



F J BENJAMIN HOLDINGS LTD

Company Registration Number: 197301125N

Condensed interim consolidated financial statements For the six months and full year ended 30 June 2021

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A Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	----- GROUP -----			-----GROUP -----		
		6 months ended 30 June 2021	6 months ended 30 June 2020	Change	12 months ended 30 June 2021	12 months ended 30 June 2020	Change
		\$'000	\$'000	%	\$'000	\$'000	%
Turnover		28,884	30,239	(4)	66,839	92,915	(28)
Cost of goods sold		(13,830)	(15,271)	(9)	(33,056)	(46,365)	(29)
Gross Profit		<u>15,054</u>	<u>14,968</u>	1	<u>33,783</u>	<u>46,550</u>	(27)
Other income, net	7	793	1,290	(39)	2,256	1,655	36
Staff costs		(6,486)	(8,709)	(26)	(14,026)	(19,562)	(28)
Rental of premises		(1,222)	(895)	37	(2,404)	(6,843)	(65)
Advertising and promotion		(1,134)	(601)	89	(2,154)	(1,846)	17
Depreciation of furniture, fixtures and equipment		(1,075)	(1,443)	(26)	(2,269)	(2,954)	(23)
Depreciation of right-of-use assets		(6,093)	(5,625)	8	(12,552)	(10,242)	23
Other operating expenses	7	(2,455)	(4,248)	(42)	(6,667)	(9,680)	(31)
Operating loss before expected credit losses allowance and impairment		<u>(2,618)</u>	<u>(5,263)</u>	(50)	<u>(4,033)</u>	<u>(2,922)</u>	38
Allowance for expected credit losses		(1,545)	(3,178)	(51)	(1,598)	(3,178)	(50)
Impairment of furniture, fixtures and equipment and right-of-use assets		(206)	(241)	(15)	(206)	(241)	(15)
Impairment of investment in associate		(1,241)	(930)	33	(1,241)	(930)	33
Operating loss		<u>(5,610)</u>	<u>(9,612)</u>	(42)	<u>(7,078)</u>	<u>(7,271)</u>	(3)
Interest expenses from bank borrowings and hire purchase		(454)	(482)	(6)	(868)	(938)	(7)
Interest expenses from lease liabilities		(281)	(311)	(10)	(656)	(790)	(17)
Foreign exchange gain / (loss), net		(18)	(165)	(89)	401	(9)	nm
Share of results of associate, net of tax		(566)	(4,465)	(87)	(2,410)	(5,333)	(55)
Loss before tax		<u>(6,929)</u>	<u>(15,035)</u>	(54)	<u>(10,611)</u>	<u>(14,341)</u>	(26)
Income tax (expenses)/ credit	8	(225)	244	nm	(260)	(611)	(57)
Net loss for the year		<u>(7,154)</u>	<u>(14,791)</u>	(52)	<u>(10,871)</u>	<u>(14,952)</u>	(27)
Other comprehensive income:							
Item that may be reclassified subsequently to profit or loss:							
Foreign currency translation		(269)	(139)	94	19	43	(56)
Share of other comprehensive income of associate, net of tax		(42)	27	nm	(42)	27	nm
Total comprehensive income for the year		<u>(7,465)</u>	<u>(14,903)</u>	(50)	<u>(10,894)</u>	<u>(14,882)</u>	(27)
Total comprehensive income attributable to:							
Owners of the Company		<u>(7,465)</u>	<u>(14,903)</u>		<u>(10,894)</u>	<u>(14,882)</u>	
Loss per share (cents)							
Basic and diluted	9	<u>(0.72)</u>	<u>(1.61)</u>		<u>(1.14)</u>	<u>(1.63)</u>	

nm - not meaningful

B Condensed interim statements of financial position

	Note	-----GROUP-----		-----COMPANY-----	
		30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
NON-CURRENT ASSETS					
Furniture, fixtures and equipment	12	4,244	6,256	220	1
Right-of-use assets		15,009	19,767	125	48
Subsidiaries		-	-	39,933	40,135
Investment in associate		12,127	15,272	-	-
Deferred tax assets		369	378	-	-
		<u>31,749</u>	<u>41,673</u>	<u>40,278</u>	<u>40,184</u>
CURRENT ASSETS					
Inventories		26,452	29,183	-	-
External trade debtors		1,693	1,162	-	-
Trade debts due from associate		9,456	8,917	-	-
Other debtors		10,272	12,767	48	58
Prepayments and advances		354	499	16	17
Tax recoverable		505	491	-	-
Cash on hand and at banks		12,154	11,715	4,446	3,058
		<u>60,886</u>	<u>64,734</u>	<u>4,510</u>	<u>3,133</u>
CURRENT LIABILITIES					
Trade and other creditors		20,735	23,500	1,088	2,206
Hire purchase	13	95	357	18	-
Bank borrowings	13	17,982	18,420	-	-
Lease liabilities		10,351	10,905	60	48
Provision for taxation		-	2	-	-
		<u>49,163</u>	<u>53,184</u>	<u>1,166</u>	<u>2,254</u>
NET CURRENT ASSETS		11,723	11,550	3,344	879
NON-CURRENT LIABILITIES					
Other creditors		-	-	9,753	8,397
Hire purchase	13	115	80	112	-
Bank borrowings	13	4,599	5,827	-	-
Lease liabilities		5,492	9,430	89	-
		<u>10,206</u>	<u>15,337</u>	<u>9,954</u>	<u>8,397</u>
NET ASSETS		33,266	37,886	33,668	32,666
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	14	183,229	176,955	183,229	176,955
Foreign currency translation reserve		(633)	(652)	-	-
Other reserves		395	437	-	-
Accumulated losses		(149,725)	(138,854)	(149,561)	(144,289)
TOTAL EQUITY		33,266	37,886	33,668	32,666

C Condensed interim statements of changes in equity

	----- 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 2020	176,955	(652)	437	(138,854)	37,886
Loss for the year	-	-	-	(10,871)	(10,871)
<u>Other comprehensive income</u>					
Foreign currency translation	-	19	-	-	19
Share of other comprehensive income of associate, net of tax	-	-	(42)	-	(42)
Total comprehensive income for the year	-	19	(42)	(10,871)	(10,894)
Issuance of shares from exercise of warrants	6,295	-	-	-	6,295
Share issuance expenses	(21)	-	-	-	(21)
Total transactions with owners	6,274	-	-	-	6,274
At 30 June 2021	183,229	(633)	395	(149,725)	33,266
At 1 July 2019	176,955	(695)	410	(123,902)	52,768
Loss for the year	-	-	-	(14,952)	(14,952)
<u>Other comprehensive income</u>					
Foreign currency translation	-	43	-	-	43
Share of other comprehensive income of associate, net of tax	-	-	27	-	27
Total comprehensive income for the year	-	43	27	(14,952)	(14,882)
At 30 June 2020	176,955	(652)	437	(138,854)	37,886
COMPANY					
At 1 July 2020	176,955	-	-	(144,289)	32,666
Total comprehensive income for the year	-	-	-	(5,272)	(5,272)
Issuance of shares from exercise of warrants	6,295	-	-	-	6,295
Share issuance expenses	(21)	-	-	-	(21)
Total transactions with owners	6,274	-	-	-	6,274
At 30 June 2021	183,229	-	-	(149,561)	33,668
At 1 July 2019	176,955	-	-	(134,489)	42,466
Total comprehensive income for the year	-	-	-	(9,800)	(9,800)
At 30 June 2020	176,955	-	-	(144,289)	32,666

D Condensed interim consolidated statement of cash flows

	-----GROUP-----	
	12 months ended 30 June 2021 \$'000	12 months ended 30 June 2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss before tax	(10,611)	(14,341)
Adjustments for:		
Depreciation of furniture, fixtures and equipment	2,269	2,954
Depreciation of right-of-use assets	12,552	10,242
Share of results of associate, net of tax	2,410	5,333
Currency realignment	(480)	86
Loss on disposal of furniture, fixtures and equipment	106	249
Interest income	(13)	(271)
Interest expenses from bank borrowings and hire purchase	868	938
Interest expenses from lease liabilities	656	790
Impairment of furniture, fixtures and equipment and right-of-use assets	206	241
Impairment of investment in associate	1,241	930
(Reversal)/ Allowance for inventory obsolescence and inventories written off, net	(531)	804
Allowance for expected credit losses	1,598	3,178
OPERATING CASH FLOWS BEFORE WORKING CAPITAL CHANGES	10,271	11,133
(Increase)/ Decrease in debtors	(173)	4,973
Decrease in prepayments and advances	145	76
Decrease in inventories	3,262	2,423
Decrease in creditors	(2,765)	(4,529)
CASH FLOW GENERATED FROM OPERATIONS	10,740	14,076
Interest received	13	50
Income tax paid	(271)	(1,562)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	10,482	12,564
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture, fixtures and equipment	(513)	(1,413)
Proceeds from disposal of furniture, fixtures and equipment	115	3
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(398)	(1,410)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of shares from exercise of warrants	6,295	-
Shares issuance expenses	(21)	-
Repayment of bank borrowings	(2,487)	(4,080)
Proceeds from bank borrowings	1,000	7,103
Repayment of obligations under hire purchase	(367)	(376)
Interest paid	(868)	(926)
Payment of lease liabilities	(12,978)	(10,561)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(9,426)	(8,840)
Net increase in cash and cash equivalents	658	2,314
Cash and cash equivalents at beginning of financial year	8,515	6,203
Net effect of exchange rate changes on opening cash and cash equivalents	(40)	(2)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	9,133	8,515
<u>Cash and cash equivalents comprise the following:</u>		
Cash on hand and at banks	12,154	11,715
Bank overdrafts	(3,021)	(3,200)
	9,133	8,515

E. Notes to the condensed interim consolidated 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). These condensed interim consolidated financial statements as at and for the six months and full year ended 30 June 2021 comprise the Company and its subsidiaries (the Group).

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 those of investment holding and importers, distributors and retailers of consumer fashion wear, accessories and timepieces.

2. Basis of preparation

The condensed interim consolidated financial statements for the six months and full year ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 31 December 2020.

The accounting policies and methods of computations adopted for the condensed interim consolidated financial statements are consistent with those adopted by the Company in its most recently audited annual consolidated financial statements for the year ended 30 June 2020, which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1 below.

The condensed interim consolidated financial statements are presented in Singapore dollar which is the Company's functional currency.

For the financial year ended 30 June 2021, the Group incurred a net loss of \$10.9 million (2020: \$15.0 million). The condensed interim consolidated financial statements have been prepared on a going concern basis as directors of the Company are of the view that the Group will be able to continue to generate net cash inflows from operating activities for a period of 12 months from the date these financial statements were approved, to meet their financial obligations as and when they fall due.

2.1 New and amended standards adopted by the Group

A number of amendments to the standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2.2 Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the most recently audited annual consolidated financial statements as at and for the year ended 30 June 2020.

Estimates and underlying assumptions are reviewed on on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period reported on.

4. Segment and revenue information

For management purpose, 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, timepieces and health and wellness.
- iii. The Export segment is involved in the export of the consumer fashion wear, accessories and timepieces.

These operating segments are reported in the manner consistent with internal reporting provided to management who are responsible for allocating resources and assessing performance of the operating segments.

4.1 Reportable segments

	Ongoing Retail	Distribution	Export	Corporate and Others	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
1 Jan 2021 – 30 Jun 2021					
Sales to external consumers	24,620	1,417	2,847	-	28,884
Segment results	(1,661)	(36)	305	(4,243)	(5,635)
Interest income					7
Interest expenses from bank borrowings and hire purchase					(454)
Interest expenses from lease liabilities					(281)
Share of results of associate, net of tax					(566)
Loss before tax					(6,929)
Income tax expenses					(225)
Net loss for the year					(7,154)

4.1 Reportable segments (continued)

	Ongoing Retail	Distribution	Export	Corporate and Others	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
1 Jan 2020 – 30 Jun 2020					
Sales to external consumers	26,181	1,698	2,360	-	30,239
Segment results	(3,649)	(168)	116	(6,210)	(9,911)
Interest income					134
Interest expenses from bank borrowings and hire purchase					(482)
Interest expenses from lease liabilities					(311)
Share of results of associate, net of tax					(4,465)
Loss before tax					(15,035)
Income tax credit					244
Net loss for the year					(14,791)
	Ongoing Retail	Distribution	Export	Corporate and Others	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
1 Jul 2020 – 30 Jun 2021 (FY 2021)					
Sales to external consumers	57,169	5,186	4,484	-	66,839
Segment results	(1,880)	351	546	(5,707)	(6,690)
Interest income					13
Interest expenses from bank borrowings and hire purchase					(868)
Interest expenses from lease liabilities					(656)
Share of results of associate, net of tax					(2,410)
Loss before tax					(10,611)
Income tax expenses					(260)
Net loss for the year					(10,871)

4.1 Reportable segments (continued)

	Ongoing Retail	Distribution	Export	Corporate and Others	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
1 Jul 2019 – 30 Jun 2020 (FY 2020)					
Sales to external consumers	81,302	5,710	5,903	–	92,915
Segment results	(459)	353	283	(7,728)	(7,551)
Interest income					271
Interest expenses from bank borrowings and hire purchase					(938)
Interest expenses from lease liabilities					(790)
Share of results of associate, net of tax					(5,333)
Loss before tax					(14,341)
Income tax expenses					(611)
Net loss for the year					(14,952)

	Ongoing Retail	Distribution	Export	Corporate and Others	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
1 Jan 2021 – 30 Jun 2021					
Capital expenditure	299	1	-	11	311
Depreciation	978	55	-	42	1,075
1 Jan 2020 – 30 Jun 2020					
Capital expenditure	64	-	-	62	126
Depreciation	1,294	19	-	130	1,443

4.1 Reportable segments (continued)

	Ongoing Retail	Distribution	Export	Corporate and Others	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
1 Jul 2020 – 30 Jun 2021 (FY 2021)					
Segment assets	57,250	4,426	2,808	9,650	74,134
Investment in associate	–	–	–	12,127	12,127
	57,250	4,426	2,808	21,777	86,261
Unallocated assets					6,374
Total assets					92,635
Segment liabilities	33,761	2,286	1,384	2,378	39,809
Unallocated liabilities					19,560
Total liabilities					59,369
Capital expenditure	338	1	–	317	656
Depreciation	2,056	173	–	40	2,269
	Ongoing Retail	Distribution	Export	Corporate and Others	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
1 Jul 2019 – 30 Jun 2020 (FY 2020)					
Segment assets	67,343	4,397	3,748	9,278	84,766
Investment in associate	–	–	–	15,272	15,272
	67,343	4,397	3,748	24,550	100,038
Unallocated assets					6,369
Total assets					106,407
Segment liabilities	40,511	2,153	1,934	2,874	47,472
Unallocated liabilities					21,049
Total liabilities					68,521
Capital expenditure	1,286	–	–	127	1,413
Depreciation	2,589	38	–	327	2,954

4.1 Reportable segments (continued)

Business segments

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.

	2021 \$'000	2020 \$'000
Unallocated assets		
Other debtors	5,500	5,500
Deferred tax assets	369	378
Tax recoverable	505	491
	<u>6,374</u>	<u>6,369</u>
Unallocated liabilities		
Bank borrowings (excluding bank overdrafts)	19,560	21,047
Provision for taxation	–	2
	<u>19,560</u>	<u>21,049</u>

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	Other \$'000	Group \$'000
1 Jul 2020 – 30 Jun 2021 (FY 2021)			
Turnover	66,839	–	66,839
Other geographical information:			
Non-current assets	31,748	1	31,749
Capital expenditure	656	–	656
1 Jul 2019 – 30 Jun 2020 (FY 2020)			
Turnover	92,915	–	92,915
Other geographical information:			
Non-current assets	41,672	1	41,673
Capital expenditure	1,413	–	1,413
1 Jan 2021 – 30 Jun 2021			
Turnover	28,884	–	28,884
Capital expenditure	311	–	311
1 Jan 2020 – 30 Jun 2020			
Turnover	30,239	–	30,239
Capital expenditure	126	–	126

5. Disaggregation of sales

A breakdown of sales

	2021 \$'000	Group 2020 \$'000	Change %
Sales reported for first half year	37,955	62,676	(39)
Loss after tax before deducting non-controlling interests reported for first half year	(3,717)	(161)	nm
Sales reported for second half year	28,884	30,239	(4)
Loss after tax before deducting non-controlling interests reported for second half year	(7,154)	(14,791)	(52)

6. Financial assets and financial liabilities

Set below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 30 June 2020.

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Financial assets measured at amortised cost				
Subsidiaries	–	–	31,904	31,924
Trade debtors	11,149	10,079	–	–
Other debtors	10,271	12,767	48	58
Cash on hand and at banks	12,154	11,715	4,446	3,058
	<u>33,574</u>	<u>34,561</u>	<u>36,398</u>	<u>35,040</u>
Financial asset carried at fair value through profit or loss				
Derivative financial assets	<u>1</u>	–		
Financial liabilities measured at amortised cost				
Trade and other creditors	19,961	22,714	10,841	10,603
Hire purchase	210	437	130	–
Bank borrowings	22,581	24,247	–	–
	<u>42,752</u>	<u>47,398</u>	<u>10,971</u>	<u>10,603</u>
Financial liabilities carried at fair value through profit or loss				
Derivative financial liabilities	<u>–</u>	<u>3</u>		

7. Loss before tax

7.1 Significant items

	Group			
	2H 2021	2H 2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Income				
Market support and administrative service	225	225	450	450
Government grants	755	939	1,825	947
Loss on disposal of furniture, fixtures and equipment	(215)	(215)	(106)	(249)
	<u>(215)</u>	<u>(215)</u>	<u>(106)</u>	<u>(249)</u>
Expenses				
Audit fees:				
- Auditors of the Company	114	114	229	229
- Other auditors	15	17	29	34
Non-audit fees:				
- Auditors of the Company	39	47	78	94
- Other auditors	12	12	24	23
(Write-back)/ Allowance for inventory obsolescence, net	(438)	565	(735)	464
Inventories written down	111	51	204	340
Outlet related expenses	510	489	1,228	1,910
Utilities	179	203	383	477
Royalties	112	84	325	179
Freight, warehousing, handling and shipping costs	783	1,015	1,700	2,292
Professional and legal fees	187	452	522	855
Directors' fees of directors of the Company	102	82	205	164
Telecommunication	140	159	296	329
Repair and maintenance	147	286	402	671
	<u>147</u>	<u>286</u>	<u>402</u>	<u>671</u>

7.2 Related party transactions

During the six months and financial years ended 30 June 2021 and 2020, the Group has entered into transactions with related parties on terms agreed between the parties, as shown below:

	2H 2021	2H 2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Sale of goods to associate	2,664	2,240	4,173	5,330
Market support and administrative service income from associate	225	225	450	450
	<u>225</u>	<u>225</u>	<u>450</u>	<u>450</u>

8. Income tax expenses/ (credit)

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

The major components of income tax expense for the six months and financial years ended 30 June 2021 and 2020 are:

	Group			
	2H 2021	2H 2020	FY2021	FY2020
	\$'000	\$'000	\$'000	\$'000
Current income tax expense	218	(131)	253	724
Deferred income tax relating to origination and reversal of temporary differences	7	(113)	7	(113)
	<u>225</u>	<u>(244)</u>	<u>260</u>	<u>611</u>

9. Loss Per Share

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

Diluted loss per share amounts are calculated by dividing the loss for the respective financial periods that is attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the respective financial periods 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 reflected the loss and share data used in the computation for basic and diluted loss per share:

	Group			
	6 months ended 30 June 2021	6 months ended 30 June 2020	12 months ended 30 June 2021	12 months ended 30 June 2020
	\$'000	\$'000	\$'000	\$'000
Net loss for the financial period attributable to owners of the Company used in the computation of basic and diluted loss per share	(7,154)	(14,791)	(10,871)	(14,952)
	'000	'000	'000	'000
Weighted average number of ordinary shares for basic and diluted loss per share computation	995,287	916,365	952,027	916,365

The Company and the Group did not have any potentially dilutive instruments for the respective financial periods.

For the six months and financial year ended 30 June 2020, the weighted average number of shares have been restated to reflect the effect of the share issuance. Refer to Note 14 below for details.

10. Net Asset Value

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Cents	Cents	Cents	Cents
Net asset value per ordinary share	3.12	4.16	3.15	3.59

The calculation of net asset value per ordinary share was based on 1,067,313,903 shares as at 30 June 2021 (30 June 2020: 909,935,771).

11. Financial assets at fair value through other comprehensive income

11.1 Fair value measurement

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

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

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			Total
	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)	
	\$'000	\$'000	\$'000	\$'000
Financial assets carried at fair value through profit or loss				
Derivative financial assets	–	1	–	1
Financial assets as at 30 June 2021	–	1	–	1
Financial liabilities carried at fair value through profit or loss				
Derivative financial liabilities	–	3	–	3
Financial liabilities as at 30 June 2020	–	3	–	3

12. Furniture, fixtures and equipment

	Group			
	6 months ended 30 June 2021	6 months ended 30 June 2020	12 months ended 30 June 2021	12 months ended 30 June 2020
	\$'000	\$'000	\$'000	\$'000
Addition	311	126	656	1,413
Disposal	745	3,003	1,290	4,795

13. Borrowings

	Group	
	30 June 2021	30 June 2020
	\$'000	\$'000
Amount repayable in one year or less, or on demand		
- Unsecured	17,296	18,147
- Secured	781	630
Amount repayable after one year		
- Unsecured	4,714	4,983
- Secured	-	924
Total borrowings	22,791	24,684
Cash on hand and at banks	(12,154)	(11,715)
Net borrowings	10,637	12,969

The secured term loan was secured by second legal mortgage over a personal property of a Director of the Group and personal guarantees from certain Directors of the Group.

14. Share capital

	Group and Company			
	2021 No. of shares '000	2021 Amount \$'000	2020 No. of shares '000	2020 Amount \$'000
<u>Ordinary shares issued and fully paid</u>				
Beginning of interim period	909,936	176,955	909,936	176,955
Issuance of shares from exercise of warrants	157,378	6,295	-	-
Share issuance expenses	-	(21)	-	-
	1,067,314	183,229	909,936	176,955

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. The warrants had expired on 5 April 2021. The newly issued shares ranked *pari passu* in all respects with the previously issued shares. During the six months and financial year ended 30 June 2021, 157,378,132 (2020: Nil) shares were issued upon exercise of Warrants. As at 30 June 2021, there were no outstanding warrants (2020: 682,451,828) for conversion into ordinary shares.

The Company did not hold any treasury shares as at 30 June 2021, 31 December 2020 and 30 June 2020.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021, 31 December 2020 and 30 June 2020.

15. Subsequent event

There are no known subsequent events which have led to adjustments to this set of condensed interim consolidated financial statements.

F. Other information required pursuant to Appendix 7C of the Catalyst Rules

1. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The condensed interim consolidated statement of financial position of F J Benjamin Holdings Ltd and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months and financial year ended 30 June 2021 and the explanatory notes have not been audited or reviewed by the Company's auditors.

2. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's latest audited financial statements for the financial year ended 30 June 2020 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the Company's auditors.

4. Review of performance of the Group

(i) Review of Results for Full Year Ended 30 June 2021 (FY2021)

The COVID-19 outbreak continued to impact the retail industry across South-east Asia as governments imposed intermittent lockdowns and social distancing measures during the year under review. Malaysia and Indonesia bore the brunt of these lockdowns amid the highly transmissible Delta variant which started hitting the region in May 2021. The various "on and off" safe management measures affected consumer sentiment, resulting in reduced spending at retail malls.

Singapore implemented the Phase 2 Heightened Alert restrictions beginning 16 May 2021 with reduced mall capacity and no dine-in at food and beverage outlets before gradually relaxing the restrictions and allowing dine-in for two persons from 21 June 2021. Malaysia announced various restrictions throughout the year with a complete lockdown beginning 1 June 2021 before gradually allowing stores to be opened from 17 August 2021. Indonesia had several partial lockdowns during the year with tightened mobility restrictions from 22 June 2021 when malls and dine-in outlets could only operate at 25 per cent capacity.

Group revenue fell 28%, from \$92.9 million for the last financial year ended 30 June 2020 ("FY2020") to \$66.8 million for the current financial year ended 30 June 2021 ("FY2021"). Net loss after tax narrowed to \$10.9 million in FY2021 (FY2020: \$15.0 million), after providing for (i) allowances for expected credit losses on receivables from the Group's Indonesia associate and related party of associate, and write down in value of investment in associate, totalling \$2.8 million (FY2020: \$4.1 million); and (ii) impairment of fixed assets and right-of-use assets of \$0.2 million (FY2020: \$0.2 million).

Sales in Singapore (excluding exports to Indonesia) and Malaysia were down as compared to FY2020, when the first half results reflected pre-COVID-19 trading conditions. During FY2021, Singapore saw a 6% decline and Malaysia, 35%.

Sales at the Group's Indonesia associate, which fell 20%, were hurt by the capping of mall capacity at 25%, as the country went into various partial lockdowns as virus infections surged. Consequently, exports to Indonesia from Singapore were lower at \$4.2 million, as compared to \$5.3 million last year. The Group's share of losses in associate was \$2.4 million, down from \$5.3 million recorded in the previous financial year, helped by major cost cutting measures and rental rebates received from landlords.

Gross profit margin improved marginally to 50.5% in FY2021 (FY2020: 50.1%).

Group operating expenses fell 22% to \$40.1 million, primarily from lower staff commission paid, reduced warehouse and logistics charges, rental waivers and rebates given by landlords.

The Group recorded other income of \$2.3 million, comprising mainly temporary wage credits given by governments to help employers during the economic downturn.

An allowance for expected credit losses and impairment of investment in the Group's Indonesia associate amounting to \$2.8 million was booked after an assessment of recoverability of the investment and trade and other receivables. The assessment took into consideration the continued impact of COVID-19 on the Indonesian economy and the associate's business performance. Last year's impairment was \$4.1 million.

Since announcing the signing of a Memorandum of Understanding with Lazada in March 2021, the Group has added several new brands to its online business either on mono-sites or on Lazada. Revenue from e-commerce has since grown to 4% of total revenue from 1% the year before.

The Group's warrants expired on 5 April 2021, and upon the exercise by warrant-holders, the Group raised net proceeds of \$6.3 million. As announced on 17 May 2021, a total of \$4.9 million has been utilised, leaving a balance of \$1.4 million unutilised as at 30 June 2021.

(ii) Balance sheet

The Group cut back on forward purchases and reduced inventory as at 30 June 2021 to \$26.5 million, down from \$29.2 million as at 30 June 2020.

Net borrowings totalled \$10.6 million as at 30 June 2021, down from \$13.0 million as at 30 June 2020. Gearing stood at 32% as at 30 June 2021 (30 June 2020: 34%).

(iii) Cash Flows

For the financial year under review, the Group generated net cash flows of \$10.5 million from operating activities and invested \$0.5 million in shop fittings. Proceeds from warrant conversion amounted to \$6.3 million, and after utilisation leaving a net balance of \$1.4 million which contributed to the cash balance of \$12.2 million as at 30 June 2021.

5. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

6. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The coronavirus pandemic has posed significant challenges for the fashion retail industry in the region in the last 18 months. Whilst management does not expect consumer spending in the Group's key markets to recover to pre-COVID-19 levels anytime soon, with the easing of restrictions in malls and food and beverage outlets, traffic is expected to gradually improve.

Management will not let up on efforts to manage costs where possible, and will, for example, continue to review lease agreements to ensure rentals are in line with the market outlook. The Group's e-commerce business is looking promising not only in terms of its growth but also its synergistic effect on our brick-and-mortar store network and the aim is to ensure that our physical stores become a natural extension of the online experience.

The Group has diversified into the health and wellness sector and has started distributing Airfree purifiers/ sterilisers last year which has shown promising results. Management is exploring opportunities to add new and complementary products as we see wellness and hygiene to be an important engine of growth in the coming years.

7. Dividend information

7a. Current financial period reported on

Any dividend recommended for the current financial period reported on?

No.

7b. Corresponding period of the immediate preceding financial year

Any dividend declared for the corresponding period of the immediate preceding financial year?

No.

7c. Date payable

Not applicable.

7d. The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined

Not applicable.

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

No dividend has been declared or recommended as the Company incurred losses for the financial year.

9. Interested persons transactions

The Company does not have an IPT mandate.

10. Confirmation pursuant to Rule 705(5) of the Catalist Rules

Not applicable for full year results announcement.

11. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalyst Rules

The Company has received undertaking from all its directors and executive officers in the format as set out under Rule 720(1) of the Catalyst Rules in the format set out in Appendix 7H.

12. Disclosure of acquisition (including incorporations) and sale of shares in subsidiaries and/or associated companies since the end of the previous reporting period under Rule 706A of the Catalyst Rules

Save for the additional investment by the Group in its wholly-owned subsidiary, F J Benjamin (Singapore) Pte Ltd as announced by the Company on 21 June 2021, the Group does not have any acquisitions (including incorporations) and realisations of shares in subsidiaries and/or associated companies since the end of the previous reporting period.

13. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

<i>Name</i>	<i>Age</i>	<i>Family relationship with any director, CEO and/or substantial shareholder</i>	<i>Current position and duties, and the year the position was first held</i>	<i>Details of changes in duties and position held, if any, during the year</i>
Eli Manasseh Benjamin	71	Brother of Frank Benjamin, Non-Executive Chairman	Group Chief Executive Officer since 5 May 2006	Nil
Mavis Benjamin	82	Wife of Frank Benjamin and substantial shareholder	Executive Vice President – Store & Planning since 1996	Nil
Douglas Jackie Benjamin	57	Son of Frank Benjamin	Group Chief Operating Officer since 1 September 2012	Nil

BY ORDER OF THE BOARD

Karen Chong Mee Keng
Company Secretary
27 August 2021

This announcement has been prepared by F J Benjamin Holdings Ltd (the “Company”) and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “Sponsor”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.