Photographer: Marcelo Krasilcic | Art Direction: Haidee Findlay-Levin

FJ BENJAMIN

ANNUAL REPORT 2010 / 11

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CORPORATE PROFILE

WITH A RICH HERITAGE DATING BACK TO 1959, SGX-LISTED F J BENJAMIN HOLDINGS LTD IS AN INDUSTRY LEADER IN BRAND BUILDING AND MANAGEMENT, AND DEVELOPMENT OF RETAIL AND DISTRIBUTION NETWORKS FOR INTERNATIONAL LUXURY AND LIFESTYLE BRANDS ACROSS ASIA. HEADQUARTERED IN SINGAPORE AND LISTED ON THE SINGAPORE EXCHANGE SINCE NOVEMBER 1996, F J BENJAMIN HAS OFFICES IN NINE CITIES, MANAGES OVER 20 ICONIC BRANDS AND OPERATES 166 STORES. THE GROUP EMPLOYS OVER 2,000 EMPLOYEES AND RUNS FOUR CORE BUSINESSES:

LUXURY AND LIFESTYLE FASHION RETAILING AND DISTRIBUTION

F J Benjamin exclusively retails and distributes brands such as Banana Republic, Catherine Deane, Céline, Gap, Givenchy, Goyard, Guess, La Senza, RAOUL, and Sheridan across various territories.
Its retail footprint includes Southeast Asia, Hong Kong and Australia.
It distributes in-house labels RAOUL and Catherine Deane through points-of-sale across Europe, the United States and the Middle East.

TIMEPIECE DISTRIBUTION

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

CREATIVE & DESIGN

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

INVESTING IN LIFESTYLE CONCEPTS

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

CORPORATE DIRECTORY

DIRECTORS

Mr Frank Benjamin
Executive Chairman

Mr Keith Tay Ah Kee
Non-Executive Deputy Chairman

Mr Eli Manasseh (Nash) Benjamin
Chief Executive Officer

Mr Douglas Jackie Benjamin
Executive Director

Ms Karen Chong Mee Keng
Executive Director

Mr Joseph Grimberg
Independent Director

Mr Reggie Thein
Independent Director

Ms Wong Ai Fong
Independent Director

Mr Chew Kwee San
Independent Director

COMPANY SECRETARY

Ms Karen Chong Mee Keng

SHARE REGISTRAR

Boardroom Corporate & Advisory
Services Pte Ltd
3 Church Street #08-01
Samsung Hub
Singapore 049483

AUDITORS

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

REGISTERED OFFICE

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

SOLICITORS

WongPartnership LLP
One George Street #20-01
Singapore 049145

PRINCIPAL BANKERS

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

EXECUTIVE CHAIRMAN'S REVIEW

DEAR SHAREHOLDERS

THE LAST 12 MONTHS HAVE BEEN EXCEPTIONAL FOR THE GROUP. ALONG WITH ROBUST GROWTH IN ASIAN ECONOMIES, WHICH FUELLED CONSUMER CONFIDENCE, OUR BUSINESS SAW RECORD TURNOVER ACROSS THE REGION. OUR REVENUE FOR FY 2011, NEARLY $354 MILLION, WAS THE HIGHEST WE HAVE EVER ACHIEVED SINCE WE WENT PUBLIC IN 1996, EVEN SURPASSING THE PRE-GLOBAL FINANCIAL CRISIS PEAK.

During the financial year under review, the Group grew its portfolio of brands and four new venerable brands were added – Givenchy in Singapore, Goyard in Hong Kong, horological Swiss timepiece maker DeWitt across the region, and German-based timepiece label ChronoSwiss in Greater China. Sales from these new additions have been encouraging, and these relationships have since expanded to maximise opportunities in the region – a new Givenchy store was opened in Jakarta April this year and a Goyard store will be opened in Singapore come 2013.

RAOUL, our first in-house brand, continues to make headway in the United States and Europe. Our efforts to internationalise the brand and focus on Europe and the United States are starting to bear fruit. RAOUL has received orders from premium department stores in Europe and the US including Harrods, Neiman Marcus, Selfridges, Henri Bendel and online stores such as Matches, Shopbop and Saks Online. We are seeing more repeat and new orders from returning customers, partly as a result of positive editorials in key European and American fashion titles such as Vogue, Harpers Bazaar and Marie Claire.

The progress made with RAOUL has been recognised by Worth Global Style Network (WGSN), the leading global fashion intelligence network, with RAOUL being shortlisted as a finalist for "Breakthrough Brand" Award at the Global Fashion Awards to be held in New York City in October 2011.

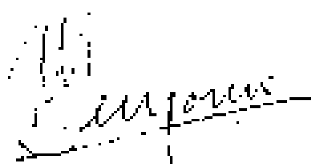
We will continue to add new brands to our portfolio only if they are a strategic fit and are consistent with our brand philosophy. Our experience post-Asia financial crisis has given further resonance to our belief that we should strive for quality rather than quantity in our brand portfolio so that we do not dissipate management time and resources over too many labels yielding too little results. In addition, we have continued to invest in our retail infrastructure and in our people so that our commitment to deliver a delightful shopping experience to our customers will not be compromised.

Given our robust balance sheet, our developed infrastructure and the opportunities in the market, we are positioned to continue to grow our business while exercising prudence and caution in cost and inventory management.

Financially, the Group's balance sheet remains strong with a net gearing at six percent and net cash generated from operating activities remaining positive at $7.0 million. As a result, Directors have recommended a first and final dividend payout of 2 cents per share (tax-exempt one-tier), which will total $11.4 million.

As we enter the new financial year, we are cautiously optimistic. Fear of a double dip recession in the US is returning to cloud the business environment despite the strong fundamentals in Asia. However, given our robust balance sheet, our developed infrastructure and the opportunities in the market, we are positioned to continue to grow our business while exercising prudence and caution in cost and inventory management.

The excellent year we had in FY 2011 was only possible because of the tireless efforts and passion of our staff. The support of our landlords, bankers, business partners and associates was crucial as well in helping us achieved a good set of results. I am also grateful to my fellow Board members whose wise counsel to management has proven invaluable in steering the Group forward. With everyone's strong backing, I believe F J Benjamin will continue to grow steadily and execute well.



FRANK BENJAMIN
Executive Chairman
F J Benjamin Holdings Ltd

CHIEF EXECUTIVE OFFICER'S REPORT

DEAR SHAREHOLDERS

I AM PLEASED WITH ALL THAT WE HAD ACCOMPLISHED IN THE FINANCIAL YEAR ENDED JUNE 30, 2011. WE DELIVERED A GOOD SET OF RESULTS, WITH RECORD TURNOVER, DOUBLE-DIGIT REVENUE GROWTH ACROSS BOTH THE FASHION AND TIMEPIECE BUSINESSES, AND IMPROVED COMPARATIVE STORE SALES GROWTH ACROSS OUR FASHION BRANDS.

The strong set of numbers was achieved as a result of the buoyant consumer demand in all our key markets and record tourist arrivals in Singapore and Hong Kong. We observed consumer sentiment improving towards the end of FY 2010 and moved quickly to position the Group to take advantage of the opportunities created in the markets we operate in.

FINANCIAL REVIEW

Overall, the quality of the business has improved substantially in the financial year under review.

- **Turnover** increased 22 percent to $353.9 million from $289.4 million.
- **Net profit after tax** rose 55 percent to $12.8 million from $8.3 million last year.
- **Operating profit** strengthened to $18.3 million from $5.1 million in FY 2010.

- **Gross margins** rose to 43 percent from 41 percent in the previous financial year.
- **Cost-to-revenue ratio** improved to 39 percent from 42 percent.

By business segment, the fashion business continued to dominate, accounting for 65 percent of Group's turnover with the timepiece business contributing the balance. For the year under review, the Group's fashion business rose 17 percent to $229.6 million from $197.0 million while sales for timepieces grew 35 percent to $123.3 million from $91.5 million.

Geographically, sales in Southeast Asia were 16 percent higher than the previous year as a result of positive growth in Singapore and Malaysia, with double digit comparative store growth. In North Asia, revenue rose by 69 percent to $68.6 million from $40.7 million in FY 2010, fuelled by strong consumer demand, despite the depreciation of the Hong Kong dollar at an average rate of approximately nine percent against the Singapore dollar.

Sales in Indonesia were up seven percent from the previous year on the back of strong domestic sales resulting in higher return on earnings.

During the year under review, cost-to-revenue ratio improved to 39 percent from 42 percent. Total operating expenses rose 16 percent to $139.1 million due mainly to higher staff costs and increased spending in advertising and promotion activities to drive sales. The expenses are in line with business expansion, and we will continue to be vigilant in managing our costs and improving productivity.

RETAIL NETWORK

As at June 30, 2011, F J Benjamin's retail network stood at 166 stores with 32 stores in Singapore, 55 in Malaysia, 75 in Indonesia, three in Hong Kong and one in Australia. In the year under review, we opened a net total of 11 stores in Indonesia and three in Hong Kong; a net total of eight stores in Malaysia, two in Thailand and five in Australia were closed during the financial year. This resulted in a net total of one store closed from a combined 167 in FY 2010. The total real estate occupied by our stores remained unchanged at 348,000 sq ft. The number of stores and the space we leased are under constant review to ensure that we are in the right malls with the right tenant mix and foot traffic. We will continue to manage our retail footprint to optimise both our retail reach and cost structure.

Capital expenditure in FY 2011 rose to $7.8 million from $5.1 million in FY 2010 as stores were opened and existing stores refurbished to increase productivity and appeal. Part of this amount was also attributed to the establishment of a sourcing and sampling office in Shenzhen, China, to improve our supply chain efficiency for both Catherine Deane and RAOUL. We expect this figure to rise to $12.6 million in FY 2012 with the opening of new stores and refurbishment of existing stores in key malls in Singapore and Malaysia.

BRANDS

In February this year, F J Benjamin opened its first store in Hong Kong with Goyard, one of France's most established luxury label best known for its hard-sided trunks and tote bags, in The Peninsula Hotel, Kowloon. The response has been very encouraging and the Group now plans to open a Goyard store in Singapore come 2013.

We also opened a Givenchy store in Plaza Indonesia mall in Jakarta in March this year. Again, this expansion into Indonesia came on the back of a successful launch of the Givenchy store in Singapore, where sales have outperformed our expectation.

In the luxury timepiece portfolio, Swiss horological label DeWitt was added at the end of the previous financial year. Since the signing of an exclusive agreement in May 2010, the Group has opened a DeWitt boutique in Hong Kong and six points-of-sale across Hong Kong, Macau, Singapore and Taiwan.

Another horological luxury brand added was ChronoSwiss for distribution in Greater China.

Net profit after tax rose 55 percent to $12.8 million in FY 2011 from $8.3 million while operating profit strengthened to $18.3 million from $5.1 million in FY 2010.

Goyard at The Peninsula Hotel, Hong Kong

Givenchy at Paragon, Singapore

DeWitt at Elements, Hong Kong

In the new financial year, we are committed to maintain our focus and stay the course of what is now proven to be a sound strategy.

OUTLOOK
Coming from a strong year, we are mindful of the uncertainty in the global economic outlook which may affect consumer sentiment.

Our customers remain our key focus and we will continue to invest in engaging the customer. This means finding new ways of serving and engaging them, and we intend to expand our engagement with them in the digital sphere.

Training continues to be a top priority and we have implemented a robust suite of service modules to deliver service excellence to our customers.

Good inventory management allows for better margins, and we will focus on keeping our inventory optimal. In the year under review, the inventory we carried came down nine percent calculated on a per square foot basis. In the coming year, we will continue to protect and improve these margins with effective inventory management.

We have made headway in improving our cost-to-revenue ratio, and we will continue to increase the operational productivity and efficiency. Processes within the organisation are being looked at in detail to achieve operational excellence, and we will be even more disciplined with our resources, energies and agenda.

APPRECIATION
I would like to extend my deep gratitude to the management and staff at F J Benjamin who have worked tirelessly and whose dedication and passion have helped delivered our strong set of results. I would also like to thank principals, business associates and partners for their support and co-operation.

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

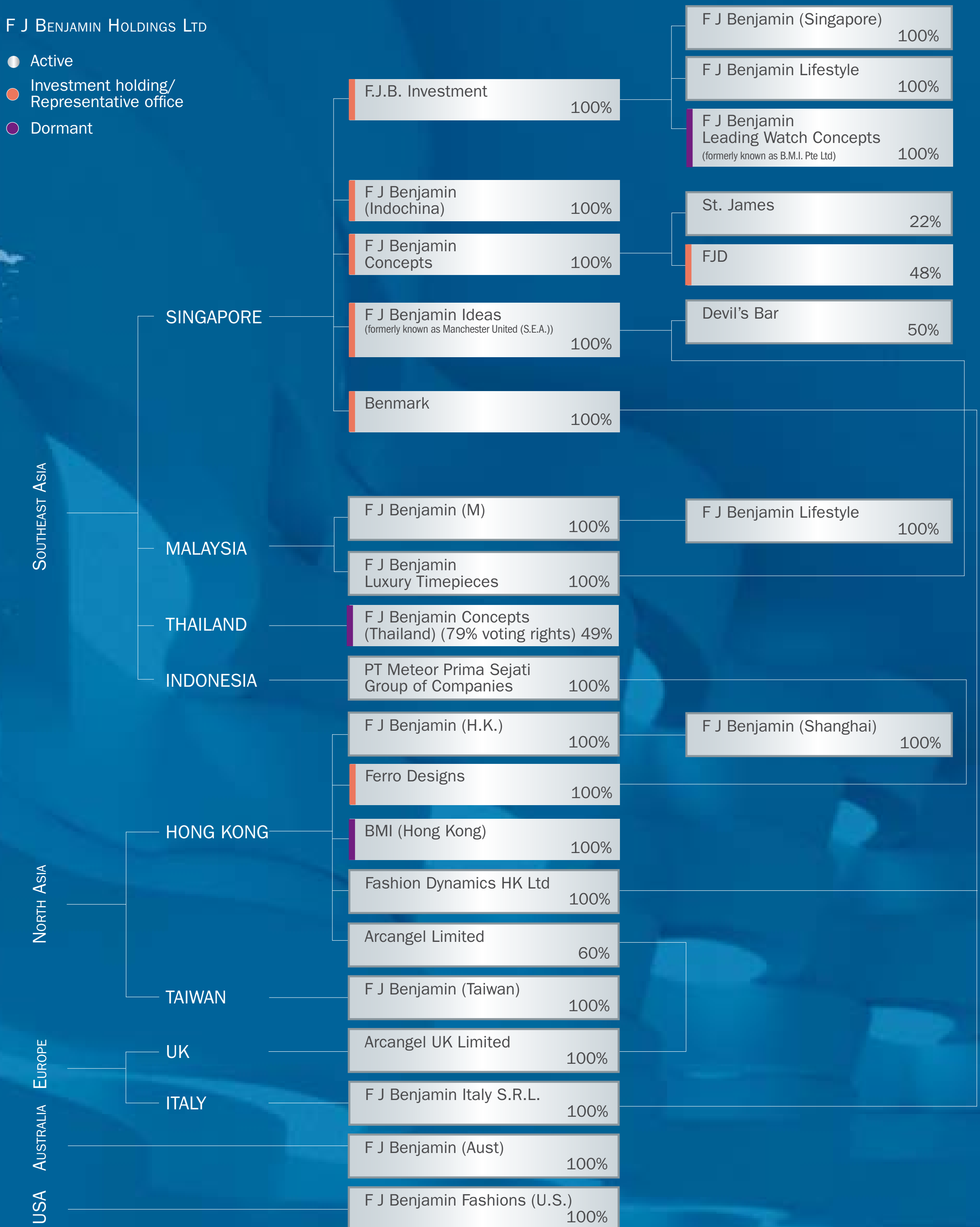
GEOGRAPHICAL PRESENCE

RETAIL FOOTPRINT

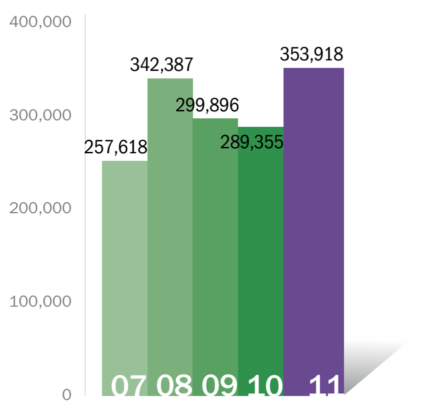
	FY 2009	FY 2010	FY 2011
Taiwan	1	–	–
Singapore	30	32	32
Malaysia	68	63	55
Indonesia	62	64	75
Hong Kong	–	–	3
Australia	5	6	1
Thailand	6	2	–
Total	**172**	**167**	**166**

Offices
Showrooms / Offices

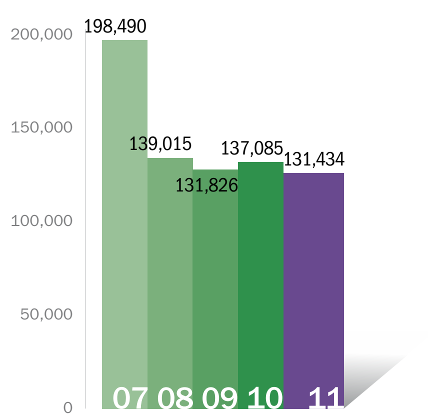
CORPORATE STRUCTURE



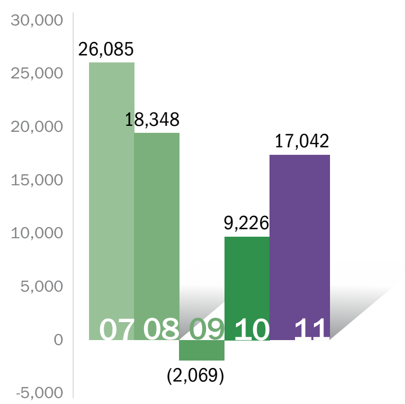
GROUP 5-YEAR FINANCIAL SUMMARY



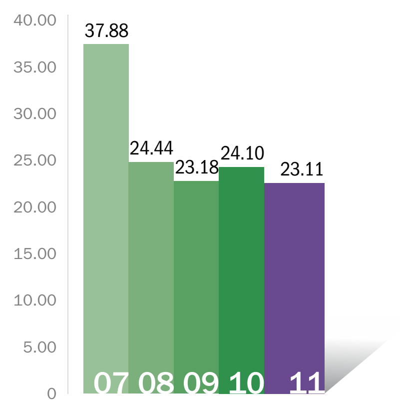
TURNOVER
($'000)



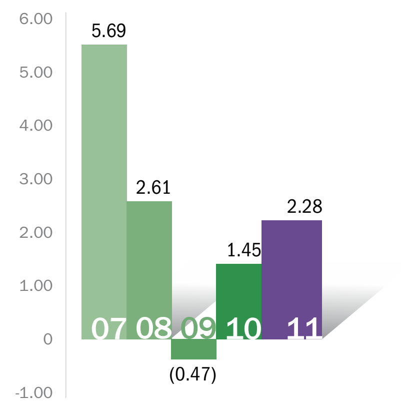
SHAREHOLDERS' EQUITY
($'000)



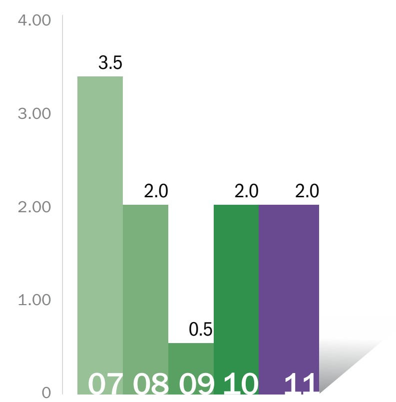
PROFIT/(LOSS) BEFORE TAXATION
($'000)



NTA PER SHARE
(cents)



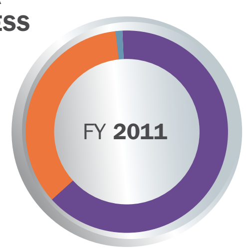
BASIC EARNINGS/(LOSS) PER SHARE
(cents)



DIVIDEND PER SHARE
(cents)

	2007 $'000	2008 $'000	2009 $'000	2010 $'000	2011 $'000
PROFIT & LOSS					
Turnover	257,618	342,387	299,896	289,355	353,918
Operating Profit before Borrowing Costs and Exceptional Items	21,639	17,174	1,992	9,558	18,102
Borrowing Costs	(1,893)	(1,716)	(1,970)	(1,758)	(1,775)
Exceptional Items	3,839	105	(3,061)	(367)	(771)
Share of Results of Associates	2,500	2,785	970	1,793	1,486
Profit Before Taxation	26,085	18,348	(2,069)	9,226	17,042
Profit/(Loss) After Taxation and Minority Interest	21,468	14,804	(2,661)	8,260	12,963
Basic Earnings Per Share (cents)	5.69	2.61	(0.47)	1.45	2.28
Operating Margin (%)	8%	5%	0.7%	3.3%	5.1%
BALANCE SHEET					
Non-Current Assets	52,671	59,820	55,266	43,842	44,432
Net Current Assets	149,047	83,498	79,848	97,582	90,859
Shareholders' Equity attributable to owners of parent	198,490	139,015	131,826	137,085	131,434
Net Debt/(Net Cash)	(60,846)	29,895	20,151	(7,356)	7,259
Return on Equity (%)	11%	11%	-2.0%	6.0%	9.9%
Net Debt to Equity	N/A	0.22	0.15	N/A	0.06
Net Tangible Assets Per Share (cents)	37.88	24.44	23.18	24.10	23.11
Dividend Per Share	3.50	2.00	0.50	2.00	2.00

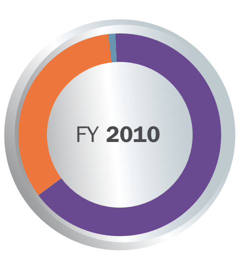
TURNOVER BY BUSINESS SEGMENT



35% $123.3 mil

0% $1.0 mil

65% $229.6 mil



32% $91.5 mil

0% $0.8 mil

68% $197 mil

Timepieces Licensing Fashion

TURNOVER BY GEOGRAPHICAL SEGMENT

80% $283.9 mil

20% $68.6 mil

0% $1.4 mil

85% $244.9 mil

14% $40.7 mil

1% $3.7 mil

Southeast Asia North Asia Others

BOARD OF DIRECTORS

MR FRANK BENJAMIN
Date of appointment as Director:
5 June 1973
Date of last re-election:
28 October 2010
Nature of appointment:
Executive
Board committees served on:
Executive Committee (Chairman) and Nominating Committee

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

MR KEITH TAY AH KEE
Date of appointment as Director:
1 August 1996
Date of last re-election:
28 October 2010
Nature of appointment:
Independent
Board committees served on:
Executive Committee and Remuneration Committee

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

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

MR ELI MANASSEH (NASH) BENJAMIN
Date of appointment as Director:
26 July 1973
Date of last re-election:
28 October 2010
Nature of appointment:
Executive
Board committees served on:
Executive Committee

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

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

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

MR JOSEPH GRIMBERG
Date of appointment as Director:
11 January 1990
Date of last re-election:
28 October 2010
Nature of appointment:
Independent
Board committees served on:
Remuneration Committee, Nominating Committee (Chairman)

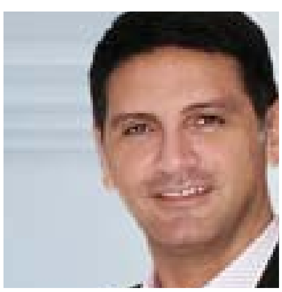
Mr Joseph Grimberg was a Senior Partner of Drew & Napier prior to serving as Judicial Commissioner of the Supreme Court of Singapore from 1987 to 1989. Upon completion of his term of office, he returned to Drew & Napier LLC where he is currently a Senior Consultant.

He is the Chairman of Hotel Properties Limited.

MR REGGIE THEIN
Date of appointment as Director:
8 July 2002
Date of last re-election:
30 October 2008
Nature of appointment:
Independent
Board committees served on:
Audit Committee (Chairman), Remuneration Committee (Chairman) and Nominating Committee

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

He sits on the boards of Ascendas Pte Ltd, GuocoLeisure Limited, Guocoland Ltd, Haw Par Corporation Limited, Keppel Telecommunications & Transportation Ltd, MobileOne Ltd, United Overseas Bank Limited and Otto Marine Limited.



MR DOUGLAS BENJAMIN
Date of appointment as Director:
3 November 2000
Date of last re-election:
20 October 2009
Nature of appointment:
Executive
Board committees served on:
Executive Committee

With F J Benjamin since 1989, Mr Douglas Benjamin is the Chief Executive Officer of F J Benjamin (Singapore) Pte Ltd and oversees the Group's operations in Singapore, directs the international expansion of house label RAOUL and helms the RAOUL design team in his capacity as co-creative director.

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

MS KAREN CHONG MEE KENG
Date of appointment as Director:
1 April 2005
Date of last re-election:
30 October 2008
Nature of appointment:
Executive
Board committees served on:
Executive Committee

Ms Karen Chong is the Chief Financial Officer and Company Secretary of the Group. She has been with the Group since 1997. She is a Fellow of CPA Australia, Association of Chartered Certified Accountants and a member of the Institute of Certified Public Accountants of Singapore. Prior to joining the Group, she was with a public accounting firm for several years and had accumulated more than 20 years of financial and operational experience in the local and overseas retail industry.

MS WONG AI FONG
Date of appointment as Director:
3 November 2000
Date of last re-election:
26 October 2009
Nature of appointment:
Independent
Board committees served on:
Audit Committee

Ms Wong Ai Fong is the Director of Corporate Communications and Marketing Services with the National Arts Council. She was formerly the General Manager of the Marketing Communications department of the Group for Singapore between 1994 to 2000. Prior to joining the Group, she had more than 20 years of marketing experience in the financial services, media and entertainment industries.

MR CHEW KWEE SAN
Date of appointment as Director:
3 November 2008
Date of last re-election:
26 October 2009
Nature of appointment:
Independent
Board committees served on:
Audit Committee

Mr Chew is an Executive Director of the Tecity Group and Council Member of the Tan Chin Tuan Foundation. The Tecity Group was founded by the late banker and philanthropist, Tan Sri (Dr) Tan Chin Tuan; its philanthropic arm is the Tan Chin Tuan Foundation.

SENIOR MANAGEMENT

SINGAPORE

DIMITRI AUBERT
General Manager
– Luxury Timepieces
F J Benjamin (Singapore) Pte Ltd
Mr Aubert is the latest addition to the team and is responsible for high-end timepiece labels Girard-Perregaux, Bell & Ross and DeWitt in Singapore, Thailand and Indonesia. Based in Singapore, he oversees the overall operations of the businesses in these markets, including sales, brand-building and growth of the distribution network.

ODILE BENJAMIN
Divisional CEO / Co-Creative Director
F J Benjamin (Singapore) Pte Ltd
Mrs Benjamin joined F J Benjamin in 1993 as a brand manager, before making the switch to the Creative & Licensing division of the Group. Today, she heads the Creative & Design division of F J Benjamin, which is responsible for the design and development of in-house label RAOUL. Together with her husband Douglas, Mrs Benjamin has been instrumental in the brand-building, strategic and operational direction of the brand.

IAN LIM
Divisional CEO
– Lifestyle Retail
F J Benjamin (Singapore) Pte Ltd
F J Benjamin Lifestyle Pte Ltd
F J Benjamin Lifestyle Sdn Bhd
Mr Lim joined the Group in 2009. He has 15 years of experience in the fashion and retail industry in Australia with a proven track record in driving new business opportunities and implementing sales strategies to propel deeper market penetration. Mr Lim is responsible for the overall operations of the fashion lifestyle brands in Singapore, including the marketing of the brands, retail operations and sales performance of the brands.

KIM TIONG QUAH
Director
– Wholesale / Distribution
F J Benjamin (Singapore) Pte Ltd
Mr Quah joined F J Benjamin (Singapore) Pte Ltd as Product Manager in 1982 and rose through the ranks, and now oversees the distribution business of Sheridan and Guess Handbags.

WEE ONN TONG
General Manager
– Lifestyle Timepieces
F J Benjamin (Singapore) Pte Ltd
Ms Tong joined the Group in 2008 and is responsible for sales and marketing of lifestyle timepieces including Guess, Gc, Marc Ecko, Nautica, Sottomarino and Victorinox Swiss Army in Singapore.

MALAYSIA

ANGIE CHONG
Chief Executive Officer
– F J Benjamin (M) Sdn. Bhd. /
F J Benjamin Lifestyle Sdn Bhd
Ms Chong has been involved in the business since 1994. As the Chief Executive Officer and Director of F J Benjamin (M) Sdn. Bhd., she is responsible for operations and business development in Malaysia. She also heads the Group's La Senza business in Singapore, Malaysia and Indonesia.

SOON WAI HOOI
Chief Operating Officer /
Chief Financial Officer
F J Benjamin (M) Sdn. Bhd.
Mr Hooi joined the Group in 2010 and oversees the operations as well as the financial and accounting functions of the Group's entities in Malaysia.

CHEE WEE TONG
General Manager
– Timepiece Division
F J Benjamin (M) Sdn. Bhd.
Mr Tong joined the Group in 1992 and is responsible for the business operations, sales and marketing of the luxury and lifestyle timepieces in Malaysia.

HONG KONG / CHINA / TAIWAN

TONY FUNG
Chief Executive Officer
– F J Benjamin (H.K.) Limited /
F J Benjamin (Taiwan) Ltd
F J Benjamin (Shanghai) Co., Ltd.
With the Group since 1997, Mr Fung is the Chief Executive Officer of F J Benjamin (H.K.) Limited, and Chief Executive Officer of F J Benjamin (Taiwan) Ltd. He is responsible for the on-going operations of the business and the marketing and distribution of the Group's timepiece business in Hong Kong, Macau, Mainland China and Taiwan.

LYDIA CHAU
Chief Financial Officer
F J Benjamin (H.K.) Limited
Ms Chau joined the Group in 1996. As Finance Director, she is responsible for overseeing the operations in Finance, Logistics, Information Technology and Administration in Hong Kong, China and Taiwan.

DAVID NAM
General Manager
– F J Benjamin (Shanghai) Co., Ltd
Commercial Director –
F J Benjamin (Hong Kong) Ltd
Mr Nam has been with the Group for a decade since joining in 2001. Since 2005, he has been assisting Mr Tony Fung to develop the business in Mainland China. Today, he is responsible for the day-to-day running of the business, marketing and distribution of timepieces in Mainland China, in addition to his management responsibilities of the Bell & Ross business in Hong Kong.

UNITED STATES

SAMUEL BENJAMIN
Group Director
– Timepiece Division
Senior Vice-President
– F J Benjamin Fashions (U.S.) Inc.
Mr Benjamin was appointed Senior Vice-President of F J Benjamin Fashions (U.S.) Inc. in 2009 and is today responsible for the New York office and the RAOUL operations in the United States.

Mr Benjamin also oversees the operations of the timepiece businesses in the region, working closely with the respective country heads to set strategic goals to grow these businesses. Mr Benjamin joined F J Benjamin (Singapore) Pte Ltd in 1991.

KAREN KATZMAN
Vice-President
– Sales
F J Benjamin Fashions (U.S.) Inc.
Ms Katzman joined the F J Benjamin Fashions team in 2010 as Vice-President of Sales for USA and Canada. She has 18 years of experience in the fashion wholesale industry with a proven track record in driving new business opportunities. Ms Katzman works closely with Mr Sam Benjamin to formulate sales strategies for maximum penetration and to develop relationships with specialty retailers, on-line retailers and major department stores in the United States for RAOUL.

BRAND HIGHLIGHTS


CATHERINE DEANE

Catherine Deane

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

Born in Ireland and raised in South Africa, Catherine Deane is influenced by cultural references from travelling and her deep passion for forgotten craft techniques. Deane's eponymous label is well-known for its luxurious fabrics and textiles in evening, daywear and bridal dresses.

Catherine Deane features traditional techniques with a modernist twist of simplicity in her designs and this philosophy is often seen in her dresses where leather, lace, chiffon and silk are intricately combined to accomplish beautiful works of art.

Deane celebrates craftsmanship and uses techniques such as leavers lace, crafted silk flowers, the Italian technique of Frastaglio embroidery and soutache where loops of silk ribbons are attached by hand into an intricate pattern on fabric, to name but a few.

A celebratory dinner was held at the Four Seasons in Singapore in September 2010 to mark the acquisition of a 60 percent stake in the brand. This event hosted 60 key social and fashion figures as well as press, who were introduced to the label and the designer herself. Another mini-trunk show was hosted in October at the St. Regis, showcasing the SS11 collection to selected guests for pre-order.

As at June 30, 2011, Catherine Deane is represented in over 20 stockists worldwide.


CÉLINE

Céline

Céline is a French luxury fashion house, owned by the Moët Hennessy Louis Vuitton Group.

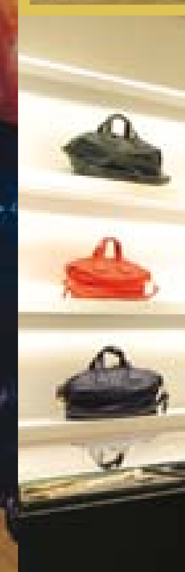
Known for its luxury women's wear, Céline is in its fourth year with F J Benjamin as its exclusive partner and distributor in Singapore, Malaysia and Indonesia.

With Phoebe Philo at the helm as Creative Director since 2008, Céline is now synonymous with modern, forward-looking but wearable women's fashion and is now considered a trendsetter for the fashion industry. Its accessories have in the past few years built up a certain cachet, as seen by the waitlist around the world for its famous luggage bags.

With Céline's reconstructed design philosophy, the brand has also captured new customer segments and is now celebrated not only by opinion leaders, fashion-influencers and insiders but also by Céline consumers.

As at June 30, 2011, Céline is represented by four stores across Southeast Asia – one in Singapore, two in Malaysia and one in Indonesia.

GIVENCHY



GIVENCHY

Givenchy

Another french luxury label owned by Moët Hennessy Louis Vuitton and franchised by the Group is Givenchy.

The brand celebrated its first year with F J Benjamin in July 2011 and has seen remarkable interest since its store opened in August 2010 at Paragon in Singapore.

Givenchy captures the essence of sophistication and elegance through sharp tailoring and gives an edgy twist through the eyes and deft designs of Creative Director, Riccardo Tisci. With his gothic yet sensual spirit infused into the designs, the ready-to-wear collections feature a unique pairing of hard and soft materials making Givenchy by Riccardo Tisci unforgettable.

The brand was launched in Singapore with an opening party in February 2011 at the National Museum of Singapore. The party was attended by 300 guests including local and regional media, fashion insiders, social figures and opinion leaders.

The success of the Singapore store was followed with the opening of a Givenchy store in Plaza Indonesia in April 2011.

As at June 30, 2011, Givenchy has a store at Paragon, Singapore and Plaza Indonesia, Jakarta.


GOYARD
PARIS
PENINSULA
JS
GOYARD
PARIS

GOYARD

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

Goyard grew to fame through its innovative use of wood and leather with linen, cotton and hemp woven together to develop a resistant and waterproof canvas. This tradition carries on to today, showing the natural character of each material. The quartet of colours so famously associated with Goyard is applied on four successive occasions manually. This process is done in its workshop at Carcassonne, France. This is also where the brand produces made-to-order bespoke pieces.

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

F J Benjamin opened the much-anticipated Goyard store in The Peninsula Hotel, Hong Kong's iconic building in Kowloon in February 2011 and held an opening event in April 2011. This launch of Goyard's only stand-alone store in Asia (outside Japan) was attended by key social figures and press.

With the success of the Hong Kong store, the Group has obtained a prime location in Singapore which will open in 2013.

Banana Republic

Banana Republic started off as a travel-themed clothing company in 1978. After its acquisition by Gap Inc. in 1983, the brand has transformed into an international label offering affordably priced contemporary fashion apparel with timeless designs.

Spring 2010 honoured the root of the brand's beginnings and the theme of travel and exploration was the inspiration behind the advertising campaign. "Travel, discover and explore" was the tagline of the campaign and it aptly summed up what the collection was about. Endless versatility, effortless shapes and tactile finishes lent a palpable air of discovery to each piece from the collection. Interesting details such as rainforest prints, exotic patterns and floribunda were evidently present in the collection. Banana Republic was prominently featured in an exclusive Banana Republic eight-page fashion spread shot in New York City by Singapore's Nuyou magazine.

The highly anticipated capsule collection from Banana Republic will be revealed in Fall 2011. Adding weight to this capsule collection is the first-ever "Mad Men" series-inspired collection designed by Simon Kneen, Creative Director of Banana Republic, in collaboration with Emmy® Award winning "Mad Men" costume designer, Janie Bryant. This capsule collection for both men and ladies offers a modern take on the cool polish and panache of the 1960s era to create effortless chic and dressed-up American sportswear.

As at June 30, 2011, the Group operates seven Banana Republic stores in the region-two in Singapore, two in Malaysia and three in Indonesia.

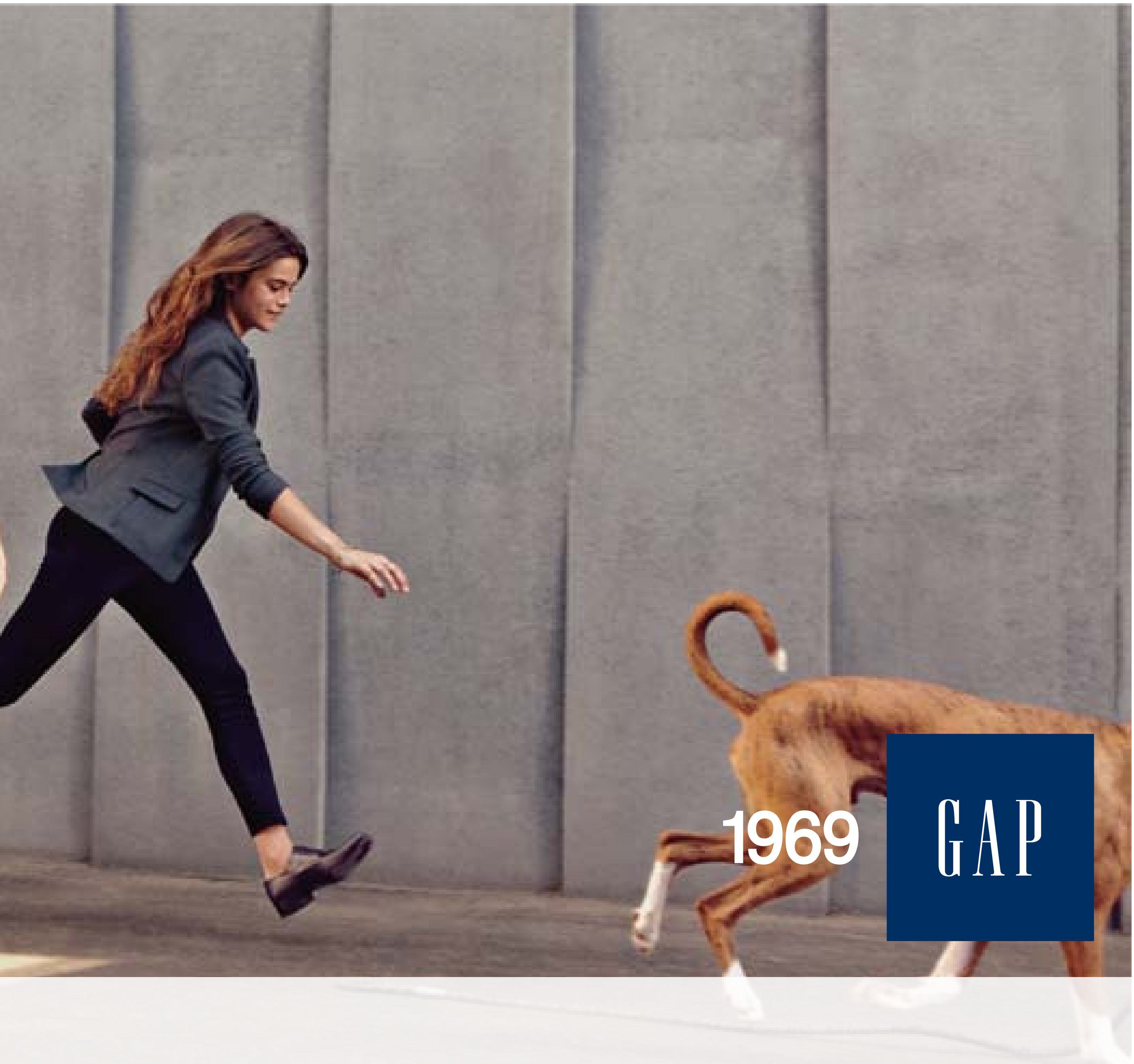
BANANA REPUBLIC

Gap

Gap is a cultural, iconic brand that is known for its quality wear and wardrobe essentials. The Group took on Gap in 2006 and has not looked back.

Fall 2011 saw Gap launch the Premium Pants collection to much success. Also referred to as the Black Magic collection, the range of black pants caters to Gap customers who want workwear pants in classic cuts similar to that of the Gap 1969 Premium Jeans collection. In Singapore, an impromptu flash-mob style fashion installation was staged in the heart of the bustling Central Business District where five female models showcased the different cuts available. In Malaysia and Indonesia, exclusive collection preview events were held in-store where selected media and privileged customers got to view and try on the collection. Tie-ups with partners and selected fashion magazines also contributed to the successful launch. The Premium Black Pants collection has since formed part of the core product offering from Gap.

Gap was also the first brand to secure an Official Apparel sponsor title with Singapore's Female magazine annual 50 Gorgeous People contest for the last two consecutive years. A special window display was commissioned for this contest for all Gap stores to coincide with the revealing of the finalists.



Adding to the list of "firsts" is the launch of the Gap Casting Call in Singapore, Malaysia and Indonesia. The objective was to search for the next faces of babyGap and GapKids in the region. Roadshows were conducted regionally in December and over 1,900 entries were received. Close to 300,000 votes were cast on the respective country Facebook pages and six adorable children became the first ever Gap Casting Call winners in each of the respective markets. All six were photographed professionally in Singapore and their pictures adorned the window displays for babyGap and GapKids Spring 2011 campaign in all three countries. In addition, they each also received Gap Gift Cards as part of their prizes.

This financial year, Gap introduced social media in its marketing plans and rolled out a Facebook page for each territory. On the back of the casting call campaign as well as the 1969 denim campaign, the number of Facebook fans jumped and the pages now collectively have a fan base of approximately 178,000.

As at June 30, 2011, the retail footprint for Gap stands at 16 stores comprising four stores in Singapore, seven in Malaysia and five in Indonesia.


GUESS®
U.S.A.
WASHED
JEANS
1201
1203

Guess / Guess Kids

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

After a 20-year partnership with Guess Inc., the Group has grown the retail footprint of Guess from a single modest store at Wisma Atria in Singapore back in May 1991, to 72 stores in four different concepts in Singapore, Malaysia and Indonesia.

Guess has redefined its business model by referencing back to its roots with the reintroduction of its denim collection. Strong, trendy and cutting edge, the famous Guess denim was energised with a renewed focus, and this has paid off in both media attention and sales. With denim styles such as Power Skinny, Britney, Daredevil, Lincoln being hot favourites in the market, the Group has seen double digit sales growth in the denim category.

In line with the new focus on denim, the Guess store concept experienced an elevation in denim section – a red glass denim wall and lighted denim table was introduced to enhance the brand experience in the denim category.

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

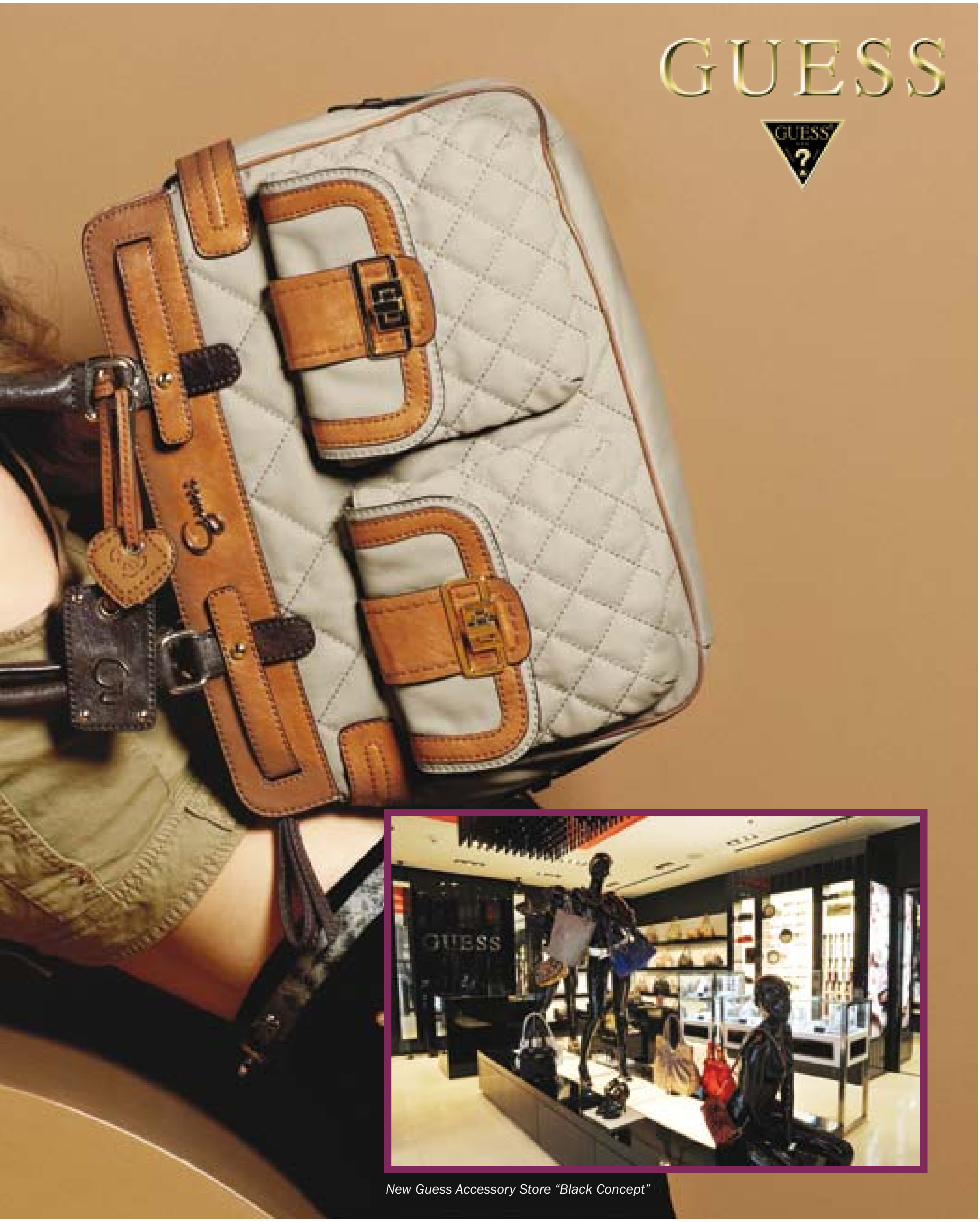
As at June 30, 2011, the Guess retail network in Singapore, Malaysia and Indonesia stands at 72 stores over four different retail concepts – Guess, Guess Accessory, Guess Kids and Guess Footwear. Of these, 11 are located in Singapore, 27 in Malaysia and 34 in Indonesia.

Guess Accessory Store

With a comprehensive collection of watches, bags, shoes, jewellery, sunglasses and perfume, the Guess Accessory Store concept has established itself as a leader in providing one stop fashion accessories needs to the customer. Since its debut in 2005, the Group has rapidly established its presence with more than 30 stores across Singapore, Malaysia and Indonesia as at June 30, 2011.

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

To reflect the renewed energy and focus of the brand, a new and edgy "Black Concept" was introduced in December 2010, launching first at Gandaria City and Trans Makasar Indonesia, and subsequently at Raffles City, Singapore. The Black Concept incorporates many innovative and progressive ways of displaying and highlighting products such as black mannequin, fibre optic lighting, and a special concept "runway" table.



New Guess Accessory Store "Black Concept"

La Senza

Inspired by the sexy and cheeky 1950's pin-up girl, La Senza is the ultimate global fashion destination for the young, fun, flirty and globetrotting *Lingerista*.

With the newly evolved brand direction, La Senza re-establishes the brand's leadership position with the launch of the new "Pin-up" concept store. This new concept celebrates a fun, young, sassy and sexy attitude, with the use of strong iconic brand images and emotive brand experience which connects with the aspirational 23-year-old. Store windows are continuously refreshed with a compelling product story, while the in-store experience focuses on fashion lifestyle. In-store bra experts armed with comprehensive product knowledge also recommend the best fit for each customer, with the aim of having the needs of every customer met.

With a very well defined and clear focus in category dominance, the brand focuses on its "Best at Bras, Win at Panties" strategy. This winning strategy saw an amazing success in the launch of Body Kiss Bra across the region with some stores registering among the highest in unit sales globally and an increase in traffic by 200% on the launch week. Three of the Group's stores rank in the top 20 best performing La Senza stores out of over 500 international stores around the world.

2010 also saw the Group bag the Best Marketing Award from La Senza International for strategic brand communication and well-executed campaigns through the year.

The Group operates 26 La Senza stores in the region as at June 30, 2011 – six in Singapore, eight in Malaysia and 12 in Indonesia.

RAOUL

Coming into its 10th anniversary in 2012, the homegrown brand of F J Benjamin has grown from strength to strength. Since its genesis as a men's shirt label, RAOUL has evolved into a brand which offers a comprehensive collection of clothing and accessories for both men and ladies. With boutiques in Singapore, Malaysia, Indonesia, Philippines and Australia, and points-of-sale across Europe and the United States, RAOUL is continually making headway both regionally and internationally with its mandate to create affordable luxury products without compromise on great design or quality.

RAOUL has received strong global coverage from leading periodicals like The Times, Vogue UK, Marie Claire UK and Gioia Italy. Celebrities like Lea Michele, Helen Mirren, Elle Macpherson and Zhang Ziyi were also spotted in RAOUL at events and in magazine editorials.

Progressing on its path of internalisation with its team of consultants in Milan, New York and London, RAOUL continues to expand its collection and marketing efforts to grow its European and US markets. The brand participates in both Paris and New York Fashion Week and has a growing list of stockists such as Selfridges and Matches in the UK, and Neiman Marcus and Henri Bendel in the US. It is also retails online on websites such as Shopbop and Saks Direct. A showroom in New York, which opened in 2009, continues to support the growth in the US market. Another showroom in Milan, which will be operational come November 2011, will serve the buyers and press offices in Europe and the Middle East.

For three years running, RAOUL has taken part in the Audi Fashion Festival – the most prestigious event on Singapore's fashion calendar. In 2010, it also participated in the Blueprint Trade Symposium in Singapore.

In recognition of its progress in recent years internationally, RAOUL was nominated by WGSN in its famous Global Fashion Awards 2011 in two categories: "Breakthrough Brand" as well as the "Lyrca Style Emerging Talent Award". The results will be announced in New York come October 2011.

As at June 30, 2011, the Group operates 16 RAOUL stand-alone stores, comprising six stores in Singapore, five in Malaysia, four in Indonesia and one in Australia.

TIMEPIECES


TOURBILLON
SWISS
MADE


Bell & Ross
BR 03-92
Bell & Ross

Bell & Ross
TIME INSTRUMENTS

Bell & Ross

Designed for professionals and known for its classic time instrument square case that is inspired by the cockpit of airplanes, Swiss luxury watch brand, Bell & Ross has always been faithful to their philosophy of "function initiates form".

Just 18 years after a team of designers and aircraft controls specialists came together in their search for a professional watch, F J Benjamin opened the first standalone Bell & Ross boutique in the world at the Mandarin Gallery, Singapore in 2009.

Following the successful opening in Singapore, the world's second Bell & Ross boutique was opened in Jakarta, Indonesia in 2010 and the third store in Hong Kong in November 2010. A second boutique in Hong Kong will open at the end of 2011, together with a store in Kuala Lumpur – a clear indication of the Group's commitment to expanding its presence in Asia.

DeWitt

DeWitt is the latest brand to be included in F J Benjamin's luxury timepiece portfolio after the Group inked an agreement for a long-term exclusive relationship in May 2010.

The brand made its debut at BASELWORLD in 2003 and quickly established itself as a leader in mechanical watchmaking with its innovative horological complications when it won first prize in the "Innovation" category at the 2005 Geneva Watchmaking Grand Prix with the "Academia Tourbillon Différentiel" which combines a tourbillon complication alongside a patented spherical differential system, just barely two years into the business.

The award sealed DeWitt's reputation for fine craftsmanship and made its limited series luxury watches, with its unmistakably distinctive "Imperial Columns", highly sought after by international watch aficionados.

DeWitt has established a powerful presence in the sphere of exclusive Haute Horlogerie within a short span of four years.

Honorary President and Brand Ambassador Jérôme de Witt is a fifth generation direct descendent of Jérôme Bonaparte, Emperor Napoleon Bonaparte's brother, whose enthusiasm for watches spawned an extraordinary collection. The brand has already opened an exclusive corner at the new prestigious Sincere boutique at the Marina Bay Sands integrated resort in Singapore. In North Asia, it has opened a stand-alone boutique in Hong Kong, and five points-of-sale across Hong Kong, Macao and Taiwan. The Group has plans to expand into Indonesia and elevate the brand's profile in the region.


GP
GIRARD-PERREGAUX

GP
GIRARD-PERREGAUX
WATCHES FOR THE FEW SINCE 1791

Girard-Perregaux

For over two centuries, Girard-Perregaux has been renowned for its many remarkable Haute Horlogerie. Its strength continues to be built on two fundamental principles: the desire for constant progress and the respect for its rich heritage dating back to 1791. These two tenets have given this Haute Horlogerie manufacturer the ability to preserve its authenticity and solidity while demonstrating great creativity. As one of the oldest Swiss watch brands, Girard-Perregaux enjoys 220 years of craftmanship and creation.

This year, Girard-Perregaux celebrated its 220th Anniversary with a travelling exhibition in Singapore in September 2011. The Group had the honour and privilege of hosting this exhibition at the newly opened ArtScience Museum at the Marina Bay Sands in Singapore. A similar exhibition will be held in Shanghai come October 2011.

Being in partnership with the Group for the last 22 years in the region, Girard-Perregaux has a wide distribution network consisting 72 top quality luxury timepiece retailers in Greater China and 20 in Southeast Asia.

CHRONOSWISS

ChronoSwiss

In the years following their renaissance in the late 1980s, mechanical wristwatches developed into high-carat collector's items. Above all the fascinating and highly complex technology, the traditionally artful craftsmanship and the select materials can be thanked for assuring that these ticking artworks are now once again highly prized. The ChronoSwiss watch brand, with its headquarters in the Bavarian town of Karlsfeld near Munich, has played a significant role in this evolution. As the oldest of the "young" mechanical watch brands, ChronoSwiss celebrated its 25th anniversary in 2008.

RADO
SWITZERLAND

Rado

F J Benjamin established a relationship with the Swatch Group in May 2008 to retail and distribute Rado timepieces in Indonesia and has since opened a boutique in Senayan City in Jakarta, Indonesia.

In the year under review, the Group undertook brand building and marketing activities to ride on the launch of the boutique.

The Group intends to continue the momentum created with further press, trade and customer events.

GUESS

Guess Watches

Guess Watches launched its collection in 1983 with a line of men's and women's fashion watches. Consistent with the Guess image, the ever evolving watch designs appeal to young, fashion-driven consumers around the world.

Constant attention to new ideas and cutting-edge design keeps the brand relevant to today's trends.

Staying both chillingly cool and scorching hot all year round in 2011 is the new Guess Watches "White Hot" style.
The versatile white watch is the ideal accent piece for every complexion and has the ability to give the girl or guy's outfit a crisp, fresh feel.

These new White Hot watches are stunningly sophisticated yet unanimously on trend. The assortment of white hot styles offers something for every Guess guy or girl that knows what he or she wants and isn't afraid to get it.

Gc
SMART LUXURY™

Gc Watches

Gc represents a perfect, unique fusion of timeless fashion and quality Swiss watch making. Each timepiece is an expression in luxurious sophisticated aesthetics and refined European design. Smart Luxury is the essence of the brand – an intelligent way to live luxury. Gc offers substance, value and fine craftsmanship to fulfil dreams of self-expression and success reflecting personal achievement.

Features, such as genuine mother-of-pearl dials, hand applied indices, carbon fibre details and sumptuous Italian leather straps, further express individual desires. All these elements, as well as the unique combination of colours and materials, create the distinctive contemporary Gc designs. These timepieces grace the wearer with an elegant presence and the inherent confidence of quality and style. All Gc timepieces proudly bear the prestigious “SWISS MADE” label.

Gc’s first stand-alone boutique was opened in Marina Square, Singapore, in September 2011.

VICTORINOX
SWISS ARMY

Victorinox Swiss Army

Victorinox Swiss Army timepieces are inspired by one of the most well-known products in history, the Original Swiss Army Knife: a true icon of Swiss savoir-faire.

Durability, comfort, high technical standards, ingenious functions and exceptional quality – these are the quintessentially Swiss values that have made Victorinox Swiss Army timepieces as much a worldwide icon of durability and reliability.

Victorinox Swiss Army's first timepiece was created by the brand's American partner in 1989. The range has since expanded to more than 180 models divided into three lifestyle sectors: "Active" – for dynamic individuals; "Classic" – for the sporting, luxury-oriented watch-wearer; and "Professional" – for those seeking the ultimate in performance and functionality.

Swiss-made movements and components, fine leathers and technical materials, exclusive case finishes and refined dial designs – the same obsession for quality and detail that has driven the famous brand for more than 125 years is found in each timepiece carrying the iconic Victorinox Swiss Army Cross & Shield.

NAUTICA

Nautica

Introduced in 1994, Nautica Watches for men and women combine distinctive styling, bold colours and unique design. Inspired by sailing, Nautica functionality reflects an energetic lifestyle that appeals to consumers around the globe. Nautica Watches fuse the best of classic American style with the latest in technical innovation.

2011 set sail toward a new horizon with the Nautica OCN 46, a high-performance chronograph watch. With an impressive combination of technical features and aesthetic sophistication, this sport watch is an essential companion to any seafaring adventure.

Drawing inspiration from the horizon over the darkening sea, the design features a beautiful sunray dial protected by a slightly domed crystal. The watch face has applied numbers, bold luminous hands and dial markers, and a nautically inspired porthole design element. The dial is set in a 46mm stainless steel or rose gold case, with the option of a stainless steel bracelet or genuine pebble grain leather straps.

Today the world of Nautica represents both a rediscovery and a reinterpretation – a commitment to perfection and attention to detail.

UNLTD. TIMEPIECES BY MARC ECKO

Marc Ecko

With strong roots in hip-hop and youth culture, Ecko Unlimited has become the leading force in a generation without boundaries. The iconic rhino logo continues to charge across the clothing line in innovative, exciting ways since 1972. During a time of uncertainty, Ecko Unlimited manages to remain in a class of its own with an uninhibited pulse on emerging street trends and talent.

Argyle makes a statement this season. The epitome of understated styling with an edge, Marc Ecko Watches introduces a set of timepieces that can be worn from the boardroom to the after party.

With trendsetting style, and fashion-forward appeal, the Marc Ecko "Prescott" watch sports an argyle tone-on-tone applied pattern, the subtle luxury of the smooth leather strap and 47mm stainless steel case with rose gold accents.

Artistic, industrious, complex and refined, the Marc Ecko man who wears this watch lives a fast, fashionable life.

St James Holdings Ltd

St James Holdings Limited ("St James") holds the leading position in Singapore's night entertainment industry. The Group presently has 18 outlets that are marketed under its own proprietary brands at three strategically situated venues in the city. Voted Singapore's Best Party Venue in 2009 and 2010 at the AsiaOne People's Choice Awards, its flagship venue, St James Power Station, is the largest one-stop entertainment complex in Singapore. This 60,000 sq ft complex houses 11 distinct outlets, each featuring exclusive live music themes that span from Latin music and R&B, to contemporary dance and Mando-Pop. In 2011, St James Power Station opened an open air hawker food street and beer garden, and the Dragonfly concept was completely revamped.

St James also owns and operates two outlets in the Marriott Hotel in Orchard Road, namely Canto live music concept club Firefly and the New York-styled city bar, The Living Room. St James has also established its presence in another vibrant nightlife destination, Clarke Quay, with the opening of the 17,000 sq ft Shanghai Dolly in late 2009 featuring a lobby bar, piano bar, restaurant, and the main live music hall.

St James is listed on Catalist in Singapore.

Sheridan

Over the past 20 years, F J Benjamin has retailed and distributed exclusive Sheridan home furnishing to fine stores across Southeast Asia. Devoted to great design, quality and innovation, Sheridan elevates the experience of the home to place of self-expression and luxury. Known for its exquisite quality, Sheridan employs the finest materials and construction, and offers sheets with up to 1,200 thread count.

As at June 30, 2011, there are a total of 31 points-of-sale in Southeast Asia – five in Singapore, five in Malaysia, six in Philippines and 15 in Indonesia.

CORPORATE GOVERNANCE

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

BOARD OF DIRECTORS

The Board's Conduct of its Affairs – Principle 1

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

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

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

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

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

Board Composition and Balance – Principle 2

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

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

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

Chairman and Chief Executive Officer – Principle 3

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

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

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

Access to Information – Principle 6

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

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

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

NOMINATING COMMITTEE (NC)

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

Board Membership – Principle 4

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

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

(b) to review the Board structure, size, composition and independence;

(c) to develop the criteria for the selection of Directors and identify candidates for approval by the Board, to fill Board vacancies as and when they arise as well as put in place plans for succession;

(d) to determine independence of each Director; and

(e) to determine whether a Director, who has multiple board representations, is able to and has been adequately carrying out his duties as Director of the Company.

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

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

Board Performance – Principle 5

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

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

REMUNERATION COMMITTEE (RC)

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

The RC is chaired by Mr Reggie Thein and its members are Mr Joseph Grimberg and Mr Keith Tay. All of them are Independent Directors.

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

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

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

(c) to recommend the remuneration of Executive Directors and key executives to the Board for endorsement in accordance with the approved remuneration policies and processes;

(d) to provide advice as necessary to Management on remuneration policy for employee categories other than those covered in paragraph (c) above;

(e) to review the remuneration, terms of employment and promotion of all employees of the Group who are related to any of the Directors; and

(f) to recommend the Directors' fees of Non-executive Directors to the Board. Directors' fees are only paid to Non-executive Directors and are approved by Shareholders at the Annual General Meeting.

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

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

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

Disclosure of Remuneration – Principle 9

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

Directors	Directors' Fee	Basic Salary	Variable Performance Bonus	Benefit-in-Kind And Others	Total
$1,000,000 and above					
Mr Frank Benjamin	–	47%	40%	13%	100%
Mr Eli Manasseh Benjamin	–	47%	44%	9%	100%
$500,000 to $999,999					
Mr. Douglas Benjamin	–	49%	43%	8%	100%
$250,000 to $499,999					
Ms Karen Chong	–	72%	23%	5%	100%
Below $250,000					
Mr Keith Tay	100%	–	–	–	100%
Mr Reggie Thein	100%	–	–	–	100%
Mr Joseph Grimberg	100%	–	–	–	100%
Ms Wong Ai Fong	100%	–	–	–	100%
Mr Chew Kwee San	100%	–	–	–	100%

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

Range of Remuneration	No. of Executives
Above $500,000	1
$250,000 to $499,999	4

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

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

Relationship	Basic Salary	Variable Performance Bonus	Benefit-in Kind and Others	Total
$250,000 to $499,999				
Relating to the Chairman	77%	18%	5%	100%
Relating to the Chairman	55%	10%	35%	100%
Relating to an Executive Director	76%	22%	2%	100%
Below $250,000				
Relating to the Chairman	84%	14%	2%	100%

AUDIT COMMITTEE (AC)

Accountability and Audit – Principles 10 and 11

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

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

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

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

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

(b) to maintain an appropriate relationship with the Company's External and Internal Auditors, and to review the scope, results, effectiveness and objectivity of the audit process;

(c) to review and evaluate the adequacy of the system of internal control, including accounting controls, taking input from external audit, internal audit, risk management and compliance functions;

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

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

(f) to review the quarterly and annual financial statements, including announcements to Shareholders and the Singapore Exchange Securities Trading Limited ("SGX-ST") prior to submission to the Board;

(g) to review and approve interested person transactions to ensure that these transactions are carried out at arm's length and on normal commercial terms and in the best interest of the Company and its minority shareholders; and

(h) to review the independence of the External Auditor and to make recommendations to the Board regarding the nomination of the External Auditor for appointment or re-appointment.

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

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

The 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.

Internal Controls – Principle 12

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

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

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

Risk Management

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

Business Risk

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

Financial Risk

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

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

Internal Audit – Principle 13

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

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

EXECUTIVE COMMITTEE (EC)

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

SHAREHOLDERS

Communication With Shareholders – Principle 14

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

Encourage Greater Shareholders' Participation – Principle 15

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

ADDITIONAL INFORMATION

Dealing in Securities

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

Material Contracts

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

Interested Person Transactions

Transactions with the Company's interested persons (a term that is defined in the listing manual of the SGX-ST) are subjected to review and approval by the Board comprising those Directors who do not have an interest in the transaction. Where required by the relevant listing rules of the SGX-ST, the AC reviews the transaction to determine that it is on normal commercial terms and hence, not prejudicial to the interest of the Company and Shareholders, before making recommendations to the Board for endorsement. For the financial year ended 30 June 2011, there were no material interested person transactions entered into.

Financial Contents

ANNUAL FINANCIAL STATEMENTS

F J Benjamin Holdings Ltd

and its subsidiaries

Co. Reg. No. 197301125N

30 June 2011

DIRECTORS' REPORT

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of F J Benjamin Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2011.

DIRECTORS

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

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Holdings registered in the name of Director or nominee			Holdings in which a Director is deemed to have an interest		
Name of director	At 1.7.2010	At 30.6.2011	At 21.7.2011	At 1.7.2010	At 30.6.2011	At 21.7.2011
Ordinary shares						
Mr Frank Benjamin	37,191,000	37,691,000	37,691,000	–	–	–
Mr Keith Tay Ah Kee	256,000	256,000	256,000	–	–	–
Mr Eli Manasseh Benjamin	23,487,050	24,010,050	24,010,050	300,000	300,000	300,000
Mr Douglas Jackie Benjamin	120,000	120,000	120,000	10,000	10,000	10,000
Mr Joseph Grimberg	500,000	500,000	500,000	–	–	–
Ms Wong Ai Fong	35,000	35,000	35,000	–	–	–

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (continued)

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

DIRECTORS' CONTRACTUAL BENEFITS

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

OPTIONS

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

AUDIT COMMITTEE

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

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

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

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

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

AUDITORS

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

On behalf of the Board of Directors

Eli Manasseh Benjamin
Director

Karen Chong Mee Keng
Director

Singapore
26 September 2011

STATEMENT BY DIRECTORS

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

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and its subsidiaries (collectively, the "Group") as at 30 June 2011 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Eli Manasseh Benjamin
Director

Karen Chong Mee Keng
Director

Singapore
26 September 2011

INDEPENDENT AUDITORS' REPORT

To the Members of F J Benjamin Holdings Ltd

We have audited the accompanying consolidated financial statements of F J Benjamin Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 72 to 131, which comprise the balance sheets of the Group and the Company as at 30 June 2011, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT

To the Members of F J Benjamin Holdings Ltd

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2011 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

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

Ernst & Young LLP
Public Accountants and Certified Public Accountants

Singapore
26 September 2011

CONSOLIDATED INCOME STATEMENT

For the financial year ended 30 June 2011

(In Singapore Dollars)

	Note	Group 2011 $'000	Group 2010 $'000
Revenue	5	353,918	289,355
Other income	6	6,024	5,972
Bank interest income		61	59
		360,003	295,386
Costs and expenses			
Cost of goods sold		(202,545)	(170,081)
Staff costs	7	(45,079)	(37,169)
Rental of premises		(45,894)	(41,069)
Advertising and promotion		(15,190)	(9,508)
Depreciation of property, furniture, fixtures and equipment	13	(6,114)	(7,513)
Depreciation of investment properties	14	(148)	(113)
Other operating expenses	8	(26,679)	(24,798)
Total costs and expenses		(341,649)	(290,251)
Operating profit		18,354	5,135
Interest expense	10	(1,775)	(1,758)
		16,579	3,377
Exceptional items, net	9	(771)	(367)
Foreign exchange (loss) / gain	2.4(b)	(252)	4,423
Share of results of associates, net of tax		1,486	1,793
Profit before taxation from continuing operations		17,042	9,226
Taxation	11	(4,272)	(966)
Net profit for the financial year		12,770	8,260
Profit attributable to:			
Owners of the parent			
- Profit before exceptional items		13,734	8,627
- Exceptional items		(771)	(367)
		12,963	8,260
Non-controlling interests		(193)	–
		12,770	8,260
Earnings per share attributable to Owners of the parent	12		
Basic (cents)		2.28	1.45
Diluted (cents)		2.28	1.45

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2011

(In Singapore Dollars)

	Group	
	2011	**2010**
	$'000	$'000
Profit for the year	12,770	8,260
Other comprehensive income, net of tax		
Net translation differences relating to translation of financial statement and monetary items of investment of foreign subsidiaries	(7,837)	(95)
Dilution of shares in an associated company	–	(62)
Total comprehensive income for the year	4,933	8,103
Total comprehensive income attributable to:		
Owners of the parent	5,123	8,103
Non-controlling interests	(190)	–
	4,933	8,103

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

BALANCE SHEETS

As at 30 June 2011

(In Singapore Dollars)

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Non-current assets					
Property, furniture, fixtures and equipment	13	24,730	23,298	2,245	1,809
Investment properties	14	5,081	8,016	–	–
Goodwill	16	559	–	–	–
Subsidiaries	15	–	–	111,144	115,941
Investment in associates	17	12,626	10,942	–	–
Other investments	18	59	78	59	78
Other receivables	19	260	260	–	–
Deferred tax assets	27	1,117	1,248	–	–
		44,432	43,842	113,448	117,828
Current assets					
Inventories	20	94,390	86,511	–	–
Trade debtors	21	57,555	43,464	–	–
Tax recoverable		1,492	1,004	–	–
Other debtors	22	21,032	21,040	102,484	66,414
Cash on hand and at banks	31	65,196	59,706	20,763	34,094
		239,665	211,725	123,247	100,508
Current liabilities					
Trade and other creditors	23	74,888	61,981	63,918	46,721
Finance lease creditors	24	328	300	121	46
Bank borrowings	25	71,336	50,458	–	–
Provision for taxation		2,254	1,404	487	92
		148,806	114,143	64,526	46,859
Net current assets		90,859	97,582	58,721	53,649
Non-current liabilities					
Finance lease creditors	24	791	186	775	100
Bank borrowings	25	–	1,406	–	–
Other liabilities	26	2,583	2,583	–	–
Deferred tax liabilities	27	459	40	–	–
		3,833	4,215	775	100
Net assets		131,458	137,209	171,394	171,377
Equity attributable to owners of the parent					
Share capital	28	165,447	165,447	165,447	165,447
Exchange translation reserve	29	(21,861)	(14,021)	–	–
(Accumulated losses) / Retained earnings		(12,152)	(14,341)	5,947	5,930
		131,434	137,085	171,394	171,377
Non-controlling interests		(100)	–	–	–
Preference shares issued by a subsidiary	30	124	124	–	–
Total equity		131,458	137,209	171,394	171,377

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2011

(In Singapore Dollars)

	Note	-- Attributable to owners of the parent --			Non-controlling interests	Preference shares issued by a subsidiary	Total equity
		Share capital	Exchange translation reserve	(Accumulated losses)			
		$'000	$'000	$'000	$'000	$'000	$'000
Group							
At 1 July 2010		165,447	(14,021)	(14,341)	–	124	137,209
Profit for the year		–	–	12,963	(193)	–	12,770
Other comprehensive income							
Foreign currency translation		–	(7,840)	–	3	–	(7,837)
Total comprehensive income for the financial year		–	(7,840)	12,963	(190)	–	4,933
Share of associated company's reserves		–	–	600	–	–	600
Acquisition of subsidiary	15	–	–	–	90	–	90
Dividends paid on ordinary shares	40	–	–	(11,374)	–	–	(11,374)
At 30 June 2011		165,447	(21,861)	(12,152)	(100)	124	131,458
At 1 July 2009		165,447	(13,926)	(19,695)	–	124	131,950
Profit for the year		–	–	8,260	–	–	8,260
Other comprehensive income							
Dilution of shares in an associated company		–	–	(62)	–	–	(62)
Foreign currency translation		–	(95)	–	–	–	(95)
Total comprehensive income for the financial year		–	(95)	8,198	–	–	8,103
Dividends paid on ordinary shares	40	–	–	(2,844)	–	–	(2,844)
At 30 June 2010		165,447	(14,021)	(14,341)	–	124	137,209

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2011

(In Singapore Dollars)

	Note	Share capital $'000	Retained earnings $'000	Total equity $'000
Company				
At 1 July 2010		165,447	5,930	171,377
Profit for the year, representing				
Total comprehensive income for the financial year		–	11,391	11,391
Dividends paid on ordinary shares	40	–	(11,374)	(11,374)
At 30 June 2011		165,447	5,947	171,394
At 1 July 2009		165,447	(2,764)	162,683
Profit for the year, representing				
Total comprehensive income for the financial year		–	11,538	11,538
Dividends paid on ordinary shares	40	–	(2,844)	(2,844)
At 30 June 2010		165,447	5,930	171,377

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 30 June 2011

(In Singapore Dollars)

	Group	
	2011	**2010**
	$'000	$'000
Cash flow from operating activities:		
Profit before taxation	17,042	9,226
Adjustments for:		
Depreciation of property, furniture, fixtures and equipment	6,114	7,513
Depreciation of investment properties	148	113
Share of results of associates, net of tax	(1,486)	(1,793)
Currency realignment	(4,370)	38
Loss on disposal of property, furniture, fixtures and equipment	506	564
Bank interest income	(61)	(59)
Interest expense	1,775	1,758
Write-back of impairment loss on investment properties	(509)	(1,172)
Net fair value loss / (gain) on other investments	19	(19)
Net gain on disposal of investment properties	–	(48)
Write off of fixed assets for non-performing stores	146	531
Allowance for inventories and inventories written off	1,065	3,016
Allowance for foreseeable losses	–	1,056
Loss on de-registration of Australian subsidiaries	591	–
Allowance on doubtful advertising rebates receivable	543	–
Allowance for doubtful debts and bad debts written off	38	26
Operating profit before reinvestment in working capital	21,561	20,750
(Increase) / Decrease in debtors	(14,954)	4,031
(Increase) / Decrease in inventories	(8,905)	2,250
Increase / (Decrease) in creditors	12,711	(1,805)
Cash flow from operations	10,413	25,226
Income tax (paid) / recovered	(3,388)	940
Net cash from operating activities	7,025	26,166
Cash flow from investing activities:		
Purchase of furniture, fixtures and equipment	(7,843)	(5,146)
Proceeds from disposal of property, furniture, fixtures and equipment	231	663
Net cash outflow on acquisition of subsidiary (Note 15)	(607)	–
Proceeds from disposal of investment properties	–	10,413
Interest received	61	59
Net cash (used in) / from investing activities	(8,158)	5,989

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 30 June 2011

(In Singapore Dollars)

	Group	
	2011	**2010**
	$'000	$'000
Cash flow from financing activities:		
Repayment of bank borrowings	(809)	(13,293)
Proceeds from bank borrowings	11,620	6,454
Proceeds from finance lease	750	334
Repayment of obligations under finance lease	(117)	(297)
Interest paid	(1,775)	(1,758)
Dividends paid to shareholders	(11,374)	(2,844)
Net cash used in financing activities	(1,705)	(11,404)
Net (decrease) / increase in cash and cash equivalents	(2,838)	20,751
Cash and cash equivalents at beginning of financial year	35,528	14,823
Net effect of exchange rate changes on opening cash and cash equivalents	(333)	(46)
Cash and cash equivalents at end of financial year (Note 31)	32,357	35,528

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

1. Corporate information

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

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

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

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

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

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

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

2.2 Changes in accounting policies

The Group has adopted all the new and revised Financial Reporting Standards ("FRSs") and Interpretation to FRSs ("INT FRSs") that are relevant to its operations and effective for the financial year beginning on or after 1 July 2010.

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

2. Summary of significant accounting policies (continued)

2.3 Further changes in accounting policies

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

		Effective date (annual period beginning on or after)
Revised FRS 24	Related Party Disclosures	1 January 2011
Amendments to INT FRS 114	Prepayments of a Minimum Funding Requirement	1 January 2011
INT FRS 115	Agreements for the Construction of Real Estate	1 January 2011
Amendments to FRS101	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
Amendments to FRS 107	Financial instruments: Disclosures: Transfer of financial assets	1 July 2011
Amendments to FRS 12	Deferred tax – Recovery of underlying assets	1 January 2012
Amendments to FRS 1	Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 19	Employee Benefits	1 January 2013
FRS 27	Separate Financial Statements	1 January 2013
FRS 28	Investments in Associates and Joint Ventures	1 January 2013
FRS 110	Consolidated Financial Statements	1 January 2013
FRS 111	Joint Arrangements	1 January 2013
FRS 112	Disclosure of Interests in other entities	1 January 2013
FRS 113	Fair Value Measurements	1 January 2013

Except for the revised FRS 24, the Directors expect that the adoption of the above pronouncements (where applicable) will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on the adoption of the revised FRS 24 is described below.

<u>Revised FRS 24 *Related Party Disclosures*</u>

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transactions. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2012.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2011

2. Summary of significant accounting policies (continued)

2.4 Functional and foreign currency

a) Functional currency

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

b) Foreign currency transactions

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

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

c) Foreign currency translation

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

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

The Group has elected to recycle the accumulated exchange differences in the separate component of other comprehensive income that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

2. Summary of significant accounting policies (continued)

2.5 Basis of consolidation

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

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

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

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

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

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

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

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

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

2.6 Transactions with non-controlling interests

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

2. Summary of significant accounting policies (continued)

2.7 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses. This requires an estimation of the investment's recoverable amount using cash flow projections based on financial budgets approved by management. The discount rate applied to the cash flow projections was 5.4% (2010: 6.7%) per annum and cash flow beyond the 5-year period is extrapolated using growth rate of 1.0% (2010: 1.0%) per annum. This growth rate does not exceed the long-term average growth rate for the industry.

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

2.8 Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint ventures using proportionate consolidation. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint ventures with the similar items, line by line, in its consolidated financial statements. The joint ventures are proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and the joint venture. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

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

Upon loss of joint control, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the former joint venture entity upon loss of joint venture control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

2. Summary of significant accounting policies (continued)

2.9 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, or has representation on the board of directors.

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

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

In the event of a dilution of interest in an associate, the difference between the change in the share of the associate's net assets is taken to equity.

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

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

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

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

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

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

2. Summary of significant accounting policies (continued)

2.10 Property, furniture, fixtures and equipment

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

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

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

2.11 Investment properties

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

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

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

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

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

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

2.12 Goodwill

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

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

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

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

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

2. Summary of significant accounting policies (continued)

2.13 Financial assets

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

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

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

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

a) Financial assets at fair value through profit or loss

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

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

b) Held-to-maturity investments

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

c) Loans and receivables

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

d) Available-for-sale financial assets

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

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

2. Summary of significant accounting policies (continued)

2.14 Cash and cash equivalents

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

2.15 Impairment of financial assets

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

a) Financial assets carried at amortised cost

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

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

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

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

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

b) Financial assets carried at cost

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

2. Summary of significant accounting policies (continued)

2.15 Impairment of financial assets (continued)

c) Available-for-sale financial assets

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

2.16 Impairment of non-financial assets

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset 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.

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

2.17 Inventories

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

2. Summary of significant accounting policies (continued)

2.18 Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

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

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

2.19 Borrowing costs

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

2.20 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

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

2.21 Provisions

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

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

2. Summary of significant accounting policies (continued)

2.22 Employee benefits

a) Defined contribution plans

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

b) Employee leave entitlement

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

2.23 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

a) As lessee

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

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

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

b) As lessor

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

2. Summary of significant accounting policies (continued)

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised.

a) Sale of goods

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

b) Interest income

Interest income is recognised using the effective interest method.

c) Dividend income

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

d) Rental income

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

e) Market support and administrative service income

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

2.25 Government grants

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

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

2.26 Income taxes

a) Current tax

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

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

2. Summary of significant accounting policies (continued)

2.26 Income taxes (continued)

b) Deferred tax

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

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

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

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

2. Summary of significant accounting policies (continued)

2.26 Income 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.

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

2.27 Related parties

A party is considered to be related to the Group if:

(a) The party, directly or indirectly through one or more intermediaries,

(i) controls, is controlled by, or is under common control with the Group;

(ii) has an interest in the Group that gives it significant influence over the Group; or

(iii) has joint control over the Group;

(b) The party is an associate;

(c) The party is a jointly-controlled entity;

(d) The party is a member of the key management personnel of the Group or its parent;

(e) The party is a close member of the family of any individual referred to in (a) or (d); or

(f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) The party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

2. Summary of significant accounting policies (continued)

2.28 Segment reporting

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

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

2.29 Share capital and share issue expenses

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

2.30 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) it is not possible that an outflow of resources embodying economic benefits will be required to settle the obligation; or

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

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

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

3. Significant accounting judgments and estimates

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

3.1 Judgments made in applying accounting policies

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

(i) Income tax

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

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Deferred tax assets	1,117	1,248	–	–
Tax recoverable	1,492	1,004	–	–
Provision for taxation	2,254	1,404	487	92
Deferred tax liabilities	459	40	–	–

(ii) Operating lease commitments - As lessor

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

(iii) Determination of functional currency

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

3. Significant accounting judgments and estimates (continued)

3.2 Key sources of estimation uncertainty

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

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

The cost of leasehold improvements is depreciated over the lease terms of the tenanted area or 5 years, whichever is lower. The other furniture, fixtures and equipment is depreciated over the common life expectancies.

The Group and Company assesses whether there are indicators of impairment for investment properties, property, furniture, fixtures and equipment, investment in subsidiaries, and investment in associates at each reporting date. These assets are tested for impairment where there are indications that the carrying amounts may not be recoverable. This requires an estimation of the value in use of the assets. Estimating the value in use requires the Group and Company to make an estimate of the future cash flow from assets and also to determine appropriate discount rates to calculate the present value of this cash flow. The growth rate used of 1.0% (2010: 1.0%) per annum in the estimation does not exceed the long-term average growth rate for the industry. The discount rate applied to the cash flow projections was 5.40% (2010: 6.7%) per annum.

The carrying amounts of the Group's and Company's investment properties, property, furniture, fixtures and equipment at 30 June 2011 were $29,811,000 (2010: $31,314,000) and $2,245,000 (2010: $1,809,000) respectively. The carrying amounts of the Company's investment in subsidiaries and associates at 30 June 2011 was $70,966,000 (2010: $70,273,000) and $12,626,000 (2010: $10,942,000) respectively

(ii) Inventories

Inventories are stated at the lower of cost and net realisable value. The net realisable value is estimated based on the estimated average realisable value of each type of inventories. The carrying amount of the Group's inventories at 30 June 2011 was $94,390,000 (2010: $86,511,000).

(iii) Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings granted to its subsidiaries and associates with total facilities of $130,143,000 (2010: $142,116,000). The fair value of these corporate guarantees is estimated based on the actual rates charged by the banks while these guarantees are made available, compared to the estimated rates that the banks would have charged had these guarantees not been available. The fair value of these corporate guarantees has no material financial impact to the results and retained earnings of the Company for the financial years ended 30 June 2011 and 30 June 2010.

3. Significant accounting judgments and estimates (continued)

3.2 Key sources of estimation uncertainty (continued)

(iv) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and Company's loans and receivable at the end of the reporting period is disclosed in Note 33 to the financial statements.

(v) Goodwill

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

4. Group companies

The subsidiaries as at 30 June are:-

	Name of company [country of incorporation]	Principal activities	Cost 2011 $'000	Cost 2010 $'000	Percentage of equity interest 2011 %	Percentage of equity interest 2010 %
	Held by the Company					
~	Benmark (Pte) Ltd [Singapore]	Inactive	3,000	3,000	100	100
~	F. J. B. Investment Pte Ltd [Singapore]	Investment holding company	^	^	100	100
~	F J Benjamin Concepts Pte Ltd [Singapore]	Investment holding company	60	60	100	100
~	F J Benjamin (Indochina) Pte Ltd [Singapore]	Inactive	50	50	100	100
~	F J Benjamin Ideas Pte Ltd (Formerly known as Manchester United (S.E.A.) Pte Ltd) [Singapore]	Inactive	3,000	3,000	100	100
#	F J Benjamin (M) Sdn. Bhd. [Malaysia]	Importers, distributors and retailers of consumer fashion wear, accessories and timepieces	8,516	8,516	100	100
#	F J Benjamin (H.K.) Limited [Hong Kong]	Importers, exporters, distributors, retailers of timepieces and consumer fashion accessories	58,612	58,612	100	100
+	BMI (Hong Kong) Limited [Hong Kong]	Inactive	1,119	1,119	100	100
#	Ferro Designs Limited [Hong Kong]	Investment holding company	19	19	100	100
@	Arcangel Limited [Hong Kong]	Distributors of consumer fashion wear	693	–	60	–
#	F J Benjamin (Taiwan) Ltd [Taiwan]	Importers, distributors and retailers of timepieces	3,909	3,909	100	100
+	FJ Benjamin (Aust) Pty Ltd [Australia]	Importers and distributors of consumer fashion wear and accessories	21,434	21,434	100	100
@*	F J Benjamin Concepts (Thailand) Ltd [Thailand]	Dormant	119	119	49	49
+	F. J. Benjamin Fashions (U.S.) Inc. [United States]	Distributors and retailers of consumer fashion wear and accessories	289	289	100	100
			100,820	100,127		

4. Group companies (continued)

	Name of company [country of incorporation]	Principal activities	Percentage of equity interest 2011 %	2010 %
	Held through subsidiaries			
~	F J Benjamin Leading Watch Concepts Pte Ltd (Formerly known as B.M.I. (Pte.) Ltd.) [Singapore]	Inactive	100	100
~	F J Benjamin Lifestyle Pte. Ltd. [Singapore]	Importers, exporters, distributors and retailers of consumer fashion wear, accessories and home furnishings	100	100
~	F J Benjamin (Singapore) Pte Ltd [Singapore]	Importers, exporters, licensees, distributors and retailers of consumer fashion wear, accessories and timepieces	100	100
#	F J Benjamin Lifestyle Sdn. Bhd. [Malaysia]	Importers, exporters, distributors and retailers of consumer fashion wear and accessories	100	100
#	F J Benjamin Luxury Timepieces Sdn. Bhd. [Malaysia]	Importers, distributors and retailers of timepieces	100	100
±	Fashion Dynamics HK Ltd [Hongkong]	Sourcing activities	100	–
±	F J Benjamin (Shanghai) Co., Ltd [People's Republic of China]	Importers, distributors of consumer fashion wear and timepieces	100	–
+	Arcangel UK Ltd [United Kingdom]	Distributors of consumer fashion wear	100	–
+	PT Meteor Prima Sejati [Indonesia]	Importers, exporters and distributors of consumer fashion wear and accessories	100	100

~ Audited by Ernst & Young LLP, Singapore.
# Audited by member firms of Ernst & Young Global in the respective countries.
+ Not required to be audited by the laws of its country of incorporation. These foreign subsidiaries are not considered significant as defined under Clause 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.
* Considered a subsidiary with the Group holding 79% of voting rights (Note 30).
^ Cost of investment is two Singapore dollars.
@ Audited by other auditors.
± Incorporated during the year.

5. Revenue

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

6. Other income

	Group 2011 $'000	Group 2010 $'000
Market support and administrative service income	5,534	4,856
Rental income	226	641
Government grants	–	474
Loss on disposal of furniture, fixtures and equipment	(506)	(564)
Miscellaneous income	391	303
Miscellaneous credits written-back	298	262
Others	81	–
	6,024	5,972

7. Staff costs

	Group 2011 $'000	Group 2010 $'000
Salaries and bonuses	41,569	34,226
Provident fund contributions	3,510	2,943
	45,079	37,169

8. Other operating expenses

	Group 2011 $'000	Group 2010 $'000
The following items have been included in arriving at other operating expenses:		
Non-audit fees paid to		
- Auditors of the Company	182	122
Allowance for inventory obsolescence (Note 20)	4,825	5,171
Inventories written down (Note 20)	799	1,344
Rental of equipment	382	464
Outlet related expenses	5,072	4,365
Transportation and accommodation expenses	2,667	2,072
Utilities	1,620	1,505

9. Exceptional items, net

	Group 2011 $'000	Group 2010 $'000
Write-back of impairment loss on investment properties	509	1,172
Allowance for foreseeable losses – closure costs	–	(1,056)
Write off of fixed assets on non-performing stores	(146)	(531)
Net gain on disposal of investment properties	–	48
Loss on de-registration of Australian subsidiaries	(591)	–
Allowance on doubtful advertising rebates receivable	(543)	–
	(771)	(367)

10. Interest expense

	Group 2011 $'000	Group 2010 $'000
Interest expense on:		
- Bank borrowings	1,749	1,725
- Finance lease	26	33
	1,775	1,758

11. Taxation

	Group 2011 $'000	Group 2010 $'000
The major components of income tax expense for financial year ended 30 June were:		
Current tax	3,965	1,777
Overprovision in respect of prior years	(178)	(766)
Deferred tax:-		
Movements in temporary differences	207	95
Under / (Over) provision in respect of prior years	278	(140)
Tax expense for the year recognised in profit or loss	4,272	966

11. Taxation (continued)

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2011 and 2010 is as follows:

	Group	
	2011	**2010**
	$'000	$'000
Profit before share of results of associates and before taxation	15,556	7,433
Tax at the domestic rates applicable to profits in the countries where the Group operates	1,321	523
Income not subjected to tax	(2,352)	(1,266)
Expenses not deductible for tax purposes	4,106	1,835
Utilisation of tax losses and capital allowances brought forward	(143)	(972)
Deferred tax assets not recognised	1,370	1,752
Under / (Over) provision in respect of prior years	100	(906)
Others	(130)	–
Income tax expense recognised in profit or loss	4,272	966

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

As at 30 June 2011, certain subsidiaries had unutilised tax losses of approximately $27.8 million (2010: $26.3 million) available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax assets are recognised due to uncertainty of their recoverability. The use of these unutilised tax losses are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

12. Earnings per share

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

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

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

	Group	
	2011	**2010**
	$'000	$'000
Net profit for the financial year attributable to owners of the parent used in the computations of basic and diluted earnings per share	12,963	8,260
	'000	'000
Weighted average number of ordinary shares for basic and diluted earnings per share computation	568,710	568,710

13. Property, furniture, fixtures and equipment

Group	Furniture and Fittings $'000	Electrical Installation and Office Equipment $'000	Motor Vehicles $'000	Data Processing Equipment $'000	Leasehold Improvements $'000	Leasehold Building $'000	Total $'000
Cost or Valuation							
At 1 July 2009	1,595	3,645	2,012	8,423	33,233	14,075	62,983
Currency realignment	12	60	22	75	578	(543)	204
Additions	59	258	739	167	3,923	–	5,146
Disposals	(9)	(444)	(969)	(79)	(4,310)	–	(5,811)
Transfer from investment properties (Note 14)	–	–	–	–	–	1,381	1,381
At 30 June 2010 and 1 July 2010	1,657	3,519	1,804	8,586	33,424	14,913	63,903
Currency realignment	(24)	(94)	(27)	7	(915)	(1,982)	(3,035)
Acquisition of subsidiary (Note 15)	6	9	–	4	6	–	25
Additions	268	448	1,235	524	5,368	–	7,843
Disposals	(229)	(548)	(495)	(3,662)	(2,349)	–	(7,283)
Transfer from investment properties (Note 14)	–	–	–	–	–	3,095	3,095
At 30 June 2011	1,678	3,334	2,517	5,459	35,534	16,026	64,548
Accumulated depreciation and impairment loss							
At 1 July 2009	1,115	2,040	1,600	7,808	21,072	3,205	36,840
Currency realignment	1	36	11	68	437	(123)	430
Charge for the financial year	109	392	274	387	6,078	273	7,513
Impairment loss for the financial year	–	–	–	–	531	–	531
Disposals	(7)	(181)	(781)	(45)	(3,682)	–	(4,696)
Transfer from investment properties (Note 14)	–	–	–	–	–	(13)	(13)
At 30 June 2010 and 1 July 2010	1,218	2,287	1,104	8,218	24,436	3,342	40,605
Currency realignment	(13)	(57)	(50)	62	(679)	(460)	(1,197)
Charge for the financial year	121	382	294	262	4,739	316	6,114
Impairment loss for the financial year	–	–	–	–	146	–	146
Transfer from investment properties (Note 14)	–	–	–	–	–	696	696
Disposals	(87)	(507)	(495)	(3,640)	(1,817)	–	(6,546)
At 30 June 2011	1,239	2,105	853	4,902	26,825	3,894	39,818
Net book value							
At 30 June 2011	439	1,229	1,664	557	8,709	12,132	24,730
At 30 June 2010	439	1,232	700	368	8,988	11,571	23,298

During the financial year, an impairment loss of $146,000 (2010: $531,000) was recognised on leasehold improvements to bring their carrying values to their recoverable values. Their recoverable amounts were based on the value in use of the leasehold improvements.

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

Company	Furniture and Fittings	Electrical Installation and Office Equipment	Motor Vehicles	Data Processing Equipment	Leasehold Improvements	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost or Valuation						
At 1 July 2009	138	1,031	856	572	2,124	4,721
Additions	–	–	–	12	193	205
Disposals	–	–	(408)	–	–	(408)
Transfers	–	(186)	–	–	186	–
At 30 June 2010 and 1 July 2010	138	845	448	584	2,503	4,518
Additions	–	12	1,161	9	–	1,182
Disposals	–	(467)	(442)	(567)	–	(1,476)
At 30 June 2011	138	390	1,167	26	2,503	4,224
Accumulated depreciation and impairment loss						
At 1 July 2009	16	589	457	571	560	2,193
Charge for the financial year	13	80	126	6	511	736
Disposals	–	–	(220)	–	–	(220)
Transfers	–	(12)	–	–	12	–
At 30 June 2010 and 1 July 2010	29	657	363	577	1,083	2,709
Charge for the financial year	14	81	132	6	509	742
Disposals	–	(467)	(438)	(567)	–	(1,472)
At 30 June 2011	43	271	57	16	1,592	1,979
Net book value						
At 30 June 2011	95	119	1,110	10	911	2,245
At 30 June 2010	109	188	85	7	1,420	1,809

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Net book value includes furniture, fixtures and equipment under finance leases: -				
Motor vehicles	1,492	604	1,110	85

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

14. Investment properties

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Balance sheet:				
Cost				
At 1 July	11,085	29,177	–	9,484
Disposals	–	(16,076)	–	(9,484)
Transfer to Property, furniture, fixtures and equipment (Note 13)	(3,095)	(1,381)	–	–
Currency realignment	(1,229)	(635)	–	–
At 30 June	6,761	11,085	–	–
Accumulated depreciation and impairment loss				
At 1 July	3,069	10,044	–	3,601
Currency realignment	(332)	(198)	–	–
Charge for the financial year	148	113	–	113
Disposals	–	(5,731)	–	(3,714)
Transfer to Property, furniture, fixtures and equipment (Note 13)	(696)	13	–	–
Reversal of impairment loss	(509)	(1,172)	–	–
At 30 June	1,680	3,069	–	–
Net book value	5,081	8,016	–	–

The reversal of impairment loss on the investment properties was due to the changes in their open market values and expected future cash flow.

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Income statement				
Rental income from investment properties	199	641	–	146
Direct operating expenses	79	135	–	23

Valuation was carried out by accredited independent valuers on an open market, existing use basis. The value of the investment properties of the Group is $5,081,000 (2010: $8,016,000) respectively.

Transfer to Property, furniture, fixtures and equipment

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

The investment properties held by the Group as at 30 June 2011 are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
1 unit on 23rd Floor of a 26-storey commercial building	Commercial	Leasehold	36 years

15. Subsidiaries

	Company 2011 $'000	Company 2010 $'000
Investment in subsidiaries:		
Unquoted shares, at cost	100,820	100,127
Impairment losses	(29,854)	(29,854)
	70,966	70,273
Receivables from subsidiaries:		
Loans receivable, unsecured	21,341	21,037
Other receivables	75,420	76,982
Accrual for financial undertakings	(5,951)	(5,586)
	90,810	92,433
Allowance for doubtful debts	(50,632)	(46,765)
	40,178	45,668
	111,144	115,941

Details of the subsidiaries are set out at Note 4.

The loans receivable have no fixed terms of repayment and are not expected to be repaid within one year. The loans receivable bear interest at 4.0% (2010: 4.0%) per annum. The other receivables are non-trade related, unsecured, interest-free, with no fixed terms of repayment and repayable only when the cash flow of the subsidiaries permit.

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

The Company has undertaken not to recall the loans receivable and amounts receivable from certain subsidiaries amounting to $5,383,000 (2010: $3,326,000) and $46,593,000 (2010: $48,912,000) respectively, until such time the subsidiaries are in the position to repay the amounts without impairing their respective liquidity positions.

15. Subsidiaries (continued)

Acquisition of subsidiary

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

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

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

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

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

Trade debtors acquired

Trade debtors acquired comprise of trade receivables with fair values of $177,000, which also represents the gross amounts of the trade debtors. It is expected that the full amounts of the trade debtors will be collected.

15. Subsidiaries (continued)

Goodwill arising from consolidation

The goodwill of $559,000 comprises the value of strengthening the Group's market position within the fashion industry, and the synergies expected to arise between the brand Catherine Deane, and the Group's current in-house brand RAOUL – particularly in areas of creative design, sourcing, production, marketing and brand building.

Transaction costs

Transaction costs related to the acquisition of $27,000 have been recognised in the "Other costs" line item in the Group's consolidated income statement for the year ended 30 June 2011.

Impact of the acquisition on profit or loss

From the acquisition date, Arcangel has contributed $568,000 of revenue and loss of $483,000 to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the revenue would have been $354,483,000 and the Group's profit net of tax would have been $12,990,000.

16. Goodwill

	Group	
	2011	**2010**
	$'000	$'000
At 1 July	–	–
Acquisition of a subsidiary (Note 15)	559	–
At 30 June	559	–

Impairment testing of goodwill

Goodwill acquired through business combination has been allocated to the Distribution segment.

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

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

17. Investment in associates

	Group 2011 $'000	Group 2010 $'000
Shares, at cost	5,095	5,095
Impairment losses	(1,559)	(1,559)
Share of post-acquisition reserves	9,886	7,797
Share of exchange translation reserve	(796)	(391)
	12,626	10,942
Fair value of investment in an associate for which there is published price quotation	5,239	6,287

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

(a) a 50% (2010: 50%) interest in a Singapore-incorporated company whose principal activities comprise the operating of cafes and entertainment outlets. It remains dormant during the financial year. The entity is audited by Ernst & Young LLP, Singapore;

(b) a 48% (2010: 48%) interest in a Singapore-incorporated company whose principal activities comprise investment holding. The entity is audited by Ernst & Young LLP, Singapore;

(c) a 21.64% (2010: 21.64%) interest in a Singapore-incorporated company whose principal activities comprise investment holding. The entity is audited by Ernst & Young LLP, Singapore; and

(d) a 50% (2010: 50%) interest in an Indonesia-incorporated company whose principal activities comprise the distribution of consumer fashion wear, accessories and timepieces and other sales related activities. The entity is audited by an associated firm of Moore Stephens International Limited.

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

The summarised aggregated financial information of the associates are as follows:

	2011 $'000	2010 $'000
Assets and liabilities:		
Non-current assets	27,261	26,823
Current assets	84,406	78,861
Total assets	111,667	105,684
Current liabilities	71,676	56,117
Non-current liabilities	9,076	20,268
Total liabilities	80,752	76,385
Results:		
Revenue	139,207	131,977
Profit for the year	2,389	1,826

18. Other investment

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Available-for-sale financial assets:				
Unquoted equity investments, at cost	2,246	2,246	2,760	2,760
Quoted equity investments	527	527	527	527
	2,773	2,773	3,287	3,287
Impairment losses	(2,714)	(2,695)	(3,228)	(3,209)
	59	78	59	78
Market value: -				
Quoted equity investments	59	78	59	78

During the financial year, an impairment loss amounting to $19,000 (2010: reversal of impairment loss of $19,000) was recognised due to changes in fair value of the quoted equity instruments.

19. Other receivables

	Group 2011 $'000	Group 2010 $'000
Loan receivable from associate, unsecured	260	260

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

20. Inventories

	Group 2011 $'000	Group 2010 $'000
Trading stocks: -		
On hand	79,781	73,471
On consignment	5,290	6,158
In transit	6,598	5,017
Work-in-progress	2,721	1,865
Total inventories at lower of cost and net realisable value	94,390	86,511
Allowance for inventories charged to the income statement	4,825	5,171
Inventories written down charged to the income statement	799	1,344

During the financial year, the Group reversed $4,559,000 (2010: $3,499,000) of inventories written down to cost of sales, due to a higher than expected realisation on disposal.

21. Trade debtors

	Group 2011 $'000	Group 2010 $'000
External trade debtors	15,964	12,080
Trade debts due from an associate	41,591	31,384
	57,555	43,464
Allowance for doubtful debts charged to the income statement	38	26

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

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 2011 $'000	Group Individually impaired 2010 $'000
Trade debtors - nominal amounts	931	999
Allowance for impairment	(931)	(999)
	–	–
Movement in allowance accounts		
At 1 July	999	1,105
Allowance for the financial year	38	26
Written off	(118)	(148)
Exchange differences	12	16
At 30 June	931	999

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

22. Other debtors

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Other receivables	3,189	3,787	9	2
Deposits	5,209	4,806	92	107
Prepayments	2,785	2,003	3	2
Advances	24	40	6	6
Due from subsidiaries	–	–	102,364	66,297
Derivative financial asset	22	18	–	–
Due from associates	9,803	10,386	10	–
	21,032	21,040	102,484	66,414

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

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

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

	Group	
	Individually impaired	
	2011	2010
	$'000	$'000
Other receivables - nominal amounts	1,207	664
Allowance for impairment	(1,207)	(664)
	–	–
Movement in allowance accounts		
At 1 July	664	664
Allowance for the financial year	543	–
At 30 June	1,207	664

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

23. Trade and other creditors

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Trade creditors	53,089	43,750	–	–
Accruals	13,396	11,330	1,334	1,793
Sundry creditors	8,211	6,699	200	176
Due to subsidiaries	–	–	62,384	44,609
Due to associates	192	202	–	143
	74,888	61,981	63,918	46,721

Trade creditors and sundry creditors are non-interest bearing and are generally on 30 to 120 day terms.

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

24. Finance lease creditors

The Group has entered into various finance lease facilities for its motor vehicles and data processing equipment. These leases expire over the next five years. The average discount rates implicit in the leases range from 2.7% to 3.7% (2010: 2.7% to 6.2%) per annum. Lease terms include purchase options but do not contain restrictions concerning payments of dividends, additional debt or further leasing.

There was no (2010: nil) contingent rent recognised as an expense in the period.

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Present value of minimum lease payments are as follow:-				
Not later than one year	328	300	121	46
Later than one year but not later than five years	532	186	519	100
Later than five years	259	–	256	–
Total present value of minimum lease payments	1,119	486	896	146
Future minimum lease repayments are as follow: -				
Not later than one year	387	344	153	53
Later than one year but not later than five years	610	199	595	107
Later than five years	264	–	264	–
Total future minimum lease payments	1,261	543	1,012	160
Amount representing interest	(142)	(57)	(116)	(14)
	1,119	486	896	146

25. Bank borrowings

	Group 2011 $'000	Group 2010 $'000
Current		
Bank overdrafts (Note 31)	32,839	24,178
Trust receipts and bills payable	32,765	22,645
Term loans	1,232	635
Short term loans	4,500	3,000
	71,336	50,458
Non-current		
Term loans	–	1,406

Corporate guarantees are given by the Company amounting to $129,028,000 (2010: $136,583,000) for facilities granted to certain subsidiaries. The short term loans bear interest at rates that ranged from 2.9% to 3.3% (2010: 2.1% to 7.2%) per annum during the financial year. The bank overdrafts bear interest at rates that ranged from 3.29% to 7.85% (2010: 4.25% to 7.55%) per annum during the financial year. The trust receipts and bills payable bear interest rates that ranged from 1.67% to 4.93% (2010: 1.23% to 4.87%) per annum during the financial year. The term loans bear interest at rates that ranged from 2.7% to 2.8% (2010: 2.63% to 2.72%) per annum during the financial year.

In financial year 2004, one of the subsidiaries of the Company issued $30 million of deferred consideration notes (the "notes") to the Company as consideration for the acquisition of F J Benjamin (Singapore) Pte Ltd and F J Benjamin Leading Watch Concepts Pte Ltd. The Company, in turn, sold the notes to one of its wholly-owned subsidiaries, via a bank. The notes are unsecured, bear interest at 9.90% (2010: 9.90%) per annum and will mature in 2018.

26. Other liabilities

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

27. Deferred taxation

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities						
Depreciation	(550)	–	550	–	–	–
Provisions	131	–	(131)	–	–	–
Other	(40)	(40)	–	–	–	–
	(459)	(40)			–	–
Deferred tax assets						
Provisions	507	690	183	(286)	–	–
Depreciation	145	(276)	(421)	295	–	–
Unutilised tax losses	12	794	782	(230)	–	–
Foreign exchange	114	(175)	(289)	245	–	–
Other	339	215	(189)	(69)	–	–
	1,117	1,248	485	(45)	–	–

Deferred tax assets

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

Unrecognised temporary differences relating to investments

At the end of the reporting period, no deferred tax liability (2010: nil) has been recognised for taxes that would be payable on the undistributed earnings and unremitted interest income of certain of the Group's investments as:

– The Group has determined that undistributed profits and unremitted interest income of its subsidiaries will not be distributed in the foreseeable future;

– The Group's 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 $17,194,000 (2010: $15,595,000). The deferred tax liability is estimated to be $2,013,000 (2010: $1,808,000).

Tax consequences of proposed dividends

There are no income tax consequences (2010: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

28. Share capital

	Group and Company			
	2011	2011	2010	2010
	No. of shares		No. of shares	
	‘000	$’000	‘000	$’000
Ordinary shares issued and fully paid				
At 1 July and 30 June	568,710	165,447	568,710	165,447

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

29. Exchange translation reserve

The exchange translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Group, and the translation of monetary items that in substance forms part of the Company’s net investment in the foreign operations.

30. Preference shares issued by a subsidiary

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

31. Cash and cash equivalents

	Group		Company	
	2011	2010	2011	2010
	$’000	$’000	$’000	$’000
Fixed deposits	20,371	33,702	20,371	33,702
Cash on hand and at banks	44,825	26,004	392	392
	65,196	59,706	20,763	34,094

Cash at banks earn interest at floating rates based on daily bank deposit rates. Fixed deposits earned interest at floating rates ranging from 0.04% to 1.98% (2010: 0.05% to 2.01%) per annum.

31. Cash and cash equivalents (continued)

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

	Group	
	2011	**2010**
	$'000	$'000
Fixed deposits	20,371	33,702
Cash on hand and at banks	44,825	26,004
	65,196	59,706
Bank overdrafts (Note 25)	(32,839)	(24,178)
	32,357	35,528

32. Financial risk management objectives and policies

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

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

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

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

Credit risk

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

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

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

– the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values; and

– $130,143,000 (2010: $142,116,000) relating to corporate guarantee provided by the Company to banks on banking facilities granted to certain subsidiaries and associates.

32. Financial risk management objectives and policies (continued)

Credit risk (continued)

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Within 30 days	8,506	6,176	–	–
30 to 60 days	6,704	4,219	–	–
61 to 90 days	5,027	2,182	–	–
More than 90 days	13,818	17,352	–	–
	34,055	29,929	–	–

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

The Group has no significant concentration of credit risk except for an approximately 71% (2010: 71%) of the trade receivables due from an associated company group in Indonesia.

Interest rate risk

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

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

	Group			
	Basis points		Effect to the profit before tax	
	2011	**2010**	**2011**	**2010**
			$'000	$'000
Singapore dollar borrowings	75	200	227	322
Euro dollar borrowings	75	150	7	6
Malaysian dollar borrowings	75	50	221	95
US dollar borrowings	50	200	37	145

32. Financial risk management objectives and policies (continued)

Liquidity risk

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

The 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	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
Group				
2011				
Financial assets:				
Derivative financial asset	22	–	–	22
Other investments	–	–	59	59
Other receivables	–	–	260	260
Trade debtors	57,555	–	–	57,555
Other debtors	18,201	–	–	18,201
Cash on hand and at banks	65,196	–	–	65,196
	140,974	–	319	141,293
Financial liabilities:				
Trade and other creditors	74,888	–	–	74,888
Finance lease creditors	387	610	264	1,261
Bank borrowings	71,634	–	—	71,634
Other creditors	–	–	2,583	2,583
	146,909	610	2,847	150,366
2010				
Financial assets:				
Derivative financial asset	18	–	–	18
Other investments	–	–	78	78
Other receivables	–	–	260	260
Trade debtors	43,464	–	–	43,464
Other debtors	18,979	–	–	18,979
Cash on hand and at banks	59,706	–	–	59,706
	122,167	–	338	122,505
Financial liabilities:				
Trade and other creditors	61,981	–	–	61,981
Finance lease creditors	344	199	–	543
Bank borrowings	50,679	1,478	–	52,157
Other creditors	–	–	2,583	2,583
	113,004	1,677	2,583	117,264

32. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	1 year or less	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
Company				
2011				
Financial assets:				
Subsidiaries	–	–	46,129	46,129
Other investments	–	–	59	59
Other debtors	102,475	–	–	102,475
Cash on hand and at banks	20,763	–	–	20,763
	123,238	–	46,188	169,426
Financial liabilities:				
Trade and other payables	63,918	–	–	63,918
Finance lease creditors	153	595	264	1,012
	64,071	595	264	64,930
2010				
Financial assets:				
Subsidiaries	–	–	51,254	51,254
Other investments	–	–	78	78
Other debtors	66,406	–	–	66,406
Cash on hand and at banks	34,094	–	–	34,094
	100,500	–	51,332	151,832
Financial liabilities:				
Trade and other payables	46,721	–	–	46,721
Finance lease creditors	53	107	–	160
	46,774	107	–	46,881

32. Financial risk management objectives and policies (continued)

Currency exchange risk

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

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

	USD	CHF	Euro	SGD	Thb	HK$
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
2011						
Trade and other receivables	1,403	–	100	868	6,244	17,324
Trade and other payables	28,309	19,397	3,374	56,988	–	8
(Net borrowings) / net cash	(6,691)	(1,983)	(917)	6	1	4
2010						
Trade and other receivables	–	5,411	–	–	6,543	12,852
Trade and other payables	36,653	7,473	1,226	30,470	1	5
(Net borrowings) / net cash	(3,896)	(7,201)	(372)	17	–	4

	A$	Thb	RM	HK$	Euro
	$'000	$'000	$'000	$'000	$'000
Company					
2011					
Other receivables	3,814	4,771	4,272	23,142	63
2010					
Other receivables	3,453	5,355	6,020	15,405	49

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.

	2011		2010	
	Changes	Profit before tax $'000	Changes	Profit before tax $'000
USD	+3%	(1,008)	+3%	(1,216)
CHF	+3%	(641)	+3%	(278)
Euro	+4%	(168)	+16%	(256)
SGD	+3%	(1,683)	+3%	(914)
Thb	+2%	125	+2%	131
HK$	+4%	693	+4%	514

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

33. Financial instruments

Carrying value

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Financial assets carried at fair value through profit and loss				
Derivative financial asset	22	18	–	–
Loans and receivables				
Subsidiaries	–	–	46,129	51,254
Other receivables	260	260	–	–
Trade debtors	57,555	43,464	–	–
Other debtors	18,201	18,979	102,475	66,406
Cash on hand and at banks	65,196	59,706	20,763	34,094
	141,212	122,409	169,367	151,754
Available-for-sale assets				
Other investments	59	78	59	78
Financial liabilities measured at amortised cost				
Trade and other creditors	74,888	61,981	63,918	46,721
Finance lease creditors	1,119	486	896	146
Bank borrowings	71,336	51,864	–	–
Other liabilities	2,583	2,583	–	–
	149,926	116,914	64,814	46,867

33. Financial instruments (continued)

Fair value

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

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

	Group and Company 2011			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	$'000	$'000	$'000	$'000
Financial assets :				
Financial assets carried at fair value through profit and loss				
Derivative financial asset	–	22	–	22
Available-for-sale financial assets				
Other investments	59	–	–	59

	Group and Company 2010			
	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 :				
Financial assets carried at fair value through profit and loss				
Derivative financial asset	–	18	–	18
Available-for-sale financial assets				
Other investments	78	–	–	78

Fair Value Hierarchy

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2011

33. Financial instruments (continued)

Fair value (continued)

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

There have been no transfers between Level 1 and Level 2 during the financial years ended 2011 and 2010.

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

B. Financial instruments whose carrying amount approximate fair value

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

C. Financial instruments whose fair value not determinable

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

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

34. 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.

34. Segment information (continued)

Business segments

	Ongoing Retail $'000	Distribution $'000	Export $'000	Corporate and Others $'000	Group $'000
2011					
Sales to external consumers	180,389	98,398	75,131	–	353,918
Intersegment sales	–	14,035	15,120	–	29,155
Segment revenue	180,389	112,433	90,251	–	383,073
Segment results	8,012	10,211	5,940	(6,122)	18,041
Exceptional items, net					(771)
Bank interest income					61
Interest expense					(1,775)
Share of results of associates, net of tax					1,486
Profit before taxation					17,042
Taxation					(4,272)
Net profit for the financial year					12,770

	Ongoing Retail $'000	Distribution $'000	Export $'000	Corporate and Others $'000	Group $'000
2010					
Sales to external consumers	152,100	77,702	59,553	–	289,355
Intersegment sales	–	13,323	5,137	–	18,460
Segment revenue	152,100	91,025	64,690	–	307,815
Segment results	589	9,083	5,649	(6,125)	9,196
Exceptional items, net					(367)
Bank interest income					59
Interest expense					(1,758)
Investment income					303
Share of results of associates, net of tax					1,793
Profit before taxation					9,226
Taxation					(966)
Net profit for the financial year					8,260

34. Segment information (continued)

Business segments (continued)

	Ongoing Retail $'000	Distribution $'000	Export $'000	Corporate and Others $'000	Group $'000
2011					
Segment assets	90,735	84,733	43,715	37,220	256,403
Investment in associates	–	–	–	12,626	12,626
	90,735	84,733	43,715	49,846	269,029
Unallocated assets					15,068
Total assets					284,097
Segment liabilities	52,563	32,271	21,259	1,634	107,727
Unallocated liabilities					44,912
Total liabilities					152,639
Capital expenditure	4,098	2,029	534	1,182	7,843
Depreciation	3,781	1,061	214	1,206	6,262
Reversal of impairment loss on investment properties	–	–	–	(509)	(509)
Impairment loss on fixed assets	146	–	–	–	146

	Ongoing Retail $'000	Distribution $'000	Export $'000	Corporate and Others $'000	Group $'000
2010					
Segment assets	77,499	66,916	31,979	54,835	231,229
Investment in associates	–	–	–	10,942	10,942
	77,499	66,916	31,979	65,777	242,171
Unallocated assets					13,396
Total assets					255,567
Segment liabilities	48,558	18,886	16,526	2,188	86,158
Unallocated liabilities					32,200
Total liabilities					118,358
Capital expenditure	3,594	1,201	107	244	5,146
Depreciation	4,981	783	740	1,122	7,626
Reversal of impairment loss on investment properties	–	–	–	(1,172)	(1,172)
Impairment loss on fixed assets	531	–	–	–	531

34. Segment information (continued)

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
2011				
Turnover	283,876	68,636	1,406	353,918
Other geographical information:				
Non- current assets	24,398	19,734	300	44,432
Capital expenditure	6,134	1,670	39	7,843
2010				
Turnover	244,940	40,696	3,719	289,355
Other geographical information:				
Non- current assets	22,513	20,684	645	43,842
Capital expenditure	4,306	490	350	5,146

35. Operating leases

The Group has various operating lease agreements for retail outlets, office premises and office equipment. The leases expire at various dates till 2017 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 no (2010: nil) contingent rent other than turnover rent 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	
	2011 $'000	**2010** $'000
Within one year	36,954	33,520
Between one year to five years	48,684	43,841
Later than five years	637	–
	86,275	77,361

35. Operating leases (continued)

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

	Group	
	2011	**2010**
	$'000	$'000
Within one year	223	97
Between one year to two years	186	–
	409	97

There was no (2010: nil) contingent rent recognised as an income during the period.

36. Contingent liabilities, unsecured

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

37. Commitments

As at 30 June 2011, the Group has entered into several licensing and distribution agreements with its principals. Under the agreements, the Group is committed to certain levels of purchases and advertising expenditure in accordance with the agreed terms and conditions. The Group has substantially met these purchase and advertising commitments.

As at 30 June 2011, the Group has outstanding forward contracts with settlement dates within the next one year of US dollar 6,485,000 and Euro 1,346,000 (2010: Swiss Franc 859,000, US dollar 1,190,000 and Euro 361,000).

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

38. Related party transactions disclosure

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

	2011 $'000	2010 $'000
Sale of goods to an associate	57,621	51,084
Market support and administrative service income from an associate	5,534	4,856
Purchase of goods from an associate	291	60
Sale of motor vehicle to a Director	133	–
Directors' fees		
- Directors of the Company	250	250
- Other directors of subsidiaries	4	79
Remuneration of key management personnel:		
- Directors of the Company	3,706	2,676
- Other directors of subsidiaries	2,521	2,372
- Non directors	807	369
	7,034	5,417

Provident fund contributions of $157,000 (2010: $134,000) are included in remuneration of key management personnel.

39. 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 2011 and 30 June 2010. The Group has complied with bank covenants, relating to net equity arising from its borrowings for the financial year 30 June 2011 and 30 June 2010.

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

	Group	
	2011 $'000	2010 $'000
Bank borrowings	71,336	51,864
Finance lease	1,119	486
Less: cash on hand and at banks	(65,196)	(59,706)
Net debt / (cash)	7,259	(7,356)
Equity attributable to owners of the parent	131,434	137,085
Net profit attributable to owners of the parent for the financial year	12,963	8,260
Gearing ratio	5.5%	–
Return on equity	9.9%	6.0%

40. Dividends

	Group and Company	
	2011	**2010**
	$'000	$'000
Paid during the financial year:		
First and final dividend (one-tier tax exempt) for financial year 2010: 2.0 cents [2009: 0.5 cent (one-tier tax exempt)] per ordinary share	11,374	2,844
	11,374	2,844
Proposed but not recognised as a liability as at 30 June:		
First and final dividend (one-tier tax exempt) for financial year 2011: 2.0 cents [2010: first and final dividend 2.0 cents (one-tier tax exempt)] per ordinary share	11,374	11,374
	11,374	11,374

41. Events occurring after the reporting period

Collaboration with P.T. Sukses Mitra Persada ("PT Sukses") in Indonesia

Subsequent to year end, the Group entered into an agreement (the "Collaboration Agreement") with PT Sukses to explore opportunites to collaborate in new business or investment opportunities in Indonesia for activities relating to manufacturing, retail, distribution and marketing of fashion products. The Collaboration Agreement is for duration of 10 years or such longer period as may be agreed between the parties. Under the Collaboration Agreement, PT Sukses shall, inter alia, identify, create and develop new opportunities for the business in Indonesia, and obtain, provide and introduce existing or new network and contacts for the business to the Group.

Incorporation of subsidiary in Milan, Italy

Subsequent to year end, the Group incorporated a wholly-owned subsidiary, F J Benjamin Italy S.R.L. ("F J Benjamin Italy") in Milan, Italy. F J Benjamin Italy was incorporated with a paid up capital of EUR 10,000 and its principal activity is to promote, market and represent, including retail activity, fashion apparel and accessories for the Group, both in Italy and internationally.

42. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2011 were authorised for issue in accordance with a resolution of the Directors dated 26 September 2011.

STATISTICS OF SHAREHOLDINGS

As at 14 September 2011

Distribution of Shareholdings

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%
1	–	999	58	1.14	4,281	0.00
1,000	–	10,000	3,270	64.10	14,653,780	2.58
10,001	–	1,000,000	1,751	34.33	96,508,175	16.97
1,000,001	AND	ABOVE	22	0.43	457,543,621	80.45
TOTAL			**5,101**	**100.00**	**568,709,857**	**100.00**

Twenty Largest Shareholders

	Name	No. of Shares	%
1.	DBS NOMINEES PTE LTD	110,095,900	19.36
2.	LIM ENG HOCK	65,000,000	11.43
3.	RAFFLES INVESTMENTS LIMITED	62,280,000	10.95
4.	HSBC (SINGAPORE) NOMINEES PTE LTD	46,020,500	8.09
5.	BNP PARIBAS SECURITIES SERVICES SINGAPORE PTE LTD	37,294,000	6.56
6.	HONG LEONG FINANCE NOMINEES PTE LTD	20,569,000	3.62
7.	UNITED OVERSEAS BANK NOMINEES PTE LTD	18,725,040	3.29
8.	BENJAMIN ELI MANASSEH *	17,010,050	2.99
9.	UOB KAY HIAN PTE LTD	16,569,000	2.91
10.	WESTERN PROPERTIES PTE LTD	15,215,000	2.68
11.	CITIBANK NOMINEES SINGAPORE PTE LTD	15,001,492	2.64
12.	KESTREL CAPITAL (HONG KONG) LIMITED	9,312,000	1.64
13.	THIAN YIM PHENG	4,500,000	0.79
14.	OCBC SECURITIES PRIVATE LTD	3,678,000	0.65
15.	OCBC NOMINEES SINGAPORE PTE LTD	2,607,080	0.46
16.	KIM ENG SECURITIES PTE. LTD.	2,475,120	0.44
17.	PHILLIP SECURITIES PTE LTD	2,304,000	0.41
18.	DB NOMINEES (SINGAPORE) PTE LTD	2,136,439	0.38
19.	CHANG SEE HIANG	2,100,000	0.37
20.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,715,000	0.30
TOTAL		**454,607,621**	**79.96**

* Excludes 7,000,000 shares held by nominees

STATISTICS OF SHAREHOLDINGS

As at 14 September 2011

Substantial Shareholders as Recorded in the Register of Substantial Shareholders

		Direct Interest	%	Deemed Interest	%
1.	Lim Eng Hock	65,000,000	11.43	36,341,000	6.39
2.	Segulah Pte Ltd @	91,937,900	16.17	–	–
3.	Raffles Investments Limited #	62,280,000	10.95	–	–
4.	Temasek Holdings (Private) Ltd @	–	–	91,937,900	16.17
5.	DBS Trustee Limited @	–	–	91,937,900	16.17
6.	DBS Group Holdings Limited @	–	–	91,937,900	16.17
7.	DBS Bank Ltd. @	–	–	91,937,900	16.17
8.	Aequitas Pte Ltd #	–	–	62,280,000	10.95
9.	Kambau Pte Ltd #	–	–	62,280,000	10.95
10.	Siong Lim Private Limited #	–	–	62,280,000	10.95
11.	Tecity Pte Ltd #	–	–	62,280,000	10.95
12.	Dr Tan Kheng Lian #	–	–	62,280,000	10.95
13.	Aberdeen Asset Management Asia Limited	–	–	45,939,000	8.08
14.	Aberdeen Asset Management PLC and its subsidiaries	–	–	45,939,000	8.08
15.	Frank Benjamin	–	–	37,691,000	6.63
16.	Mavis Benjamin, Mrs	–	–	37,691,000	6.63

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

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

Percentage of Shareholdings in Public's Hands

Based on the information available to the Company, as at 14 September 2011, approximately 36% of the Company's shares were held in the hands of the public. Hence, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

F J BENJAMIN HOLDINGS LTD

(Co. Reg. No. 197301125N)
(Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of F J Benjamin Holdings Ltd (the "Company") will be held at Lavender Room, Level 3, Orchard Hotel, 442 Orchard Road, Singapore 238879 on Friday, 28 October 2011 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 30 June 2011 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 2.0 cents per ordinary share one-tier tax exempt for the year ended 30 June 2011 (2010: 2.0 cents per ordinary share). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring by rotation pursuant to Article102 of the Articles of Association of the Company:

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

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

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

4. To pass the following Ordinary Resolutions pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act"):

   a) to re-appoint Mr Frank Benjamin, a Director of the Company retiring under Section 153(6) of the Companies Act, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. [See Explanatory Note (i)] **(Resolution 5)**

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

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

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

5. To note the retirement of Mr Joseph Grimberg, a Director of the Company retiring pursuant to Section 153(6) of the Companies Act and who is not seeking re-appointment.

6. To approve the payment of Directors' Fees of up to S$260,000 for the year ending 30 June 2012 to be paid quarterly in arrear (2011: S$250,000). **(Resolution 7)**

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

8. 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:

9. **Authority to issue shares**

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

(a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, options, warrants, debentures or other instruments convertible into shares,

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

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

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to the shareholders of the Company (including shares to be issued in pursuance of any Instruments made or granted pursuant to this Resolution) shall not exceed 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) any new shares arising from the conversion or exercise of any Instruments or any convertible securities;

(b) any new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the listing rules of the SGX-ST as may for the time being be applicable (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (ii)] **(Resolution 9)**

10. **Renewal of Share Purchase Mandate**

That:

(a) for the purposes of the Companies Act, the exercise by the Directors of the Company of all powers of the Company to purchase or otherwise acquire shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) ("Market Purchase"), transacted on the SGX-ST through the ready market, through one (1) or more duly licensed stock brokers appointed by the Company for that purpose; and/or

(ii) off-market purchase(s) ("Off-Market Purchase") effected pursuant to an equal access scheme, as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all conditions prescribed by the Companies Act;

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

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring 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

(c) in this Ordinary Resolution:

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

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

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

(i) in the case of a Market Purchase, 105% of the Average Closing Price (hereinafter defined); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price, where:

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

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he/she may consider necessary expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.
[See Explanatory Note (iii)] **(Resolution 10)**

By Order of the Board

Karen Chong Mee Keng
Company Secretary

Singapore, 12 October 2011

Explanatory Notes:

(i) The effect of the Ordinary Resolutions 5 and 6 proposed in item 4 above, are to re-appoint Directors of the Company who are over 70 years of age.

(ii) The Ordinary Resolution 9 in item 9 above, if passed, will empower the Directors of the Company to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 10% may be issued other than on a pro-rata basis to the shareholders of the Company.

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

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

(iii) The Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors of the Company to exercise all powers of the Company to purchase or otherwise acquire (whether by way of market purchases or off-market purchases) shares on the terms of the Share Purchase Mandate as set out in the attached letter to shareholders of the Company (the "Letter"). The authority conferred by the shareholders of the Company will continue in force until the earlier of the date of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, unless previously revoked or varied by the Company in a general meeting.

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

An illustration of the financial impact of the share purchases by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group for the financial year ended 30 June 2011 is set out in the Letter.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company. The instrument appointing a proxy must be under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10 Science Park Road, #04-01, The Alpha, Singapore Science Park II, Singapore 117684 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

SHARE PURCHASE MANDATE

F J BENJAMIN HOLDINGS LTD

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

Board of Directors:
Frank Benjamin, Executive Chairman
Keith Tay Ah Kee, Non-Executive Deputy Chairman
Eli Manasseh Benjamin, Chief Executive Officer
Douglas Jackie Benjamin, Executive Director
Karen Chong Mee Keng, Executive Director
Joseph Grimberg, Independent Director
Reggie Thein, Independent Director
Wong Ai Fong, Independent Director
Chew Kwee San, Independent Director

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

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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 12 October 2011 (the "**Notice of AGM**") convening the AGM to be held on 28 October 2011 (the "**2011 AGM**"), and (b) the ordinary resolution number 10 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 2011 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

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

The authority conferred pursuant to the 2010 Share Purchase Mandate may be exercised by the Directors at any time during the period commencing from the date of the 2010 AGM and expiring on the date when the next AGM of the Company is held, or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

Accordingly, the Directors shall seek the approval of the Shareholders for the renewal of the Share Purchase Mandate at the 2011 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(a) 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 would 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 2011 AGM, are similar in terms to those previously approved by Shareholders at the 2010 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 2011 AGM at which the renewal of the Share Purchase Mandate is approved). Any Shares which are held as treasury shares will be disregarded for purposes of computing the 8% limit.

For illustrative purposes only, on the basis of 568,709,857 Shares in issue as at the Latest Practicable Date (as defined herein) and assuming no further Shares are issued on or prior to the date of the 2011 AGM, not more than 45,496,789 Shares (representing 8% of the total number of Shares as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate during the duration referred to in paragraph 2.3(b) below.

(b) Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2011 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;

(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 the purpose; and/or

(ii) off-market purchase(s) ("**Off-Market Purchase**") effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act.

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

(A) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(B) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and

(C) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

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

(1) the terms and conditions of the offer;

(2) the period and procedures for acceptances;

(3) the reasons for the proposed purchase or acquisition of Shares;

(4) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;

(5) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST; and

(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), 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.

(d) Maximum Purchase Price

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

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price, in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

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

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

2.4 Status of Purchased Shares

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

2.5 Treasury Shares

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

(a) Maximum Holdings

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

(b) Voting and Other Rights

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

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

(c) Disposal and Cancellation

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

(i) sell the treasury shares for cash;

(ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;

(iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares; or

(v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

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

2.6 Reporting Requirements

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

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

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

(a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made, and

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

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

2.7 Source of Funds

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

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

2.8 Financial Effects

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

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

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

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

For illustrative purposes only, the financial effects of the Share Purchase Mandate on the Company and the Group, based on the audited financial accounts of the Group for the financial year ended 30 June 2011 are based on the assumptions set out below:

(a) based on 568,709,857 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are held by the Company as treasury shares on or prior to the date of the 2011 AGM, not more than 45,496,789 Shares (representing 8% of the total number of issued Shares of the Company as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate;

(b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 45,496,789 Shares at the Maximum Price of S$0.35 for a Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 45,496,789 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S$15.924 million; and

(c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 45,496,789 Shares at the Maximum Price of S$0.40 for a Share (being the price equivalent to 20% above the average of the closing market prices of the Shares on the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 45,496,789 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S$18.199 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 solely by internal sources of funds; (ii) the Share Purchase Mandate had been effective on 30 June 2011; and (iii) the Company had purchased or acquired 45,496,789 Shares (representing 8% of the total number of issued Shares of the Company at the Latest Practicable Date) on 30 June 2011, the financial effects of the purchase or acquisition of 45,496,789 Shares by the Company pursuant to the Share Purchase Mandate:

(i) by way of purchases made entirely out of capital and held as treasury shares; and

(ii) by way of purchases made entirely out of capital and cancelled,

on the audited financial accounts of the Company and the Group for the financial year ended 30 June 2011 are set out below:

SHARE PURCHASE MANDATE

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

(A) Market Purchases

	Group		Company	
	Before Share Purchase	**After Share Purchase**	**Before Share Purchase**	**After Share Purchase**
	S$'000	S$'000	S$'000	S$'000
As at 30 June 2011				
Issued capital and reserves	131,458	131,458	171,394	171,394
Treasury shares	–	(15,924)	–	(15,924)
Total shareholders' equity	131,458	115,534	171,394	155,470
NTA	131,458	115,534	171,394	155,470
Profit after taxation and minority interest	12,770	12,770	11,391	11,391
Net debt / (Net cash)	7,259	23,183	(19,867)	(3,943)
Number of Shares ('000)	568,710	568,710	568,710	568,710
Financial Ratios				
NTA per Share (cents)	23.12	20.32	30.14	27.34
Gross debt gearing (%)	55.12	62.71	0.52	0.58
Net debt gearing (%)	5.52	20.07	(11.59)	(2.54)
Current ratio (times)	1.61	1.50	1.91	1.66
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	14.09	14.09	1,135.55	1,135.55
Basic EPS (cents)				
(before exceptional items)	2.38	2.38	2.75	2.75
(after exceptional items)	2.25	2.25	2.00	2.00
ROE (%)	9.71	11.05	6.65	7.33

(B) Off-Market Purchases

	Group		Company	
	Before Share Purchase	**After Share Purchase**	**Before Share Purchase**	**After Share Purchase**
	S$'000	S$'000	S$'000	S$'000
As at 30 June 2011				
Issued capital and reserves	131,458	131,458	171,394	171,394
Treasury shares	–	(18,199)	–	(18,199)
Total shareholders' equity	131,458	113,259	171,394	153,195
NTA	131,458	113,259	171,394	153,195
Profit after taxation and minority interest	12,770	12,770	11,391	11,391
Net debt / (Net cash)	7,259	25,458	(19,867)	(1,668)
Number of Shares ('000)	568,710	568,710	568,710	568,710
Financial Ratios				
NTA per Share (cents)	23.12	19.92	30.14	26.94
Gross debt gearing (%)	55.12	63.97	0.52	0.58
Net debt gearing (%)	5.52	22.48	(11.59)	(1.09)
Current ratio (times)	1.61	1.49	1.91	1.63
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	14.09	14.09	1,135.55	1,135.55
Basic EPS (cents)				
(before exceptional items)	2.38	2.38	2.75	2.75
(after exceptional items)	2.25	2.25	2.00	2.00
ROE (%)	9.71	11.28	6.65	7.44

(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 2011				
Issued capital and reserves / Total shareholders' equity	131,458	115,534	171,394	155,470
NTA	131,458	115,534	171,394	155,470
Profit after taxation and minority interest	12,770	12,770	11,391	11,391
Net debt / (Net cash)	7,259	23,183	(19,867)	(3,943)
Number of Shares ('000)	568,710	523,213	568,710	523,213
Financial Ratios				
NTA per Share (cents)	23.12	22.08	30.14	29.71
Gross debt gearing (%)	55.12	62.71	0.52	0.58
Net debt gearing (%)	5.52	20.07	(11.59)	(2.54)
Current ratio (times)	1.61	1.50	1.91	1.66
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	14.09	14.09	1,135.55	1,135.55
Basic EPS (cents)				
(before exceptional items)	2.38	2.59	2.75	2.99
(after exceptional items)	2.25	2.44	2.00	2.18
ROE (%)	9.71	11.05	6.65	7.33

(B) Off-Market Purchases

	Group		Company	
	Before Share Purchase	**After Share Purchase**	**Before Share Purchase**	**After Share Purchase**
	S$'000	S$'000	S$'000	S$'000
As at 30 June 2011				
Issued capital and reserves / Total shareholders' equity	131,458	113,259	171,394	153,195
NTA	131,458	113,259	171,394	153,195
Profit after taxation and minority interest	12,770	12,770	11,391	11,391
Net debt / (Net cash)	7,259	25,458	(19,867)	(1,668)
Number of Shares ('000)	568,710	523,213	568,710	523,213
Financial Ratios				
NTA per Share (cents)	23.12	21.65	30.14	29.28
Gross debt gearing (%)	55.12	63.97	0.52	0.58
Net debt gearing (%)	5.52	22.48	(11.59)	(1.09)
Current ratio (times)	1.61	1.49	1.91	1.63
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	14.09	14.09	1,135.55	1,135.55
Basic EPS (cents)				
(before exceptional items)	2.38	2.59	2.75	2.99
(after exceptional items)	2.25	2.44	2.00	2.18
ROE (%)	9.71	11.28	6.65	7.44

Shareholders should note that the financial effects set out above are purely for illustrative purposes only. Although the proposed Share Purchase Mandate would authorise the Company to purchase or acquire up to 8% of its issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 8% of its issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Purchase Mandate or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

2.9 Take-over Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

(a) Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

(b) Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company.

Unless the contrary is established, the following persons, inter alia, will be presumed to be acting in concert, namely:

(i) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;

(ii) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;

(iii) a company with any of its pension funds and employee share schemes;

(iv) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;

(v) a financial or other professional adviser, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(vI) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

(vii) partners; and

(viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in 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.

Based on the Register of Directors' Shareholdings and the issued share capital of the Company as at the Latest Practicable Date, none of the Directors and persons acting in concert with them would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of 8% of its issued Shares as at the Latest Practicable Date.

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 until such time as the price-sensitive information has been publicly announced. In particular, in line with the best practices guides on securities dealings issued by the SGX-ST, the Company will not purchase or acquire any Shares through Market Purchases during the period of:

(a) one (1) month immediately preceding the announcement of the Company's annual results; and

(b) two (2) weeks immediately preceding the announcement of the Company's results for each of the first three (3) quarters of its financial year.

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its Shares are in the hands of the public. The "public", as defined under the Listing Manual, are persons other than the Directors, chief executive officer, Substantial Shareholders or controlling shareholders of the Company and its subsidiaries, as well as the associates of such persons.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 204,289,907 Shares, representing 35.92% of the issued Shares, are in the hands of the public. Assuming that the Company purchases its Shares 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 158,793,118 Shares, representing 30.35% 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 2010 Share Purchase Mandate in the 12 months immediately preceding the Latest Practicable Date.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

3.1 Directors' Interests

The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

Director	Number of Shares Direct Interest	Number of Shares Deemed Interest	Total Percentage Interest (%)
Frank Benjamin	–	37,691,000	6.63
Eli Manasseh Benjamin	17,010,050	7,300,000	4.27
Joseph Grimberg	–	500,000	0.09
Keith Tay Ah Kee	256,000	–	0.05
Douglas Jackie Benjamin	120,000	10,000	0.02
Wong Ai Fong	35,000	–	0.01
Karen Chong Mee Keng	–	–	–
Reggie Thein	–	–	–
Chew Kwee San	–	–	–

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 Direct Interest	Number of Shares Deemed Interest	Total Percentage Interest (%)
Lim Eng Hock	65,000,000	36,341,000	17.82
Segulah Pte Ltd	91,937,900	–	16.17
Temasek Holdings (Private) Ltd	–	91,937,900	16.17
DBS Trustee Limited	–	91,937,900	16.17
DBS Group Holdings Limited	–	91,937,900	16.17
DBS Bank Ltd.	–	91,937,900	16.17
Raffles Investments Limited	62,280,000	–	10.95
Aequitas Pte Ltd	–	62,280,000	10.95
Kambau Pte Ltd	–	62,280,000	10.95
Siong Lim Private Limited	–	62,280,000	10.95
Tecity Pte Ltd	–	62,280,000	10.95
Dr Tan Kheng Lian	–	62,280,000	10.95
Aberdeen Asset Management Asia Limited	–	45,939,000	8.08
Aberdeen Asset Management PLC and its subsidiaries	–	45,939,000	8.08
Mavis Benjamin	–	37,691,000	6.63

4. ANNUAL GENERAL MEETING

The 2011 AGM of the Company, notice of which is set out in pages 134 to 138 of the 2011 Annual Report, will be held on Friday, 28 October 2011 at 10.00 a.m. for the purpose of, inter alia, considering and if thought fit, passing with or without modifications, the resolution on the renewal of the Share Purchase Mandate as set out in the Notice of AGM.

5. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of ordinary resolution number 10, being the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate as set out in the Notice of AGM.

6. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm that, after making all reasonable enquires, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts as at the Latest Practicable Date about the Share Purchase Mandate, the Company and its subsidiaries, and that the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading.

Where information has been extracted from published or otherwise publicly available sources, 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.

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 2011 AGM:

(a) the Memorandum and Articles; and

(b) the 2011 Annual Report.

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

Frank Benjamin
Executive Chairman

SCHEDULE - DEFINITIONS

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

"AGM"	:	The annual general meeting of the Company
"Articles"	:	The Articles of Association of the Company
"Board of Directors"	:	The board of Directors of the Company
"CDP"	:	The Central Depository (Pte) Limited
"Companies Act"	:	The Companies Act (Chapter 50 of Singapore), as amended or modified from time to time
"Company"	:	F J Benjamin Holdings Ltd
"Director"	:	A director of the Company as at the date of this Letter
"EGM"	:	An extraordinary general meeting of the Company
"EPS"	:	Earnings per Share
"Group"	:	The Company, its Subsidiaries and associated companies
"Latest Practicable Date"	:	16 September 2011, being the latest practicable date prior to the printing of this Letter
"Listing Manual"	:	The listing manual of the SGX-ST
"Listing Rules"	:	The listing rules of the SGX-ST as set out in the Listing Manual
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Memorandum"	:	The Memorandum of Association of the Company
"NTA"	:	Net tangible assets
"ROE"	:	Return on equity
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	Registered holders for the time being of the Shares (other than CDP), or in the case of depositors, depositors who have Shares entered against their name in the Depository Register
"Shares"	:	Ordinary shares in the share capital of the Company

SHARE PURCHASE MANDATE

"**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**"	:	A person who has an interest or interests in one (1) or more voting Shares in the Company and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all voting Shares of the Company
"**Take-over Code**"	:	The Singapore Code on Take-overs and Mergers, as amended from time to time
"**2011 Annual Report**"	:	The annual report of the Company for the financial year ended 30 June 2011
"**S$" and "cents**"	:	Singapore dollars and cents, respectively
"**%**"	:	Percentage or per centum

The terms "**Depositor**", "**Depository Register**" and "**Depository Agent**" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The term "**controlling shareholder**" shall have the meaning ascribed to it in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in this Letter shall have the meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

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

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

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

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. For investors who have used their CPF monies to buy F J Benjamin Holdings Ltd's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ______________________________

of ______________________________

being a member/members of F J Benjamin Holdings Ltd (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above , the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Friday, 28 October 2011 at 10.00 a.m. at Lavender Room, Level 3, Orchard Hotel, 442 Orchard Road, Singapore 238879 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	**Resolutions relating to:**	**For**	**Against**
1	Directors' Report and Audited Accounts for the year ended 30 June 2011		
2	Payment of proposed first and final dividend		
3	Re-election of Mr Douglas Jackie Benjamin as a Director		
4	Re-election of Ms Karen Chong Mee Keng as a Director		
5	Re-appointment of Mr Frank Benjamin as a Director		
6	Re-appointment of Mr Reggie Thein as a Director		
7	Approval of Directors' Fees amounting to S$260,000 for year ending 30 June 2012		
8	Re-appointment of Messrs Ernst & Young LLP as Auditors		
9	Authority to issue shares		
10	Renewal of Share Purchase Mandate		

Dated this ____________ day of ____________________ 2011

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

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Science Park Road, #04-01, The Alpha, Singapore Science Park II, Singapore 117684 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

OPERATIONS DIRECTORY

OFFICES & SHOWROOMS

SINGAPORE

F J Benjamin (Singapore) Pte Ltd
F J Benjamin Lifestyle Pte Ltd
10 Science Park Road,
#04-01 The Alpha
Singapore Science Park II
Singapore 117684
Tel : (65) 6737 0155
Fax : (65) 6732 9616

MALAYSIA

F J Benjamin (M) Sdn. Bhd.
F J Benjamin Lifestyle Sdn. Bhd.
F J Benjamin Luxury Timepieces Sdn. Bhd.
12th Floor, Menara PanGlobal
No 8 Lorong P Ramlee
50250 Kuala Lumpur
Malaysia
Tel : (60) 3 2056 6888
Fax : (60) 3 2031 4405

AUSTRALIA

F J Benjamin (Aust) Pty Ltd
C/-TMF Corporate Services (Aust)
Pty Ltd
Level 16, 201 Elizabeth Street,
Sydney NSW 2000
Post: PO Box 183
Padstow NSW 2211
Tel : (02) 9211 7134
Fax : (02) 9211 6505

HONG KONG

F J Benjamin (H.K.) Limited
Fashion Dynamics HK Ltd
Island Place Tower
Room 2308, 510 King's Road
North Point
Hong Kong
Tel : (852) 2506 2666
Fax : (852) 2506 3573

Arcangel Limited
Unit A & B
22nd Floor,
235 Wing Lok Street,
Sheung Wan
Hong Kong
Tel : (852) 2308 4091
Fax : (852) 2308 4090

TAIWAN

F J Benjamin (Taiwan) Ltd
5F, No 260 Tun Hwa North Road
105 Taipei
Taiwan, Republic of China
Tel : (886) 2 2719 3880
Fax : (886) 2 2719 5080

CHINA

F J Benjamin (Shanghai) Co. Ltd.
Room 1706 Shanghai Times Square
Office Building, 93 Huai Hai Zhong
Road, Shanghai, China
Postal code 200021
Tel : (021) 6391 8001
Fax : (021) 6391 8002

USA

F J Benjamin Fashions (U.S.) Inc.
601 West 26th Street
Suite 1745
New York, New York 10001
United States of America
Tel : (1) 212 206 8264
Fax : (1) 212 206 7771

ITALY

F J Benjamin Italy S.R.L.*
39 Via Alessandro
Manzoni, Milan
Italy

**Operational in November 2011*

A METAFUSION DESIGN

FJ BENJAMIN

CO. REG. NO. 197301125N

10 Science Park Road, #04-01 The Alpha, Singapore Science Park II, Singapore 117684
www.fjbenjamin.com
TEL: +65 6737 0155 **FAX**: +65 6732 9616