kheng Lian[(5)]	–	99,648,000	10.95
Mavis Benjamin[(6)]	–	125,429,770	13.78

Notes:

(3) Lim Eng Hock – deemed interest – The shares are held in nominees' names and by related companies.

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

(5) Aequitas Pte. Ltd., Tan Chin Tuan Pte. Ltd., Tecity Pte Ltd and Dr Tan Kheng Lian are deemed to be interested in the shares held by Raffles Investments Limited.

(6) 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 2018 AGM of the Company, notice of which is set out in pages 121 to 126 of the 2018 Annual Report, will be held on 26 October 2018 at 11 am 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 7, 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 2018 AGM:

(a) the Constitution; and

(b) the 2018 Annual Report.

Yours faithfully
For and on behalf of the Board of Directors of
FJ BENJAMIN HOLDINGS LTD

Frank Benjamin
Non-Executive Chairman

SHARE PURCHASE MANDATE

SCHEDULE – DEFINITIONS

In this Letter, the following definitions apply throughout unless the context otherwise requires:

"**2017 AGM**"	:	The annual general meeting of the Company held on 27 October 2017
"**2017 Share Purchase Mandate**"	:	The Share Purchase Mandate renewed at the 2017 AGM
"**2018 AGM**"	:	The annual general meeting of the Company to be held on 26 October 2018
"**2018 Annual Repor**t"	:	The annual report of the Company for the financial year ended 30 June 2018
"**AGM**"	:	The annual general meeting 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
"**Constitution**"	:	The constitution of the Company
"**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**"	:	14 September 2018, 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
"**LPS**"	:	Loss per share
"**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)
"**Notice of AGM**"	:	The notice of the 2018 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

"**Securities and Futures Act**"	:	The Securities and Futures Act (Chapter 289 of Singapore)
"**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**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The terms "**controlling shareholder**" and "**subsidiary holdings**" shall have the meaning ascribed to them 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, the Securities and Futures Act or any statutory modification thereof and used in this Letter shall have the meaning assigned to it under the Companies Act, the Securities and Futures Act or any statutory modification thereof, as the case may be.

Any reference to a time of a day in this Letter shall be a reference to Singapore time unless otherwise stated.

Any discrepancy in the tables in this Letter between the listed amounts and the totals or percentages thereof are due to rounding.

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F J BENJAMIN HOLDINGS LTD

(Company Registration No.: 197301125N)
(Incorporated In The Republic of Singapore)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF/SRS monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and/or SRS Operators.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

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 at Ballroom 2, Level 3, Hilton Singapore, 581 Orchard Road, Singapore 238883 on Friday, 26 October 2018 at 11.00 a.m. 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, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	Number of Votes For [(1)]	Number of Votes Against [(1)]
1	Directors' Statement and Audited Financial Statements for the year ended 30 June 2018		
2	Re-election of Mr Douglas Jackie Benjamin as Director		
3	Re-election of Mr Daniel Ong Jen Yaw as Director		
4	Approval of a sum of up to S$205,000 to be paid as directors' fees for the year ending 30 June 2019		
5	Re-appointment of Messrs Ernst & Young LLP as Auditor of the Company		
6	Authority to issue shares		
7	Renewal of Share Purchase Mandate		

(1) *If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ____________ day of ______________ 2018

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 81SF of the Securities and Futures Act, Chapter 289), 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. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. 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.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 Jalan Kilang Timor, Pacific Tech Centre, #07-01/02 Singapore 159303 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. 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.

8. 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 11 October 2018.

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 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

OPERATIONS DIRECTORY

SINGAPORE

F J Benjamin (Singapore) Pte Ltd
F J Benjamin Lifestyle Pte. Ltd.
Fashion Dyamics Singapore Pte Ltd
1 Jalan Kilang Timor,
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