FJ BENJAMIN

ANNUAL REPORT 2012/13

Contents

Corporate Profile

With a rich heritage dating back to 1959, SGX-listed F J Benjamin Holdings Ltd is an industry leader in brand building and management, and development of retail and distribution networks for international luxury and lifestyle brands across Asia. Headquartered in Singapore and listed on the Singapore Exchange since November 1996, F J Benjamin has offices in eight cities, manages over 20 iconic brands and operates 212 stores.

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

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

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

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

Creative And Design
F J Benjamin's Creative & Design division handles the design and manufacturing of RAOUL.

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 Reggie Thein
Independent Director

Ms Wong Ai Fong
Independent Director

Mr Chew Kwee San
Independent Director

Mr Daniel Ong Jen Yaw
Independent Director

COMPANY SECRETARY

Ms Karen Chong Mee Keng

SHARE REGISTRAR

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

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583
Partner: Mr Vincent Toong Weng Sum
(since financial year ended 30 June 2013)

REGISTERED OFFICE

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

SOLICITORS

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

PRINCIPAL BANKERS

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

Executive Chairman's Review

For the current financial year ending 30 June 2014, our regional retail footprint will expand almost eight per cent to 450,810 sq. feet, or a total of 230 stores from 212 in FY 2013.

Dear Shareholders

The financial year under review has been one of the most challenging for the F J Benjamin Group since the global financial crisis in 2009. The results reflected the volatile times in which we operate. The Board and I are fully cognisant of the need to be nimble and flexible to overcome the business environment we now face.

While we try to manage our earnings to avoid sharp fluctuations, external conditions are beyond our control. We want to assure shareholders that despite the challenging 12 months, our fundamental strategy remains unchanged and our core focus continues to be that of improving growth prospects, reducing risks and delivering enhanced returns to our shareholders.

Our luxury timepiece business was the main drag on earnings for the financial year ended 30 June 2013 (FY 2013) and its weak performance masked the underlying strength in our fashion business. The subdued sentiment in China, affecting consumer spending, is one of the main reasons for the decline in Group profitability. This has had an effect on our business in Hong Kong and Taiwan, where the Group's mainstay is luxury timepieces. The sales in these markets declined 31%, dragging down overall turnover, and more importantly our profitability. This downturn came about quite suddenly and affected the watch and jewelry industry. As orders for goods are placed many months in advance, we found ourselves with more inventory than required. We are hopeful that in the current financial year, the situation will stabilise sufficiently to enable us to clear our stock.

The Group's fashion business continues to perform credibly, in spite of the dampened consumer outlook and reduced spending in the lifestyle arena. The luxury business continues to be buoyant and the Group will see enhanced performance of its total fashion business from FY 2014, with the addition of two important international luxury brands – Tom Ford and Valextra – in addition to opening more stores for Goyard, Celine and Givenchy. Superdry, a British clothing brand which has developed a cult following among the young and trendy, will be added to our existing fashion lifestyle business, which includes Guess, Gap and La Senza. The Group's strength has always been in identifying brands that are relevant to our markets and we believe that the new labels we have signed this year will position us well to benefit from the growing affluence of Asian consumers. For the current financial year ending 30 June 2014, our regional retail footprint will expand almost eight per cent to 450,810 sq. feet, or a total of 230 stores from 212 in FY 2013.

It has been an exciting year for our in-house flagship brand, RAOUL, as it executes its franchise strategy and continues to make inroads into the American and European markets. Although we started RAOUL as a mens' shirt business 11 years ago, focusing on sales through our own retail stores in South East Asia, we have since expanded RAOUL into a brand with full women's and men's product range. In 2010, we started to market RAOUL internationally and garnered much media support. We established showrooms in New York and Milan and a sampling facility in Shenzen. Today, RAOUL can be found in leading stores including Saks, Harrod's, Ka Da Ve, La Rinascente and over 150 international accounts.
We were very successful in garnering international media coverage in key titles and celebrity endorsements, to drive brand awareness and sales. RAOUL is at a nascent stage of international expansion and with each season we are encouraged by the moderate growth in sales. Towards this end, we have signed franchisees in China & Sri Lanka with ongoing negotiations with other parties elsewhere.

While the business of franchising and distributing brands will always be a key feature of F J Benjamin's business model, management is also taking a long-term view with regards to the Group owning its own brands and intellectual property. There are various compelling reasons for this view, not least of which is to create export opportunities and reduce the risks of being overly dependent on Asia.

During the financial year under review, the Group added nett 19 stores, including 11 in Indonesia where our new shoes and accessories brand, VNC, is doing well.

Turnover in FY 2013 slipped 5% to $373.4 million while net profit fell 70% to $4.04 million. Operating expenses rose 3% to $163.6 million due, in large part, to higher rentals and store expansion. Our balance sheet remained sound although net gearing rose to 53% as we continue to expand our network in the region.

The Board has recommended a first and final dividend payout of half a cent per ordinary share (tax-exempt one-tier), totalling $2.8 million.

Looking ahead, I have every confidence that our disciplined approach to executing our business plans and our focus on positioning the Group for long-term growth, will help us develop our business in a sustainable and worthy manner. We also believe in giving back to the community we serve. In the last three years, we have donated $150,000 to the Nanyang Academy of Fine Arts and Singapore Symphony Orchestra to develop young local talent.

Finally, I wish to thank our management and staff for their dedication and hard work in staying the course with us. I am grateful for the support of our landlords, bankers, business partners and associates. My appreciation also goes to my fellow Board members whose wise counsel and guidance helped steer the company through the year.

FRANK BENJAMIN
Executive Chairman
F J Benjamin Holdings Ltd

Chief Executive Officer's Report

Sales for the Group's fashion business rose 4% to $262.9 million, while sales for timepieces fell 22% to $109.8 million.

Dear Shareholders

A dramatic decline in luxury spending in China, a slowdown in economic growth across the region and subdued trading conditions affected our business for the financial year ended 30 June 2013 (FY 2013).

Overall, Group turnover declined with the timepiece business in North Asia suffering the sharpest drop as Chinese tourists reduced spending on luxury watches. The timepiece business in South East Asia also fell for the same reasons, but to a lesser extent. While retail margins came under some pressure, higher margins from our distribution and export business helped keep overall gross margins at the same level as last year at 43%. The reduction in revenue resulted in excess inventory mainly in timepieces, which is presently being reduced.

As we move through the new financial year, we expect sentiment to pick up in the run-up to Christmas/ Chinese New Year, which is traditionally a busy period. In the meantime, we remain focused on building our network of stores in the region, staying attuned to local market sentiment and trends and bringing in new and relevant brands to consumers in the region.

During the year under review, we expanded the Group's distribution network in the region to 212 stores. We opened a net total of 19 stores, with a net opening of seven stores in Singapore, increasing our footprint in the most prestigious shopping malls in the city-state, and two in Malaysia. In Indonesia where we continue to chalk up double-digit growth, we opened a net total of 11 stores. In line with our strategy to remain only in the best locations, we closed one store in Hong Kong.

FINANCIAL REVIEW

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

- Turnover slipped 5% to $373.4 million, as sales for the timepiece business in North Asia declined due to slower economic growth in China and weak tourist spending.
- Operating profit was down 62% to $7.54 million.
- Net profit dropped 70% to $4.04 million.
- Gross margins remained at the 43% level.
- Cost-to-revenue ratio rose to 44% from 40% last year.

By business segment, the fashion business remained the mainstay of Group turnover, accounting for 70.4% of total turnover, up from 64.0% the previous year. The timepiece business accounted for 29.4%, with the remaining 0.2% from licensing. Sales for the Group's fashion business rose 4% to $262.9 million, while sales for timepieces fell 22% to $109.8 million.

In terms of sales by country and region, fashion sales in South East Asia increased by 4%, while timepiece sales contracted by 10% compared with the previous year. Sales in Indonesia in both fashion and timepieces were strong, rising 13% from the previous year on the back of buoyant domestic demand.

While Indonesia faces some challenges on the economic front, especially with a growing current account deficit, long-term consumption remains intact, with a burgeoning middle class the engine driving the country's growth. We are optimistic of increasing our market share there by introducing new brands to the market as well as pursuing organic growth with our existing labels.

In North Asia, sales of watches fell 31% to $53.5 million as Chinese tourists held back on spending due to slower economic growth and tighter credit conditions. Management believes the long-term fundamentals of the timepiece business are sound especially as the number of Chinese tourists travelling abroad is expected to continue with double-digit growth in 2014. Management will be vigilant in monitoring changes in consumer preferences and will be on the lookout to add new brands that will appeal to Asian buyers.

The cost of operations rose mainly due to the expansion of our store network, higher rentals and other operating expenses. Operating expenses rose 3% to $163.6 million. We remain determined to manage our costs but not at the expense of the quality of our services.

RETAIL NETWORK

As at 30 June 2013, the Group's retail network comprised of 212 stores in total, up from 193 the previous year. This included 35 stores in Singapore, 67 in Malaysia, and four in Hong Kong, all of which we operated directly; and 106 in Indonesia operated by our joint venture partner.

The total square footage space occupied by our stores rose 11.5% to 416,000 sq. feet. We constantly monitor and review the number of stores and the quality of the space leased to ensure that we are in the best malls.

Capital expenditure rose 26% to $10.7 million from $8.5 million in the last financial year, mainly due to the opening of new outlets and the refurbishment of stores.

BRANDS

The Group is on course to open a Goyard store in Singapore in the prime Orchard Road area in time for the Christmas quarter of 2013. Goyard is one of France's most established luxury luggage and bag labels. We are happy to announce that we have secured distribution rights to three prestigious global brands: Tom Ford, Valextra and Superdry.

For Tom Ford, we will open a flagship store in Marina Bay Sands in January 2014. Modelled on the brand's Madison Avenue store in New York, the Singapore boutique will carry the complete range of men's and women's ready-to-wear and accessories, eyewear, fragrance, beauty and fine jewellery. The Group will also open a Tom Ford store in Jakarta in the second half of 2015.

Luxury Italian leather goods label Valextra will be making its presence felt by the end of 2013 with the opening of a stand-alone store in Singapore's premier Paragon Shopping Centre that will carry the entire range of luxurious hand bags, wallets, luggage.

We also signed a 10-year exclusive distribution agreement for Singapore and Malaysia for the British label Superdry. Three stores are scheduled to open in Kuala Lumpur by early 2014. We are currently looking for appropriate retail opportunities in Singapore.

Organic growth continues to drive our fashion business. We also renewed distribution agreements for La Senza, Guess and Guess Accessories.

Our in-house flagship brand RAOUL continues to gain momentum in the US and Europe. We also signed franchise agreements for RAOUL in China and Sri Lanka. These developments are further proof that the brand is gaining recognition as an international fashion brand while still being a fashion staple in Asian markets as well. We also recently signed up Paris-based celebrity shoe designer Raphael Young as the Accessory Designer for RAOUL. The partnership should see an expanded range of leather goods under the RAOUL label in the Pre Fall 2014 collection.

OUTLOOK

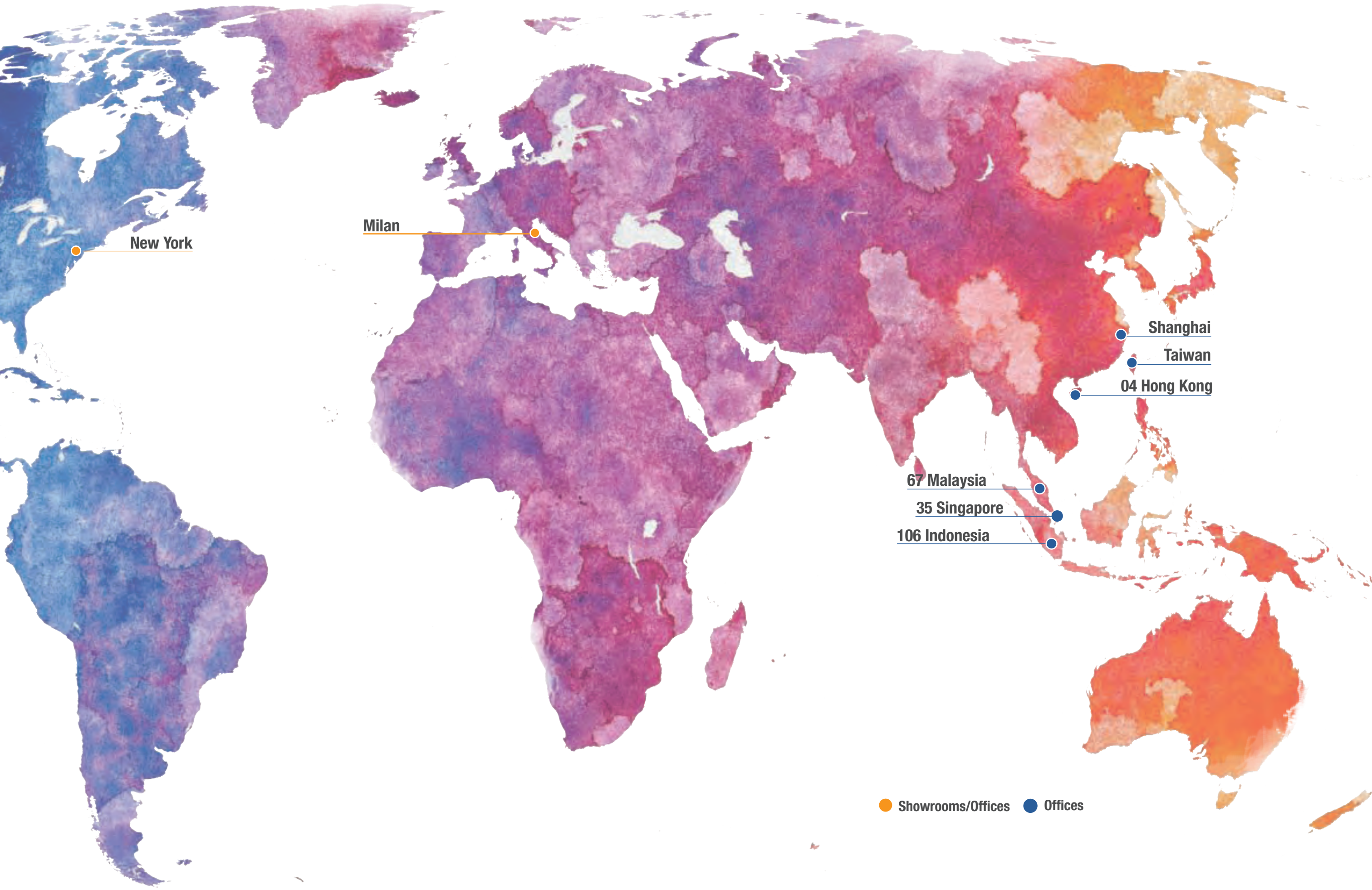
While we continue to grow our business in FY 2014 by planning new store openings and adding new labels, we will be prudent in managing our business risks and costs as we focus on growth opportunities.

APPRECIATION

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

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

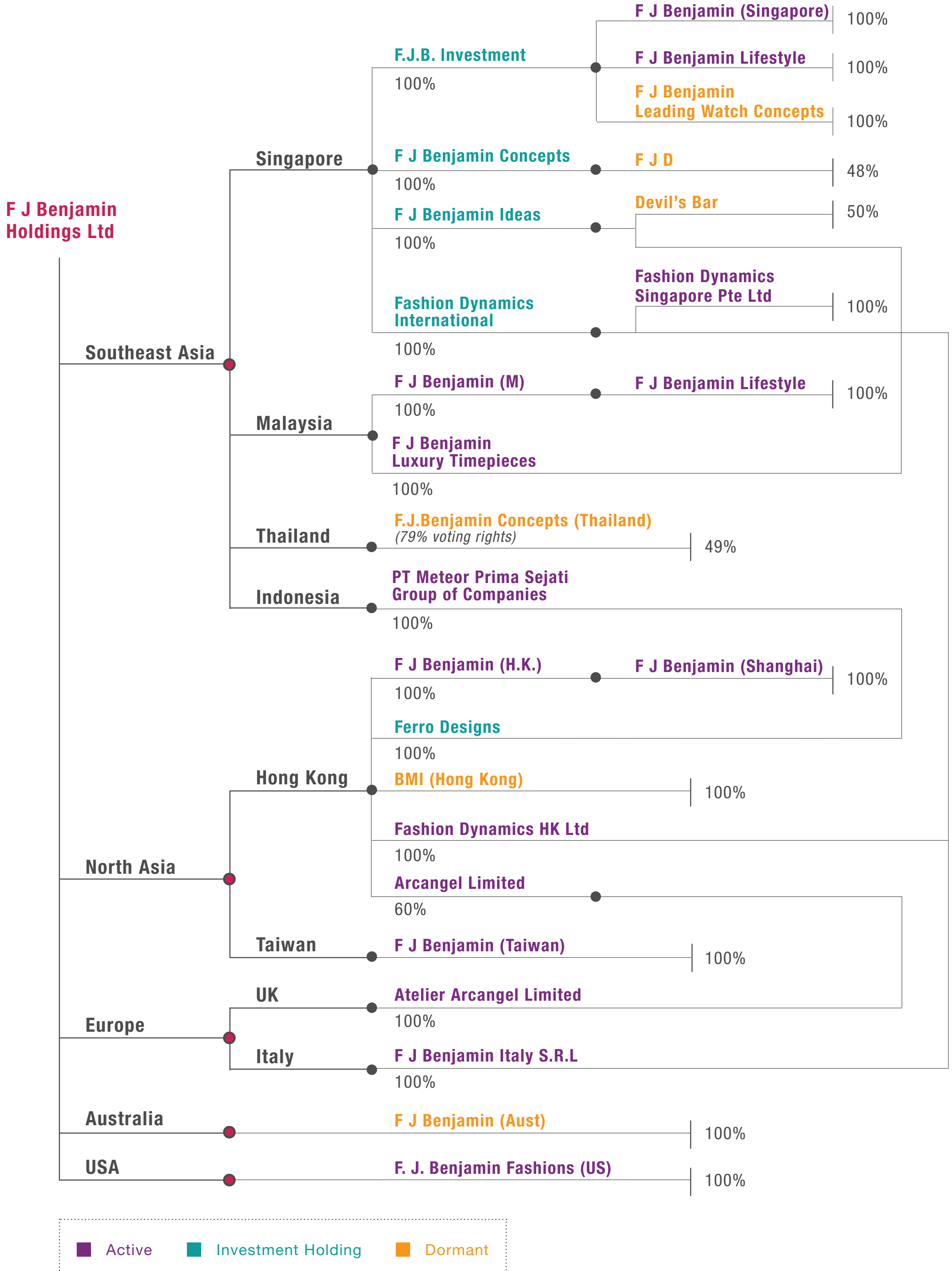
Geographical Presence



RETAIL FOOTPRINT

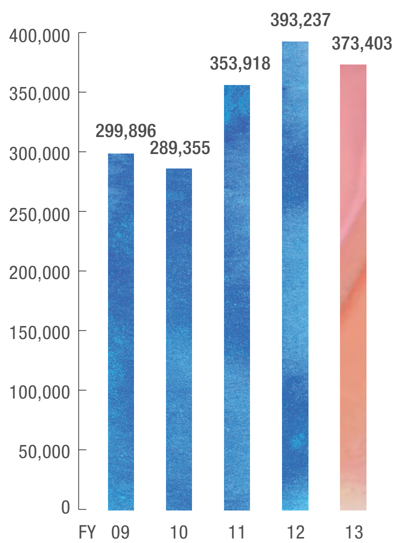
	FY 2011	FY 2012	FY 2013
Singapore	32	28	35
Malaysia	55	65	67
Indonesia	75	95	106
Hong Kong	3	5	4
Australia	1	–	–
Total	**166**	**193**	**212**

Corporate Structure

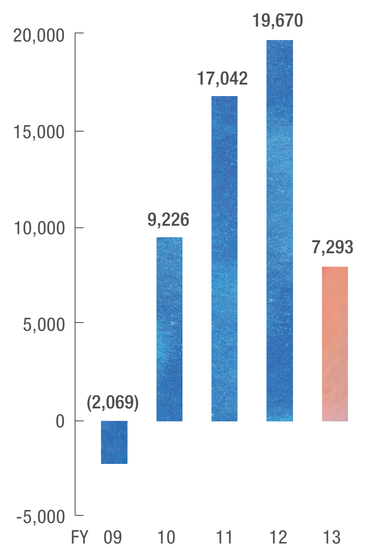


Group Five-Year Financial Summary

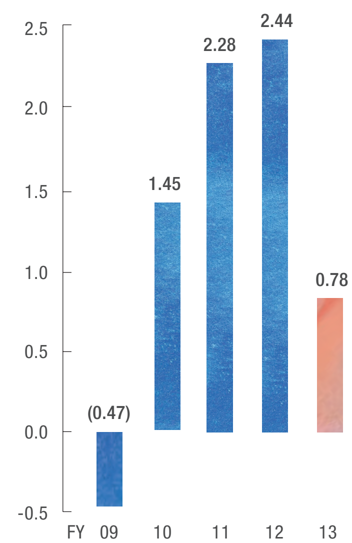
Turnover ($'000)



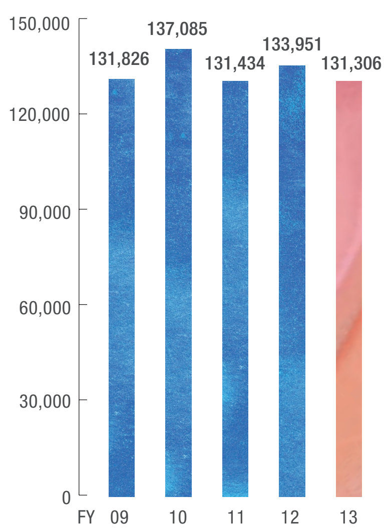
Profit/(Loss) Before Taxation ($'000)



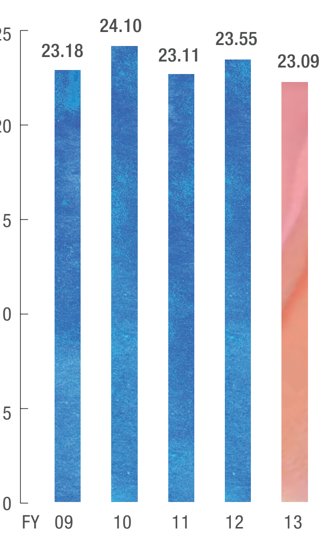
Basic Earnings/(Loss) (cents)



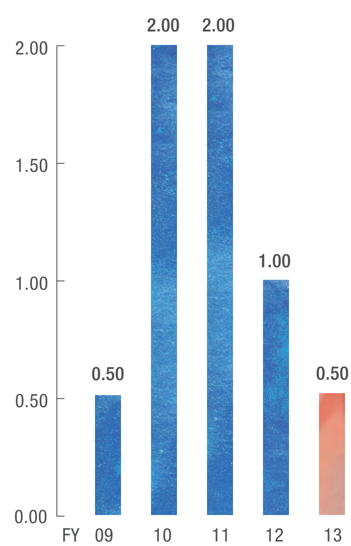
Shareholders' Equity ($'000)



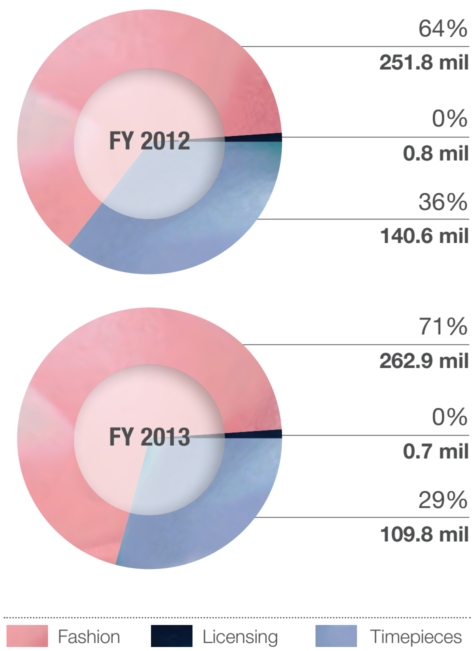
NTA per share (cents)



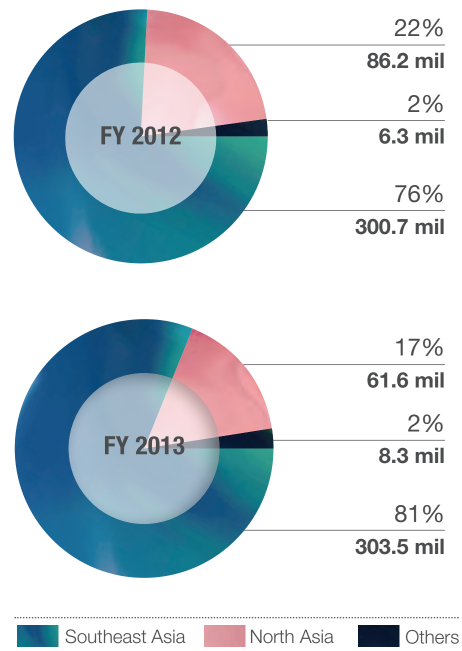
Dividend per share (cents)



Turnover by Business Segment



Turnover by Geographical Segment



	2009 $'000	2010 $'000	2011 $'000	2012 $'000	2013 $'000
PROFIT & LOSS					
Turnover	299,896	289,355	353,918	393,237	373,403
Operating Profit before Borrowing Costs and Exceptional Items	1,992	9,558	18,102	22,046	7,014
Borrowing Costs	(1,970)	(1,758)	(1,775)	(2,663)	(3,307)
Exceptional Items	(3,061)	(367)	(771)	(289)	2,819
Share of Results of Associates/Joint Venture	970	1,793	1,486	576	767
Profit/(Loss) Before Taxation	(2,069)	9,226	17,042	19,670	7,293
Profit/(Loss) After Taxation and Non-controlling Interest	(2,661)	8,260	12,963	13,898	4,447
Basic Earnings/(Loss) Per Share (cents)	(0.47)	1.45	2.28	2.44	0.78
Operating Margin (%)	0.7	3.3	5.1	5.6	1.9
BALANCE SHEET					
Non-Current Assets	55,266	43,842	44,432	61,920	55,648
Net Current Assets	79,848	97,582	90,859	81,942	82,834
Shareholders' Equity attributable to owners of the parent	131,826	137,085	131,434	133,951	131,306
Net Debt/(Net Cash)	20,151	(7,356)	7,259	52,108	69,328
Return on Equity (%)	-2.0	6.0	9.9	10.4	3.4
Net Debt to Equity	0.15	N/A	0.06	0.39	0.53
Net Tangible Assets Per Share (cents)	23.18	24.10	23.11	23.55	23.09
Dividend Per Share (cents)	0.50	2.00	2.00	1.00	0.50

Board of Directors

MR FRANK BENJAMIN

Date of appointment as Director:
5 June 1973
Date of last re-election:
25 October 2012
Nature of appointment:
Executive
Board committees served on:
Executive Committee (Chairman) and Nominating Committee

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

MR KEITH TAY AH KEE

Date of appointment as Director:
1 August 1996
Date of last re-election:
28 October 2010
Nature of appointment:
Independent
Board committees served on:
Executive Committee, Nominating Committee (Chairman) and Remuneration Committee

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

He is Chairman of Stirling Coleman Capital Ltd. He sits on the boards of Rotary Engineering Limited, SATS Ltd, Singapore Reinsurance Corporation Ltd, Singapore Post and YTL Starhill Global REIT Management Limited.

MR ELI MANASSEH (NASH) BENJAMIN

Date of appointment as Director:
26 July 1973
Date of last re-election:
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 DOUGLAS BENJAMIN

Date of appointment as Director:
3 November 2000
Date of last re-election:
28 October 2011
Nature of appointment:
Executive
Board committees served on:
Executive Committee

With F J Benjamin since 1989, Mr Douglas Benjamin is the Chief Operating Officer of the Group. He works closely with Nash Benjamin to coordinate the Group's activities. In addition, he directs the international expansion of house label RAOUL and helms the RAOUL design team in his capacity as co-creative director.

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

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

Board of Directors

MS KAREN CHONG MEE KENG

Date of appointment as Director:
1 April 2005
Date of last re-election:
28 October 2011
Nature of appointment:
Executive
Board committees served on:
Executive Committee

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

MR REGGIE THEIN

Date of appointment as Director:
8 July 2002
Date of last re-election:
25 October 2012
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 Singapore Chartered Accountants. 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.

MS WONG AI FONG

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

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

MR CHEW KWEE SAN

Date of appointment as Director:
3 November 2008
Date of last re-election:
25 October 2012
Nature of appointment:
Independent
Board committees served on:
Audit Committee
and Remuneration Committee
(1st July 2013)

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

He sits on the boards of Malaysia Smelting Corporation Bhd and the National Council of Social Service.

MR DANIEL ONG JEN YAW

Date of appointment as Director:
30 November 2011
Date of last re-election:
25 October 2012
Nature of appointment:
Independent
Board committees served on:
Audit Committee
and Nominating Committee
(1st July 2013)

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

Senior Management

SINGAPORE

IAN LIM

Chief Executive Officer
F J Benjamin (Singapore) Pte Ltd

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

ODILE BENJAMIN

Divisional CEO / Creative Director
Fashion Dynamics Singapore Pte Ltd

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

SAMUEL BENJAMIN

Group Director – Timepiece Division

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

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

KIM TIONG QUAH

Director – Wholesale
F J Benjamin (Singapore) Pte Ltd

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

BEN BENJAMIN

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

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

BENJAMIN LIM

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

Mr Lim is responsible for the operations, sales and marketing of the lifestyle timepieces in Singapore, which include key brands such as Guess, Gc, Nautica and Victorinox Swiss Army.

DIMITRI AUBERT

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

Mr Aubert is responsible for high-end timepiece labels Girard-Perregaux and Bell & Ross 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.

JACQUELINE TEE

General Manager – La Senza
F J Benjamin (Singapore) Pte Ltd

Ms Tee joined the Group in 2005 and is responsible for the lifestyle brand La Senza in Singapore, Malaysia and Indonesia. Ms Tee oversees the overall operations as well as the sales and marketing of the brand.

MALAYSIA

OON LAI YEOH

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

Mr Yeoh was appointed the CEO of F J Benjamin (M) Sdn. Bhd. on 12 November 2012 and is responsible for the operations of F J Benjamin (M) Sdn. Bhd. and its subsidiaries.

SOON WAI HOOI

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

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

CHEE WEI TONG

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

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

CINDY LEE

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

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

HONG KONG / CHINA / TAIWAN

TONY FUNG

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

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

LYDIA CHAU

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

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

DAVID NAM

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

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

HONG KONG

GARY DEAN STRASHOON

Chief Executive Officer
Fashion Dynamics HK Ltd

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

UNITED STATES

KAREN KATZMAN

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

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

ITALY

ROBERT KIMBERGER

Commercial Director
F J Benjamin Italy S.R.L.

Mr Kimberger joined the Group on 1 July 2013 and oversees the RAOUL business in Italy.

Brand Highlights

CATHERINE DEANE

Catherine Deane, established in London in 2005, is the Group's second in-house label, acquired in August 2010. Known for her evening, daywear and intricate bridal dresses, Irish-born Catherine Deane worked in London. Her craft and skills are a celebration of traditional dress-making techniques with contemporary twists.

A key milestone this past year was the opening of Catherine Deane's showroom and design studio in London in February 2013. This will be 'operation central' for Hong Kong, and importantly will allow the creative team to get back to their roots. The off-the-hanger and made-to-measure bridal collection at the London showroom will tap into the tremendous growth seen in the Catherine Deane bridal category in 2013. Since it joined forces with the US-based Anthropologie group (www. BHLDN.com) to develop its pioneering online bridal store concept, it has sold an average of 40 wedding dresses a week, making Catherine Deane the top-selling designer in its category.

The brand is also developing other categories for the bridal market, including veils, bridal belts, bridesmaids and mother-of-the-bride dresses.

Catherine Deane's exclusive "Etoile", dress line continues to develop, and has crossed over into the bridal category as well. Celebrities the world over have also been spotted in an Etoile creation. Several well-known department stores have also come on-board to boost Catherine Deane's distribution network of over 50 stockists worldwide. They include Bergdorf Goodman in New York and Fenwicks in the UK. Bergdorf Goodman launched the Catherine Deane collection in September 2013 in an exclusive in-store event.

The brand continues to support the South African charity, The Unlimited Child, where for every dress sold, a year's worth of educational toys are donated to a child in need to develop their fine motor skills. This support has garnered much support from both our customers and the media.

CÉLINE

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

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

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

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

As at June 30, 2013, Céline has three stores across Southeast Asia – one each in Singapore, Malaysia and Indonesia.

GIVENCHY

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

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

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

Besides the Paragon outlet in Singapore, a Givenchy store has also opened in Plaza Indonesia, Jakarta.

GOYARD
233, RUE SAINT HONORÉ
PARIS

Since its beginnings in 1792, Goyard is the archetypal luxury trunk manufacturer in France. The brand was born through Francois Goyard's apprenticeship at Maison Morel, official trunk makers to the French royalty. After Morel's passing in 1853, Francois Goyard took over the business and renamed it La Maison Goyard.

Goyard grew to fame through its innovative use of wood and leather with linen, cotton and hemp woven together to develop a resistant and waterproof canvas. This tradition carries on till today, showing the natural character of each material. The quartet of colours so famously associated with Goyard. is applied manually in a four-step process at Goyard's workshop in Carcassonne, France whilst the metal parts (called "bijouterie") are made in another workshop in the western part of the country. The brand has since grown to expand its repertoire to beyond trunks, and today produces a collection of bags and small leather goods alongside its classic trunk range.

F J Benjamin opened a Goyard store in the Peninsula Hotel, Hong Kong's iconic building in Kowloon in 2011. The parties have mutually agreed to terminate the distribution agreement in Hong Kong as of 31 December 2013. The Group will be opening a stand-alone flagship store at Takashimaya S.C in Singapore in November 2013.

BANANA REPUBLIC

IIn Fall 2012, Banana Republic was driven by the notion that the traditional workplace has changed to one that is in perpetual motion. Thus, it created a versatile wardrobe for an "On The Go" lifestyle. To capture the essence of the season, an easy-to-use clutch was offered to customers who met the qualifying minimum spend.

In 2013, the brand brought back the Mad Men capsule collection. The collection drew its inspiration from the mob vibe of the late 1960s. Bold prints, bright colours and new silhouettes were incorporated into the collection through the versatile and instantly wearable Banana Republic lens.

Summer 2013 marked Banana Republic's collaboration with Milly desinger, Michelle Smith, to create a capsule collection inspired by the summer sophistication of the Hamptons. The latter is a popular and affluent seaside resort in north-eastern USA. This also marked Smith's first foray into menswear. The collection saw interesting pieces, such as feminine silhouettes in splashes of neon for her and tailored separates in bold prints for him.

For the third year running, Banana Republic continued to be the Official Apparel partner of the popular Female Magazine's 50 Gorgeous People contest. Fifty extraordinary individuals with style were selected by the Female team. They were then featured in Banana Republic's Fall and Holiday collections in an extensive spread in the November issue of Female.

As at June 30, 2013, Banana Republic has seven stores across Southeast Asia – two in Singapore, two in Malaysia and three in Indonesia.

GAP

BE BRIGHT

Gap has had a diverse and exciting year as it raised the bar in the fashion stakes globally, as well as in the region.

Its global marketing campaign in the Fall of 2012 – "Shine" – brought its "Icon Redefined" collection to life by featuring an eclectic mix of musicians and dancers wearing Gap's signature pieces updated with a modern design point of view and a rich fall colour palette.

Some of the performers photographed in action for this campaign included professional "Jookin" dancer Lil' Buck and Chinese-born San Francisco ballet dancer Yuan Yuan Tan. The campaign was yet another Gap initiative to showcase emerging talents to inspire people to make their mark on the world.

The second capsule collection by Diane von Furstenberg for GapKids and babyGap for Summer 2013 was launched recently. The collection featured colourful exotic prints and patterns to represent the natural explorer inside every child. Gap held launch parties at selected flagship stores in Singapore, Malaysia and Indonesia in early April. And while parents shopped, the kids were kept entertained with making their own luggage tags!

For the rest of Summer 2013, Gap launched its annual Earth Day project with a new twist. Singapore, Malaysia and Indonesia introduced limited edition recycled plastic tumblers to commemorate Earth Day. An exclusive window display was commissioned to highlight this new project and was highly lauded for its clean-cut aesthetic.

Gap also participated in Female magazine's "50 Gorgeous People" contest for the third time in a row, as the Official Apparel, together with Banana Republic. A special Gap window display featuring a collage of the 50 contestants was created, in collaboration with Female. The grand finale was held at Zouk with close to 1,000 guests.

As the search for the next Most Gorgeous Male and Female titles concluded, the third Gap casting call kick-started in Singapore, Malaysia and Indonesia for the new faces of GapKids and babyGap. With over 1,200 entries and close to 140,000 votes cast in December 2012, the search drew overwhelming response in Singapore, Malaysia and Indonesia. Six adorable children emerged as Casting Call winners from this contest and were featured in the Spring 2013 window displays across all three countries in February.

As at June 30, 2013, Gap has 22 stores in Southeast Asia – six in Singapore, ten in Malaysia and six in Indonesia.

GUESS

Synonymous with a 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 92 stores across four different concepts in Singapore, Malaysia and Indonesia.

In keeping with the brand's commitment to continuously innovate, GUESS collaborated with esteemed fashion blogger and Swedish-born street style icon Elin Kling in June 2012 to create a limited edition capsule collection. This collection was well-received by both the media and shoppers in Singapore, Malaysia and Indonesia.

Following this success, GUESS embarked on another collaboration with legendary DJ and producer Tiësto for a limited-edition capsule collection and branded performances around the world.

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

As at June 30 2013, the Guess retail network in Singapore, Malaysia and Indonesia spanned 92 stores over four different retail concepts – Guess, Guess Accessory, Guess Kids and Guess Footwear. Of these, 11 are located in Singapore, 34 in Malaysia and 47 in Indonesia.

With a comprehensive collection of watches, bags, shoes, jewellery, sunglasses and perfume, the Guess Accessory Store (GAS) concept has established itself as a leader in providing one stop fashion accessories needs to the customer. Since its debut in 2005, the Group has rapidly established its presence with 37 stores across Singapore, Malaysia and Indonesia as at June 30, 2013.

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

With the success of the "Black Concept" since its introduction in December 2010, all GAS stores have since converted to the concept. The "Black Concept" incorporates many innovative and progressive ways of displaying the products such as using black mannequins, fibre optic lighting, and even a special concept "runway" table.

La Senza

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 31 stores in the region – seven in Singapore, 12 in Malaysia and 12 in Indonesia – the Group has focused on delivering an in-store experience that connects with our aspirational customers, who are typically in their early 20s. The La Senza brand image is fun, young, sassy and sexy, and our store windows are continuously upgraded to present the latest compelling product stories.

The brand has dominated the lingerie sector for a number of years now, and in fact, several of our stores in the region have registered the highest sales, outperforming other La Senza stores around the world to make it to the La Senza Top 10 list.

In addition, both our marketing efforts and operations standards in Singapore also help us clinched La Senza's Best Customer Service for Fall 2012.

To drive in-store promotions and sales, we apply best practices and continue with the extensive use of social media. Our La Senza fun-loving Lingeristas are given top priority, as they are kept abreast of the latest happenings through Facebook and Twitter.

RAOUL

Marking its 11th year in 2013, the homegrown brand of F J Benjamin has grown from strength to strength. Beginning as a men's shirt label, RAOUL has evolved into a full collection that also features four collections a year. The brand is continually making headway internationally with its vision to create affordable luxury products without compromise on great design and quality.

RAOUL has received strong global coverage from leading periodicals like The Times, Vogue UK, Marie Claire UK and Gioia Italy. Celebrities like Freida Pinto, Kourtney Kardashian, Jennifer Lawrence, Viola Davis, Minnie Driver, Elle Macpherson and Zhang Ziyi were seen wearing RAOUL at international red carpet events. Soccer stars Fabio Cannavaro and Pepe were also spotted at RAOUL stores. During an official trip to Singapore in September 2012, the Duchess of Cambridge, Catherine Middleton wore a RAOUL ensemble.

Progressing on its path of internationalisation, RAOUL continues to expand its collection and marketing efforts to grow its European and US markets. The brand participates in both the New York and Milan Fashion Weeks and has a growing list of stockists such as Harrods and Liberty in London, Saks Fifth Avenue and Neiman Marcus in the US as well as online stores such as mywardrobe and thecorner.

RAOUL has taken part in the Singapore Audi Fashion Festival for five years running. RAOUL has just signed on Paris-based shoe designer Raphael Young to be RAOUL's Accessory Designer. Young will be working with RAOUL from the Pre-Fall 2014 collection of bags and shoes.

As of June 30, 2013, the Group operates six RAOUL stand-alone stores in Singapore, Malaysia and Indonesia. Other stand-alone licensed stores include 2 in the Philippines and RAOUL has signed franchise agreements for China and Sri Lanka to open 27 stores in China over five years and one store in Sri Lanka.

SHERIDAN

Over the past 21 years, FJ 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 a place of self-expression and luxury. Known for its exquisite quality, Sheridan employs the finest materials and construction, and offers bed sheets with up to 1,200 thread count.

As at June 30, 2013, there are a total of 29 points-of-sale in Southeast Asia – five in Singapore, four in Malaysia, five in Philippines and 15 in Indonesia.

Bell & Ross

TIME INSTRUMENTS

Bell & Ross achieved new heights in FY 2013 with the launch of its limited edition “Flight Instruments” timepieces. Inspired by the instrument panel in aircraft cockpits, each part of these timepieces is a reference for reliability and performance.

This is in keeping with the entire Bell & Ross philosophy to design watches that meet four fundamental principles – readability, performance, precision and water-resistance. Every detail in a Bell & Ross watch has a purpose and function, and this technical precision is expressed through the pure lines and timeless elegance of each timepiece.

In terms of distribution, we continue to grow the network, thanks to new projects with our retailers in Indonesia and Thailand. In Singapore, the market is being developed with a similar network of retailers.

Importantly, we have also taken an important strategic decision to revise retail prices down in 2013, so as to be competitive with Europe and the Americas.

GP
GIRARD-PERREGAUX
WATCHES FOR THE FEW SINCE 1791

Under the ownership and guidance of the Kering Group, Girard-Perregaux signed key partnerships with the Academy of Motion Pictures as well as with the Rockefeller family. These partnerships will enhance brand awareness globally and help improve the growth and brand image in our markets.

New collections have also been launched through the year but one particular product has attracted the attention of our customer and press due to its unique movement and design. The new Constant Escapement L.M. model is a significant achievement in chronometry and sets a new milestone in watch-making history with the incorporation of the ‘constant force’, a holy grail in mechanical watch making. The introduction of this timepiece has helped to underscore the innovation of the brand. We continue to focus on our existing distribution network to grow each point of sale through the promotion of the high-end segment of Girard-Perregaux collections as well as key historical and new collections.

CHRONOSWISS

Mechanical wristwatches developed into collector's items in the years following their renaissance in the late 1980s. The fascinating and highly complex technology, the traditionally artful craftsmanship and the select materials assure that these ticking artworks are highly prized.

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

Gc

SMART LUXURY™

Gc is a Swiss-made statement brand whose signature "Smart Luxury" stands for the brand's commitment to quality Swiss-made timepieces and luxury products for men and women through the choice of their materials and design, all at an accessible price point. Each timepiece makes its own clear statement of elegance and prestige, opening the door to the luxury segment with relentless attention to detail. All Gc timepieces proudly bear the prestigious SWISS MADE label.

In keeping with the brand directives of outstanding design and mechanical excellence, Gc introduces the Gc-3 Limited Edition- Valjoux which takes the iconic Gc-3 series one step further in technical sophistication and design refinement with a sporty chic interpretation of the successful Gc line. This exclusive model is limited to only 150 numbered pieces in two style variations.

The essence of the Gc brand and the philosophy of the founder are encapsulated in an ad campaign featuring black and white images. Using imagery from the Gc 'Moments of Smart Luxury' photographic concept that has toured the world for the last two years, it shows rising star creative personalities around the globe at the exact moment when they lose themselves in their passion. This campaign reflects the desire of self-fulfilment and dedication for what we do at many specific special moments in our lives. The Gc Smart Luxury concept is all about being able to make your dreams come true: Realize your Dream.

GUESS

GUESS Watches is known as a leading fashion brand, but that is not all it is known for. For the past seven years, GUESS Watches has been making a meaningful difference in the lives of children through the “Faces to Watch – Time to Give” programme by donating over USD 4.5 million to more than seven charities on four continents.

As part of its fundraising efforts, GUESS Watches is launching its seventh Limited Edition “Time to Give” Watch. Infusing fashion into philanthropy, the newest watch features animal-inspired prints and “G” logos, attributes that are iconic to the GUESS brand. A portion of the sale proceeds of each Limited Edition “Time to Give” watch will be donated to the “Faces to Watch – Time to Give” programme; a true indication of GUESS Watches passion for fashion and an ever present commitment to supporting children worldwide.

NAUTICA

Founded in 1983, Nautica is a leading global lifestyle brand ranging from men's, women's and children's apparel and accessories to a complete home collection.

Nautica Watches combine distinctive styling, bold colours and unique design. Inspired by sailing, the Nautica brand reflects an energetic lifestyle that appeals to consumers around the globe.

The BFD 101 Ana-Digi is the first in a new wave of Nautica timepieces to incorporate dual technology. Its bold dive-style design combines analogue and digital movements in a functionally robust, adventure-ready sports watch. The brand's well-known attention to detail can be seen in the timepiece's signature J-class sail etched on the protected crown, a fully turning bezel and four symmetrically located pushers for the digital functions.

The BFD 101 Ana-Digi holds true to the core philosophy of Nautica Watches which fuses the best of classic American style with the latest in technical innovation.

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

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

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

The Chrono Classic will be the standout star of Victorinox Swiss Army's exciting line-up. The newest version of this perennial best-seller has undergone a full metamorphosis, both aesthetically and technically. First and foremost, its new quartz movement transforms it, with a double press of the crown, from a classic watch into a chronograph accurate to 1/100th of a second. In a first for this type of movement, the 1/100th of a second is displayed numerically, by means of two rotating discs. Two new dial colours complete the transfiguration of the Chrono Classic into a genuine multi-tasking tool of sober styling and intelligent functionality.

Operations Directory

Offices & Showrooms

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F J Benjamin Lifestyle Pte Ltd
Fashion Dynamics Singapore Lte Ltd

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F J Benjamin Lifestyle Sdn. Bhd.
F J Benjamin Luxury Timepieces Sdn. Bhd.

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Corporate Governance Report

The Board of Directors (the "Board") of F J Benjamin Holdings Ltd (the "Company") is committed to high standards of corporate governance and fully supports and upholds the principles in the Code of Corporate Governance (2005) (the "Code"). For effective corporate governance, the Company has put in place various self-regulatory and monitoring mechanisms as described below.

BOARD OF DIRECTORS

The Board's Conduct of its Affairs – Principle 1

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

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

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

	Board		Executive Committee		Nominating Committee		Remuneration Committee		Audit Committee	
	No. of meetings									
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Frank Benjamin	4	4	4	4	1	1	NA	NA	NA	NA
Keith Tay Ah Kee	4	4	4	4	1	1	1	1	NA	NA
Eli Manasseh (Nash) Benjamin	4	3	4	4	NA	NA	NA	NA	NA	NA
Douglas Benjamin	4	4	4	4	NA	NA	NA	NA	NA	NA
Karen Chong	4	4	4	4	NA	NA	NA	NA	NA	NA
Reggie Thein*	4	2	NA	NA	1	0	1	0	4	2
Wong Ai Fong	4	4	NA	NA	NA	NA	1	1	4	4
Chew Kwee San	4	4	NA	NA	NA	NA	NA	NA	4	4
Daniel Ong Jen Yaw	4	4	NA	NA	NA	NA	NA	NA	NA	NA

* Mr Reggie Thein is currently on medical leave.

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

Corporate Governance Report

Board Composition and Balance – Principle 2

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

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

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

Chairman and Chief Executive Officer – Principle 3

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

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

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

Access to Information – Principle 6

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

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

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

Corporate Governance Report

NOMINATING COMMITTEE (NC)

The NC is chaired by Mr Keith Tay and its members are Mr Reggie Thein, Mr Frank Benjamin and Mr Daniel Ong (appointed on 1 July 2013). With the exception of Mr Frank Benjamin, the other three 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 12 to 15 of the Annual Report.

Board Performance – Principle 5

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

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

Corporate Governance Report

REMUNERATION COMMITTEE (RC)

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

The RC is chaired by Mr Reggie Thein and its members are Mr Keith Tay, Ms Wong Ai Fong and Mr Chew Kwee San (appointed on 1 July 2013). All of them are Independent Directors.

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

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

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

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

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

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

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

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

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

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

Corporate Governance Report

Disclosure of Remuneration – Principle 9

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

Directors	Directors' Fee	Basic Salary	Variable Performance Bonus	Benefit-in-Kind And Others	Total
$500,000 to $999,999					
Mr Frank Benjamin	–	77%	18%	5%	100%
Mr Eli Manasseh Benjamin	–	78%	18%	4%	100%
Mr Douglas Benjamin	–	82%	16%	2%	100%
Ms Karen Chong	–	69%	27%	4%	100%
Below $250,000					
Mr Keith Tay	100%	–	–	–	100%
Mr Reggie Thein	100%	–	–	–	100%
Ms Wong Ai Fong	100%	–	–	–	100%
Mr Chew Kwee San	100%	–	–	–	100%
Mr Daniel Ong	100%	–	–	–	100%

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

Range of Remuneration	No. of Executives
Above $500,000	1
$250,000 to $499,999	3
Below $250,000	1*

* less than full year

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

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

Relationship	Basic Salary and allowance	Variable Performance Bonus	Benefit-in-kind	Total
$250,000 to $499,999				
Relating to the Chairman	85%	10%	5%	100%
Relating to the Chairman	74%	14%	12%	100%
Relating to the Chairman	80%	18%	2%	100%
Relating to an Executive Director	81%	16%	3%	100%

Corporate Governance Report

AUDIT COMMITTEE (AC)

Accountability and Audit – Principles 10 and 11

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

The AC is chaired by Mr Reggie Thein and its members are Ms Wong Ai Fong, Mr Chew Kwee San and Mr Daniel Ong (appointed on 1 July 2013). All of them are Independent Directors.

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

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

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

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

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

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

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

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

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

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

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

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

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

Corporate Governance Report

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.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors, external auditors' report on their financial audit, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks were adequate as at 30 June 2013.

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.

Corporate Governance Report

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.

Corporate Governance Report

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 2013, 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 2013

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 2013.

DIRECTORS

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

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Holdings registered in the name of Director or nominee			Holdings in which a Director is deemed to have an interest		
Name of director	**At 1.7.2012**	**At 30.6.2013**	**At 21.7.2013**	**At 1.7.2012**	**At 30.6.2013**	**At 21.7.2013**
Ordinary shares						
Mr Frank Benjamin	39,191,000	39,191,000	39,191,000	–	–	–
Mr Keith Tay Ah Kee	256,000	256,000	256,000	–	–	–
Mr Eli Manasseh Benjamin	24,310,050	24,310,050	24,310,050	–	–	–
Mr Douglas Jackie Benjamin	120,000	120,000	120,000	10,000	10,000	10,000
Ms Wong Ai Fong	35,000	35,000	35,000	–	–	–

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

Directors' Report

DIRECTORS' CONTRACTUAL BENEFITS

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

OPTIONS

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

AUDIT COMMITTEE

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

Mr Reggie Thein (Chairman)
Ms Wong Ai Fong
Mr Chew Kwee San
Mr Daniel Ong Jen Yaw (appointed on 1 July 2013)

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

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

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

Directors' Report

AUDITORS

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

On behalf of the Board of Directors

Eli Manasseh Benjamin
Director

Karen Chong Mee Keng
Director

Singapore
24 September 2013

Statement by Directors

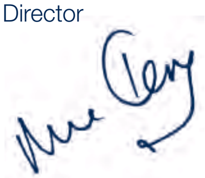
We, Eli Manasseh Benjamin and Karen Chong Mee Keng, being two of the Directors of F J Benjamin Holdings Ltd, (the "Company"), do hereby state that, in the opinion of the Directors:-

(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 2013 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

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

On behalf of the Board of Directors

Eli Manasseh Benjamin
Director



Karen Chong Mee Keng
Director

Singapore
24 September 2013

Independent Auditors' Report

To the Members of F J Benjamin Holdings Ltd

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of F J Benjamin Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 53 to 117, which comprise the balance sheets of the Group and the Company as at 30 June 2013, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

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 2013 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Independent Auditors' Report

To the Members of F J Benjamin Holdings Ltd

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
24 September 2013

Consolidated Income Statement
for the financial year ended 30 June 2013

(In Singapore Dollars)

	Note	Group 2013 $'000	Group 2012 $'000
Revenue	5	373,403	393,237
Other income	6	11,906	9,398
Interest income		668	646
		385,977	403,281
Costs and expenses			
Cost of goods sold		(214,143)	(224,826)
Staff costs	7	(51,564)	(53,056)
Rental of premises		(54,288)	(49,702)
Advertising and promotion		(15,064)	(17,604)
Depreciation of property, furniture, fixtures and equipment	13	(7,675)	(6,927)
Depreciation of investment properties	14	(82)	(123)
Other operating expenses	8	(34,955)	(30,726)
Total costs and expenses		(377,771)	(382,964)
Operating profit		8,206	20,317
Interest expense	10	(3,307)	(2,663)
		4,899	17,654
Exceptional items, net	9	2,819	(289)
Foreign exchange (loss)/gain		(1,192)	1,729
Share of results of associates / joint venture, net of tax		767	576
Profit before taxation from continuing operations		7,293	19,670
Taxation	11	(3,254)	(6,129)
Net profit for the financial year		4,039	13,541
Profit attributable to:			
Owners of the parent			
- Profit before exceptional items		1,628	14,187
- Exceptional items		2,819	(289)
		4,447	13,898
Non-controlling interests		(408)	(357)
		4,039	13,541
Earnings per share attributable to owners of the parent	12		
Basic (cents)		0.78	2.44
Diluted (cents)		0.78	2.44

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 2013

(In Singapore Dollars)

	Group 2013 $'000	Group 2012 $'000
Profit for the year	4,039	13,541
Other comprehensive income, net of tax		
Item that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(1,422)	(18)
Total comprehensive income for the year	2,617	13,523
Total comprehensive income attributable to:		
Owners of the parent	3,042	13,891
Non-controlling interests	(425)	(368)
	2,617	13,523

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

Balance Sheets
as at 30 June 2013

(In Singapore Dollars)

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Non-current assets					
Property, furniture, fixtures and equipment	13	27,139	26,598	786	1,425
Investment properties	14	–	5,151	–	–
Subsidiaries	15	–	–	116,686	117,114
Goodwill	16	559	559	–	–
Investment in associates/joint venture	17	10,166	12,163	–	–
Investment securities	18	86	88	86	88
Other receivables	19	260	260	–	–
Loan to joint venture partner	28	16,500	16,500	–	–
Deferred tax assets	27	938	601	–	–
		55,648	61,920	117,558	118,627
Current assets					
Inventories	20	117,694	110,445	–	–
Investment securities	18	4,261	–	–	–
Trade debtors	21	64,766	58,865	–	–
Tax recoverable		3,515	2,164	–	–
Other debtors	22	20,859	23,763	48,322	140,837
Cash on hand and at banks	32	9,671	14,703	3,676	4,383
		220,766	209,940	51,998	145,220
Current liabilities					
Trade and other creditors	23	61,000	64,754	2,529	96,755
Finance lease creditors	24	163	285	127	122
Bank borrowings	25	73,734	59,374	–	–
Provision for taxation		3,035	3,585	476	517
		137,932	127,998	3,132	97,394
Net current assets		82,834	81,942	48,866	47,826
Non-current liabilities					
Finance lease creditors	24	602	652	522	649
Bank borrowings	25	4,500	6,500	–	–
Other liabilities	26	2,603	2,593	–	–
Deferred tax liabilities	27	240	510	–	–
		7,945	10,255	522	649
Net assets		130,537	133,607	165,902	165,804
Equity attributable to owners of the parent					
Share capital	29	165,447	165,447	165,447	165,447
Exchange translation reserve	30	(23,273)	(21,868)	–	–
(Accumulated losses) / Retained earnings		(10,868)	(9,628)	455	357
		131,306	133,951	165,902	165,804
Non-controlling interests		(893)	(468)	–	–
Preference shares issued by a subsidiary	31	124	124	–	–
Total equity		130,537	133,607	165,902	165,804

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 2013

(In Singapore Dollars)

	Note	Share capital $'000	Exchange translation reserve $'000	(Accumulated losses) $'000	Non-controlling interests $'000	Preference shares issued by a subsidiary $'000	Total equity $'000
		<—Attributable to owners of the parent—>					
Group							
At 1 July 2012		165,447	(21,868)	(9,628)	(468)	124	133,607
Profit for the year		–	–	4,447	(408)	–	4,039
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
Foreign currency translation		–	(1,405)	–	(17)	–	(1,422)
Total comprehensive income for the financial year		–	(1,405)	4,447	(425)	–	2,617
Dividends paid on ordinary shares, representing total contributions by and distributions to owners	41	–	–	(5,687)	–	–	(5,687)
At 30 June 2013		165,447	(23,273)	(10,868)	(893)	124	130,537
At 1 July 2011		165,447	(21,861)	(12,152)	(100)	124	131,458
Profit for the year		–	–	13,898	(357)	–	13,541
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
Foreign currency translation		–	(7)	–	(11)	–	(18)
Total comprehensive income for the financial year		–	(7)	13,898	(368)	–	13,523
Dividends paid on ordinary shares, representing total contributions by and distributions to owners	41	–	–	(11,374)	–	–	(11,374)
At 30 June 2012		165,447	(21,868)	(9,628)	(468)	124	133,607

Included in the Group's accumulated losses is a profit balance of approximately S$7,000 (2012: S$7,000), which is restricted in use as required by the relevant laws and regulations of the People's Republic of China.

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

Statements of Changes in Equity
for the financial year ended 30 June 2013

(In Singapore Dollars)

	Note	Share capital $'000	Retained earnings $'000	Total equity $'000
Company				
At 1 July 2012		165,447	357	165,804
Profit for the year, representing total comprehensive income for the financial year		–	5,785	5,785
Dividends paid on ordinary shares, representing total contributions by and distributions to owners	41	–	(5,687)	(5,687)
At 30 June 2013		165,447	455	165,902
At 1 July 2011		165,447	5,947	171,394
Profit for the year, representing total comprehensive income for the financial year		–	5,784	5,784
Dividends paid on ordinary shares, representing total contributions by and distributions to owners	41	–	(11,374)	(11,374)
At 30 June 2012		165,447	357	165,804

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 2013

(In Singapore Dollars)

	Group	
	2013	2012
	$'000	$'000
Cash flow from operating activities:		
Profit before taxation	7,293	19,670
Adjustments for:		
Depreciation of property, furniture, fixtures and equipment	7,675	6,927
Depreciation of investment properties	82	123
Share of results of associates / joint venture, net of tax	(767)	(576)
Currency realignment	(639)	174
Loss on disposal of furniture, fixtures and equipment	62	11
Gain on disposal of properties	(2,819)	–
Interest income	(668)	(646)
Interest expense	3,307	2,663
Reversal of impairment on investment securities	–	(29)
Gain on remeasurement of previously held interest in associate to fair value upon the loss of significant influence	(2,374)	–
Fair value gain on investment securities	(347)	–
Reversal of impairment of fixed assets for non-performing stores	–	(234)
Allowance for inventory obsolescence and inventories written off	3,379	280
Closure costs – Australia	–	523
Bad debts written off	94	–
Reversal of allowance for doubtful debts	(160)	(63)
Operating profit before reinvestment in working capital	14,118	28,823
Increase in debtors	(2,931)	(4,285)
Increase in inventories	(10,628)	(16,335)
Decrease in creditors	(4,165)	(10,035)
Cash flow used in operations	(3,606)	(1,832)
Income tax paid	(5,666)	(4,930)
Net cash used in operating activities	(9,272)	(6,762)
Cash flow from investing activities:		
Purchase of furniture, fixtures and equipment	(10,707)	(8,495)
Proceeds from disposal of property, furniture, fixtures and equipment	9,991	87
Loan to joint venture partner (Note 28)	–	(16,500)
Dividend received from joint venture partner	668	539
Interest received	668	557
Net cash from / (used in) investing activities	620	(23,812)

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 2013

(In Singapore Dollars)

	Group	
	2013	2012
	$'000	$'000
Cash flow from financing activities:		
Repayment of bank borrowings	(18,959)	(2,573)
Proceeds from bank borrowings	29,197	22,956
Repayment of obligations under finance lease	(172)	(182)
Interest paid	(2,869)	(2,663)
Dividends paid to shareholders	(5,687)	(11,374)
Net cash from financing activities	1,510	6,164
Net decrease in cash and cash equivalents	(7,142)	(24,410)
Cash and cash equivalents at beginning of financial year	7,709	32,357
Net effect of exchange rate changes on opening cash and cash equivalents	5	(238)
Cash and cash equivalents at end of financial year (Note 32)	572	7,709

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

Notes to the Financial Statements
30 June 2013

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 2012.

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 19	Employee Benefits	1 January 2013
Amendments to FRS 101	Government Loans	1 January 2013
Amendments to FRS 107	Disclosures - Offsetting financial assets and financial liabilities	1 January 2013
FRS 113	Fair Value Measurements	1 January 2013
Improvements to FRSs 2012		
- Amendment to FRS 1	Presentation of Financial Statements	1 January 2013
- Amendment to FRS 16	Property, Plant and Equipment	1 January 2013
- Amendment to FRS 32	Financial Instruments: Presentation	1 January 2013
Amendments to FRS 32	Offsetting financial assets and financial liabilities	1 January 2014
Amendments to FRS 36	Recoverable amount disclosures for non-financial assets	1 January 2014

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Functional and foreign currency (continued)

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.

2.5 Basis of consolidation

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

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

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

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

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

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Basis of consolidation (continued)

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

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

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

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) 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 equity in subsidiaries not attributable, directly or indirectly, to owners of the parent. They are presented in the consolidated balance sheet within equity, separately from equity attributable to owners of the parent, and are separately disclosed in the consolidated income statement. Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.7 Subsidiaries

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Subsidiaries (continued)

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

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

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses. The assessment of impairment loss requires an estimation of the investment's recoverable amount using cash flow projections based on financial budgets approved by management. The discount rate applied to the cash flow projections was 5.4% (2012: 5.4%) per annum and cash flow beyond the 5-year period is extrapolated using growth rate of 1.0% (2012: 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 have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Joint ventures (continued)

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

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

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

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

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

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

2.9 Associates

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

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

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The Group's share of the profit or loss of its associates reflects the share of the results of operations of the associates. Distributions received from associates reduce the carrying amounts of the investment. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

Notes to the Financial Statements

30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Associates (continued)

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

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

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

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

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

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

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

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

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

2. 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.

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

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, or for administrative purposes, or sale in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met and they are accounted as finance leases.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Goodwill (continued)

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

2.13 Financial assets

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

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

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

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

a) Financial assets at fair value through profit or loss

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

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

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

Notes to the Financial Statements
30 June 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (continued)

Financial assets at fair value through profit or loss (continued)

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

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

After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in other comprehensive income, until the investment is derecognised at which time the cumulative gain or loss previously reported in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss.

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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Impairment of financial assets

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

a) Financial assets carried at amortised cost

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

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

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

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income to profit or loss. Reversals of impairment loss in respect of equity instruments are not recognised in profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Impairment of non-financial assets (continued)

These calculations are corroborated by valuation multiples or other available fair value indicators.

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

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

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

2.17 Inventories

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

2.18 Financial liabilities

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

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Financial liabilities (continued)

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

2.19 Borrowing costs

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

2.20 Financial guarantees

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

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

2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) 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, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

a) As lessee

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

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

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

b) As lessor

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue

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

a) Sale of goods

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

b) Interest income

Interest income is recognised using the effective interest method.

c) Dividend income

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

d) Rental income

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

e) Market support and administrative service income

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

2.25 Government grants

Government grants are recognised 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. Summary of significant accounting policies (continued)

2.26 Income taxes

a) Current tax

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

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

b) Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Income taxes (continued)

b) Deferred tax (continued)

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

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

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

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

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

c) Sales tax

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

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

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

2.28 Segment reporting

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

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

2.29 Share capital and share issue expenses

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.31 Exceptional items

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the 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.

Notes to the Financial Statements
30 June 2013

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

3.1 Judgments made in applying accounting policies(continued)

(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	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Deferred tax assets	938	601	–	–
Tax recoverable	3,515	2,164	–	–
Provision for taxation	3,035	3,585	476	517
Deferred tax liabilities	240	510	–	–

(ii) Operating lease commitments - As lessor

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

(iii) Determination of functional currency

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

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

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

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

The Group and Company assesses whether there are indicators of impairment for investment properties, property, furniture, fixtures and equipment, investment in subsidiaries, and investment in associates / joint venture at each reporting date. These assets are tested for impairment where there are indications that the carrying amounts may not be recoverable. This requires an estimation of the value in use of the assets. Estimating the value in use requires the Group and Company to make an estimate of the future cash flow from assets and also to determine appropriate discount rates to calculate the present value of this cash flow. The growth rate used of 1.0% (2012: 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% (2012: 5.40%) per annum.

The carrying amounts of the Group's and Company's investment properties, property, furniture, fixtures and equipment at 30 June 2013 were approximately $27,139,000 (2012: $31,749,000) and $786,000 (2012: $1,425,000) respectively. The carrying amounts of the Company's investment in subsidiaries and of the Group's investment in associates / joint venture at 30 June 2013 was approximately $70,966,000 (2012: $70,966,000) and $10,166,000 (2012: $12,163,000) 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 2013 was approximately $117,694,000 (2012: $110,445,000).

(iii) Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings granted to its subsidiaries and associates / joint venture with total facilities of approximately $190,043,000 (2012: $175,554,000). 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 2013 and 30 June 2012.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

(iv) Impairment of loans and receivables

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

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

(v) Goodwill

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

4. GROUP COMPANIES

The subsidiaries as at 30 June are:-

	Name of company [country of incorporation]	Principal activities	Cost 2013 $'000	Cost 2012 $'000	Percentage of equity interest 2013 %	Percentage of equity interest 2012 %
	Held by the Company					
~	Fashion Dynamics International Pte Ltd [Singapore]	Investment holding company	3,000	3,000	100	100
~	F. J. B. Investment Pte Ltd [Singapore]	Investment holding company	^	^	100	100
~	F J Benjamin Concepts Pte Ltd [Singapore]	Investment holding company	60	60	100	100
◊	F J Benjamin (Indochina) Pte Ltd [Singapore]	Deregistered	–	50	–	100
~	F J Benjamin Ideas Pte Ltd [Singapore]	Investment holding company	3,000	3,000	100	100

Notes to the Financial Statements
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4. GROUP COMPANIES (CONTINUED)

	Name of company [country of incorporation]	Principal activities	Cost 2013 $'000	Cost 2012 $'000	Percentage of equity interest 2013 %	Percentage of equity interest 2012 %
#	F J Benjamin (M) Sdn. Bhd. [Malaysia]	Importers, distributors and retailers of consumer fashion wear, accessories and timepieces	8,516	8,516	100	100
#	F J Benjamin (H.K.) Limited [Hong Kong]	Importers, exporters, distributors, retailers of timepieces and consumer fashion accessories	58,612	58,612	100	100
+	BMI (Hong Kong) Limited [Hong Kong]	Dormant	1,119	1,119	100	100
#	Ferro Designs Limited [Hong Kong]	Investment holding company	19	19	100	100
@	Arcangel Limited [Hong Kong]	Distributors of consumer fashion wear	693	693	60	60
#	F J Benjamin (Taiwan) Ltd [Taiwan]	Importers, distributors and retailers of timepieces	3,909	3,909	100	100
+	FJ Benjamin (Aust) Pty Ltd [Australia]	Dormant	21,434	21,434	100	100
@*	F J Benjamin Concepts (Thailand) Ltd [Thailand]	Dormant	119	119	49	49
+	F. J. Benjamin Fashions (U.S.) Inc. [United States]	Distributors and retailers of consumer fashion wear and accessories	289	289	100	100
			100,770	100,820		

Notes to the Financial Statements

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4. GROUP COMPANIES (CONTINUED)

	Name of company [country of incorporation]	Principal activities	Percentage of equity interest 2013 %	2012 %
	Held through subsidiaries			
~	F J Benjamin Leading Watch Concepts Pte Ltd [Singapore]	Dormant	100	100
~	F J Benjamin Lifestyle Pte. Ltd. [Singapore]	Importers, exporters, distributors and retailers of consumer fashion wear, accessories and home furnishings	100	100
~	F J Benjamin (Singapore) Pte Ltd [Singapore]	Importers, exporters, licensees, distributors and retailers of consumer fashion wear, accessories and timepieces	100	100
~	Fashion Dynamics Singapore Pte Ltd [Singapore]	Importers, exporters, licensees, distributors and retailers of consumer fashion wear and accessories	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	100
@	F J Benjamin (Shanghai) Co., Ltd [People's Republic of China]	Importers, distributors of consumer fashion wear and timepieces	100	100
@	Atelier Arcangel Ltd [United Kingdom]	Distributors of consumer fashion wear	100	100
+	F J Benjamin Italy S.R.L. [Italy]	Promoters, marketers and retailer of fashion apparel and accessories	100	100
+	PT Meteor Prima Sejati [Indonesia]	Importers, exporters and distributors of consumer fashion wear and accessories	100	100

~ Audited by Ernst & Young LLP, Singapore.
# Audited by member firms of Ernst & Young Global in the respective countries.
+ Not required to be audited by the laws of its country of incorporation. These foreign subsidiaries are not considered significant as defined under Clause 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.
* Considered a subsidiary with the Group holding 79% of voting rights (Note 31).
^ Cost of investment is two Singapore dollars.
@ Audited by other auditors.
◊ Deregistered on 6 November 2012.

Notes to the Financial Statements
30 June 2013

5. REVENUE

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

6. OTHER INCOME

	Group 2013 $'000	Group 2012 $'000
Market support and administrative service income (Note 39)	8,499	8,281
Gain on remeasurement of previously held interest in associate to fair value upon the loss of significant influence	2,374	–
Fair value gain on investment securities	347	–
Rental income	218	267
Government grants	36	109
Loss on disposal of furniture, fixtures and equipment	(62)	(11)
Miscellaneous income / (expense)	52	(6)
Miscellaneous credits written-back / Discounts received	124	608
Sample sales income	141	–
Others	177	150
	11,906	9,398

7. STAFF COSTS

	Group 2013 $'000	Group 2012 $'000
Salaries and bonuses	45,797	48,714
Provident fund contributions	5,767	4,342
	51,564	53,056

Notes to the Financial Statements
30 June 2013

8. OTHER OPERATING EXPENSES

	Group	
	2013	2012
	$'000	$'000
The following items have been included in arriving at other operating expenses:		
Audit fees paid to:		
- Auditors of the Company	313	277
- Other auditors	156	151
Non-audit fees paid to:		
- Auditors of the Company	147	98
- Other auditors	55	39
Allowance for inventory obsolescence (Note 20)	3,757	1,821
Inventories written down (Note 20)	1,257	1,276
Bad debts written off	94	–
Rental of equipment	419	370
Outlet related expenses	6,074	5,786
Transportation and accommodation expenses	3,247	3,715
Utilities	1,850	1,843
Freight, handling and shipping costs	2,004	1,708
Discounts allowed	2,111	1,496
Professional and legal fees	4,778	4,150
Samples / repairs of stocks	2,194	1,734

9. EXCEPTIONAL ITEMS, NET

	Group	
	2013	2012
	$'000	$'000
Closure costs - Australia	–	(523)
Reversal of impairment of fixed assets on non-performing stores	–	234
Gain on disposal of properties	2,819	–
	2,819	(289)

10. INTEREST EXPENSE

	Group	
	2013	2012
	$'000	$'000
Interest expense on:		
- Bank borrowings	3,274	2,623
- Finance lease	33	40
	3,307	2,663

11. TAXATION

	Group 2013 $'000	Group 2012 $'000
The major components of income tax expense for financial year ended 30 June were:		
Current tax	3,767	5,439
Under provision in respect of prior years	78	148
Deferred tax:-		
Movements in temporary differences	(589)	490
(Over)/Under provision in respect of prior years	(2)	52
Tax expense for the year recognised in profit or loss	3,254	6,129

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2013 and 2012 is as follows:

	Group 2013 $'000	Group 2012 $'000
Profit before share of results of associates/joint venture and before taxation	6,526	19,094
Tax at the domestic rates applicable to profits in the countries where the Group operates	1,451	4,159
Income not subjected to tax	(1,750)	(1,058)
Expenses not deductible for tax purposes	1,636	1,317
Utilisation of tax losses and capital allowances brought forward	–	(77)
Deferred tax assets not recognised	1,741	1,566
Under provision in respect of prior years	76	200
Others	100	22
Income tax expense recognised in profit or loss	3,254	6,129

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

As at 30 June 2013, certain subsidiaries had unutilised tax losses of approximately $36.2 million (2012: $29.3 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.

Notes to the Financial Statements
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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	
	2013 $'000	2012 $'000
Net profit for the financial year attributable to owners of the parent used in the computations of basic and diluted earnings per share	4,447	13,898
	'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							
At 1 July 2011	1,678	3,334	2,517	5,459	35,534	16,026	64,548
Currency realignment	(1)	6	(5)	(40)	(182)	577	355
Additions	541	409	221	640	6,684	–	8,495
Disposals	(131)	(178)	(237)	(1,709)	(4,012)	–	(6,267)
Reclassification	–	164	–	–	(164)	–	–
At 30 June 2012 and 1 July 2012	2,087	3,735	2,496	4,350	37,860	16,603	67,131
Currency realignment	(33)	(2)	(1)	(13)	(68)	(159)	(276)
Additions	1,374	383	–	343	8,607	–	10,707
Disposals	(95)	(136)	–	(31)	(5,463)	(2,985)	(8,710)
At 30 June 2013	3,333	3,980	2,495	4,649	40,936	13,459	68,852

Notes to the Financial Statements

30 June 2013

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

Group	Furniture and Fittings $'000	Electrical Installation and Office Equipment $'000	Motor Vehicles $'000	Data Processing Equipment $'000	Leasehold Improvements $'000	Leasehold Building $'000	Total $'000
Accumulated depreciation and impairment loss							
At 1 July 2011	1,239	2,105	853	4,902	26,825	3,894	39,818
Currency realignment	11	(9)	(9)	(38)	(151)	159	(37)
Charge for the financial year	183	451	397	348	5,206	342	6,927
Utilisation of provision for impairment	–	–	–	–	(187)	–	(187)
Reversal of impairment loss for the financial year	–	–	–	–	(234)	–	(234)
Disposals	(120)	(86)	(154)	(1,697)	(3,697)	–	(5,754)
At 30 June 2012 and 1 July 2012	1,313	2,461	1,087	3,515	27,762	4,395	40,533
Currency realignment	1	(6)	(1)	(9)	(26)	(36)	(77)
Charge for the financial year	490	427	415	436	5,596	311	7,675
Utilisation of provision for impairment	-	-	-	-	(20)	-	(20)
Disposals	(94)	(128)	-	(26)	(5,326)	(824)	(6,398)
At 30 June 2013	1,710	2,754	1,501	3,916	27,986	3,846	41,713
Net carrying amount							
At 30 June 2013	1,623	1,226	994	733	12,950	9,613	27,139
At 30 June 2012	774	1,274	1,409	835	10,098	12,208	26,598

A reversal of impairment loss of $234,000 was recognised on leasehold improvements in the prior year to bring their carrying values to their recoverable values. Their recoverable amounts were based on the value in use of the leasehold improvements.

Assets pledged as security

The Group's leasehold buildings with a carrying amount of $9,613,000 (2012: $12,208,000) are pledged as security for bank facilities.

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

Company	Furniture and Fittings $'000	Electrical Installation and Office Equipment $'000	Motor Vehicles $'000	Data Processing Equipment $'000	Leasehold Improvements $'000	Total $'000
Cost						
At 1 July 2011	138	390	1,167	26	2,503	4,224
Additions	–	–	–	–	9	9
At 30 June 2012 and 1 July 2012	138	390	1,167	26	2,512	4,233
Additions	–	–	–	6	3	9
At 30 June 2013	138	390	1,167	32	2,515	4,242
Accumulated depreciation and impairment loss						
At 1 July 2011	43	271	57	16	1,592	1,979
Charge for the financial year	14	75	232	6	502	829
At 30 June 2012 and 1 July 2012	57	346	289	22	2,094	2,808
Charge for the financial year	11	36	232	7	362	648
At 30 June 2013	68	382	521	29	2,456	3,456
Net carrying amount						
At 30 June 2013	70	8	646	3	59	786
At 30 June 2012	81	44	878	4	418	1,425

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Net carrying amount includes furniture, fixtures and equipment under finance leases: - Motor vehicles	710	1,084	646	878

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

14. INVESTMENT PROPERTIES

	Group	
	2013	2012
	$'000	$'000
Balance sheet:		
Cost		
At 1 July	7,004	6,761
Disposal	(6,829)	–
Currency realignment	(175)	243
At 30 June	–	7,004
Accumulated depreciation and impairment loss		
At 1 July	1,853	1,680
Charge for the financial year	82	123
Disposal	(1,888)	–
Currency realignment	(47)	50
At 30 June	–	1,853
Net book value	–	5,151

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

	Group	
	2013	2012
	$'000	$'000
Income statement:		
Rental income from investment properties	218	267
Direct operating expenses	40	40

Valuation was carried out by accredited independent valuers on an open market, existing use basis. The fair value of the investment properties of the Group was $6,995,000 as at 30 June 2012. Sale of the property was completed on 26 April 2013.

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15. SUBSIDIARIES

	Company 2013 $'000	Company 2012 $'000
Investment in subsidiaries:		
Unquoted shares, at cost	100,770	100,820
Impairment losses	(29,804)	(29,854)
	70,966	70,966
Receivables from subsidiaries:		
Loans receivable, unsecured	20,453	20,083
Other receivables	84,693	84,825
Accrual for financial undertakings	(4,864)	(6,031)
	100,282	98,877
Allowance for doubtful debts	(54,562)	(52,729)
	45,720	46,148
	116,686	117,114

Details of the subsidiaries are set out at Note 4. During the year, one of the subsidiaries was liquidated and the impairment loss previously provided for was written off against the cost of investment in the subsidiary.

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% (2012: 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 $5,635,000 (2012: $5,509,000) and $43,987,000 (2012: $46,664,000) respectively, until such time the subsidiaries are in the position to repay the amounts without impairing their respective liquidity positions.

16. GOODWILL

	Group 2013 $'000	Group 2012 $'000
At 1 July and 30 June	559	559

Impairment testing of goodwill

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

16. GOODWILL (CONTINUED)

The recoverable amounts of the CGU associated with goodwill have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rate used to extrapolate cash flow projections beyond the five-year period are 5.4% (2012: 5.4% per annum) and 1% (2012: 1% per annum) per annum respectively.

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

17. INVESTMENT IN ASSOCIATES / JOINT VENTURE

	Group	
	2013 $'000	2012 $'000
Shares, at cost	4,153	5,095
Impairment losses	(1,559)	(1,559)
Share of post-acquisition reserves	9,426	9,923
Share of exchange translation reserve	(1,854)	(1,296)
	10,166	12,163
Fair value of investment in an associate for which there is published price quotation	–	4,960

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

(a) a 50% (2012: 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% (2012: 48%) interest in a Singapore-incorporated company which is dormant during the financial year. The entity is audited by Ernst & Young LLP, Singapore; and

(c) a 50% (2012: 50%) interest in a joint venture comprising 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.

(d) On 18 June 2013, the Group's investment in a Singapore-incorporated associate was diluted from 21.64% to 18.25%. Management has assessed that the Group no longer has significant influence over the associate. With the loss of significant influence, the investment is no longer equity accounted for and is now being carried as a held for trading financial asset (Note 18). A gain arising from the remeasurement of the Group's interest in the previously held associate to fair value of approximately $2,374,000 was recognised during the financial year ended 30 June 2013.

17. INVESTMENT IN ASSOCIATES / JOINT VENTURE (CONTINUED)

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

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

	2013 $'000	2012 $'000
Statement of financial position		
Non-current assets	19,897	27,594
Current assets	79,331	79,225
Total assets	99,228	106,819
Current liabilities	83,899	63,415
Non-current liabilities	10,189	22,492
Total liabilities	94,088	85,907
Statement of comprehensive income		
Revenue	113,650	150,580
Depreciation and amortisation	(3,379)	(6,373)
Interest income	12	445
Interest expense	(833)	(581)
Profit before tax	3,243	586
Income tax expense	(833)	(712)
Profit after tax	2,410	(125)

The above information comprises mainly balances and results of a joint venture.

18. INVESTMENT SECURITIES

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Current:				
Held for trading financial assets				
- Quoted equity investments	4,261	–	–	–
Non-current:				
Available-for-sale financial assets				
-Unquoted equity investments, at cost	2,246	2,246	2,760	2,760
-Quoted equity investments	527	527	527	527
	2,773	2,773	3,287	3,287
Impairment losses	(2,687)	(2,685)	(3,201)	(3,199)
	86	88	86	88
Market value: -				
Quoted equity investments	4,347	88	86	88

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19. OTHER RECEIVABLES

	Group	
	2013	2012
	$'000	$'000
Loan receivable from third party, unsecured	260	260

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

20. INVENTORIES

	Group	
	2013	2012
	$'000	$'000
Trading stocks: -		
On hand	98,303	92,671
On consignment	7,160	6,614
In transit	9,699	8,108
Work-in-progress	2,532	3,052
Total inventories at lower of cost and net realisable value	117,694	110,445
Inventories recognised as an expense in cost of sales	211,475	222,468
Inclusive of the following credit		
- Reversal of write-down of inventories	(1,635)	(2,817)
Allowance for inventories charged to the income statement	3,757	1,821
Inventories written down charged to the income statement	1,257	1,276

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

21. TRADE DEBTORS

	Group	
	2013	2012
	$'000	$'000
External trade debtors	12,973	17,691
Trade debts due from joint venture	51,793	41,174
	64,766	58,865
Reversal of allowance for doubtful debts charged to the income statement	(160)	(63)

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

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

21. TRADE DEBTORS (CONTINUED)

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

	Group Individually impaired	
	2013 $'000	2012 $'000
Trade debtors - nominal amounts	693	851
Allowance for impairment	(693)	(851)
	–	–
Movement in allowance accounts		
At 1 July	851	931
Reversal of allowance for the financial year	(160)	(63)
Written off	–	(21)
Exchange differences	2	4
At 30 June	693	851

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

22. OTHER DEBTORS

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Other receivables	2,787	4,844	103	–
Deposits	6,018	6,257	92	92
Prepayments	3,305	3,401	31	33
Advances	61	32	6	8
Due from subsidiaries	–	–	48,061	140,675
Derivative financial assets	8	–	–	–
Due from associate / joint venture	8,680	9,229	29	29
	20,859	23,763	48,322	140,837

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

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

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

22. OTHER DEBTORS (CONTINUED)

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

	Group Individually impaired	
	2013 $'000	2012 $'000
Other receivables - nominal amounts	1,170	1,154
Allowance for impairment	(1,170)	(1,154)
	–	–
Movement in allowance accounts		
At 1 July	1,154	1,207
Exchange differences	16	(53)
At 30 June	1,170	1,154

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

23. TRADE AND OTHER CREDITORS

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trade creditors	40,829	37,658	–	–
Accruals	10,063	15,200	909	2,102
Sundry creditors	9,636	11,223	120	109
Derivative financial liabilities	–	141	–	–
Due to subsidiaries	–	–	1,500	94,544
Due to associate / joint venture	472	532	–	–
	61,000	64,754	2,529	96,755

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

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

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24. FINANCE LEASE CREDITORS

The Group has entered into various finance lease facilities for its motor vehicles. These leases expire over the next five years and are secured by a charge over the leased assets (Note 13). The average discount rates implicit in the leases range from 1.9% to 4.8% (2012: 1.9% to 4.8%) per annum. Lease terms include purchase options but do not contain restrictions concerning payments of dividends, additional debt or further leasing.

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Present value of minimum lease payments are as follow:-				
Not later than one year	163	285	127	122
Later than one year but not later than five years	602	539	522	536
Later than five years	–	113	–	113
Total present value of minimum lease payments	765	937	649	771
Future minimum lease repayments are as follow: -				
Not later than one year	190	329	149	147
Later than one year but not later than five years	641	594	557	594
Later than five years	–	115	–	115
Total future minimum lease payments	831	1,038	706	856
Amount representing interest	(66)	(101)	(57)	(85)
	765	937	649	771

25. BANK BORROWINGS

	2013 $'000	2012 $'000
Current		
Bank overdrafts (Note 32)	9,099	6,994
Trust receipts and bills payable	44,919	39,132
Term loans	2,481	2,886
Short term loans	17,235	10,362
	73,734	59,374
Non-current		
Term loans	4,500	6,500

Corporate guarantees are given by the Company amounting to approximately $190,043,000 (2012: $175,554,000) for facilities granted to certain subsidiaries and associates / joint venture. The short term loans bear interest at rates that ranged from 2.21% to 5.1% (2012: 1.8% to 5.0%) per annum during the financial year. The bank overdrafts bear interest at rates that ranged from 3.94% to 7.85% (2012: 2.6% to 7.85%) per annum during the financial year. The trust receipts and bills payable bear interest at rates that ranged from 1.25% to 5.57% (2012: 1.67% to 5.68%) per annum during the financial year. The term loans during the financial year comprise a HKD loan with interest at rates that ranged from 2.88% to 2.90% (2012: 2.76% to 2.90%) per annum and a SGD loan with fixed interest rate at 3.53% per annum. The HKD term loan is repayable in 60 equal monthly instalments commencing September 2009 and the SGD term loan is repayable in 20 equal quarterly instalments commencing August 2011.

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25. BANK BORROWINGS (CONTINUED)

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% (2012: 9.90%) per annum and will mature in 2018.

26. OTHER LIABILITIES

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

27. DEFERRED TAXATION

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Deferred tax liabilities				
Depreciation	(364)	(646)	(282)	96
Provisions	164	176	12	(45)
Other	(40)	(40)	–	–
	(240)	(510)		
Deferred tax assets				
Provisions	724	643	(81)	234
Depreciation	(14)	(61)	(47)	206
Unutilised tax losses	197	–	(197)	12
Foreign exchange	–	–	–	(256)
Other	31	19	4	295
	938	601	(591)	542
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 (2012: nil) has been recognised for taxes that would be payable on the undistributed earnings and unremitted interest income of certain of the Group's investments as:

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

- The Group's investments in joint venture is held by a wholly-owned subsidiary in the same tax jurisdiction, and the Group has determined that undistributed profit of the subsidiary will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liabilities have been recognised aggregate to $10,836,000 (2012: $13,247,000). The deferred tax liability is estimated to be $1,419,000 (2012: $1,616,000).

27. DEFERRED TAXATION (CONTINUED)

Tax consequences of proposed dividends

There are no income tax consequences (2012: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

28. LOAN TO JOINT VENTURE PARTNER

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

29. SHARE CAPITAL

	Group and Company			
	2013 No. of shares '000	2013 $'000	2012 No. of shares '000	2012 $'000
Ordinary shares issued and fully paid				
At 1 July and 30 June	568,710	165,447	568,710	165,447

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

30. EXCHANGE TRANSLATION RESERVE

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

31. PREFERENCE SHARES ISSUED BY A SUBSIDIARY

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

32. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cash on hand and at banks	9,671	14,703	3,676	4,383

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

32. CASH AND CASH EQUIVALENTS (CONTINUED)

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

	Group	
	2013	2012
	$'000	$'000
Cash on hand and at banks	9,671	14,703
Bank overdrafts (Note 25)	(9,099)	(6,994)
	572	7,709

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

Credit risk

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

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

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

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

- $190,043,000 (2012: $175,554,000) relating to corporate guarantees provided by the Company to banks on banking facilities granted to certain subsidiaries and associates / joint venture.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Within 30 days	6,461	6,934	–	–
31 to 60 days	8,138	3,765	–	–
61 to 90 days	1,733	2,380	–	–
More than 90 days	15,612	15,421	–	–
	31,944	28,500	–	–

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

The Group has (i) an approximately 80% (2012: 69%) of the trade receivables due from a joint venture group in Indonesia and (ii) an approximately 15% (2012:15%) of the financial assets due from a joint venture partner in Indonesia.

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

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

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

	Group			
	Basis points		Effect to the profit before tax	
	2013	2012	2013 $'000	2012 $'000
Singapore dollar borrowings	75	75	(323)	(249)
Euro dollar borrowings	75	75	(26)	(18)
Malaysian dollar borrowings	75	75	(118)	(58)
US dollar borrowings	50	50	(43)	(56)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

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

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

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

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group				
2013				
Financial assets:				
Investment securities	4,261	–	86	4,347
Other receivables	–	–	260	260
Loan to joint venture partner	–	18,590	–	18,590
Trade debtors	64,766	–	–	64,766
Other debtors	17,485	–	–	17,485
Derivative financial assets	8	–	–	8
Cash on hand and at banks	9,671	–	–	9,671
	96,191	18,590	346	115,127
Financial liabilities:				
Trade and other creditors	61,000	–	–	61,000
Finance lease creditors	190	641	–	831
Bank borrowings	74,194	4,659	–	78,853
Other creditors	–	–	2,603	2,603
	135,384	5,300	2,603	143,287
2012				
Financial assets:				
Investment securities	–	–	88	88
Other receivables	–	–	260	260
Loan to joint venture partner	–	19,250	–	19,250
Trade debtors	58,865	–	–	58,865
Other debtors	20,330	–	–	20,330
Cash on hand and at banks	14,703	–	–	14,703
	93,898	19,250	348	113,496
Financial liabilities:				
Derivative financial liabilities	141	–	–	141
Trade and other creditors	64,613	–	–	64,613
Finance lease creditors	329	594	115	1,038
Bank borrowings	60,066	6,845	–	66,911
Other creditors	–	–	2,593	2,593
	125,149	7,439	2,708	135,296

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Company				
2013				
Financial assets:				
Subsidiaries	–	–	50,584	50,584
Investment securities	–	–	86	86
Other debtors	48,285	–	–	48,285
Cash on hand and at banks	3,676	–	–	3,676
	51,961	–	50,670	102,631
Financial liabilities:				
Trade and other payables	2,529	–	–	2,529
Finance lease creditors	149	557	–	706
	2,678	557	–	3,235
2012				
Financial assets:				
Subsidiaries	–	–	52,179	52,179
Investment securities	–	–	88	88
Other debtors	140,796	–	–	140,796
Cash on hand and at banks	4,383	–	–	4,383
	145,179	–	52,267	197,446
Financial liabilities:				
Trade and other payables	96,755	–	–	96,755
Finance lease creditors	147	594	115	856
	96,902	594	115	97,611

Notes to the Financial Statements

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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency exchange risk

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

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

	USD $'000	CHF $'000	EURO $'000	SGD $'000	THB $'000	HKD $'000
Group						
2013						
Trade and other receivables	7,069	62	1,393	879	5,827	14,302
Trade and other payables	28,032	6,363	5,053	32,189	36	12
(Net borrowings) / net cash	(8,995)	(4,119)	(3,453)	12	–	–
2012						
Trade and other receivables	3,188	988	1,371	875	5,714	16,226
Trade and other payables	24,903	10,026	2,383	30,093	49	6
(Net borrowings) / net cash	(3,391)	(8,266)	(2,196)	8	1	–

	AUD $'000	THB $'000	RM $'000	HKD $'000	EURO $'000
Company					
2013					
Other receivables	3,340	4,877	2,007	24,911	54
2012					
Other receivables	3,687	4,783	1,998	27,559	55

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency exchange risk (continued)

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

	2013		2012	
	Changes	Profit before tax $'000	Changes	Profit before tax $'000
USD	+5%	(1,498)	+4%	(1,004)
CHF	+5%	(521)	+5%	(865)
EURO	+5%	(356)	+5%	(160)
SGD	+5%	(1,565)	+4%	(1,168)
THB	+5%	290	+1%	57
HKD	+5%	715	+4%	649

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.

Market price risk

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

Sensitivity analysis for equity price risk

At the balance sheet date, if the market price had been 5% higher/lower with all other variables held constant, the Group's profit before tax would have been approximately $213,000 higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments, and the Group's other reserve in equity would have been approximately $4,000 higher/lower, arising as a result of an increase/decrease in fair value of equity securities classified as available-for-sale.

Notes to the Financial Statements
30 June 2013

34. FINANCIAL INSTRUMENTS

Carrying value

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

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Financial assets carried at fair value through profit and loss				
Derivative financial assets	8	–	–	–
Loans and receivables				
Subsidiaries	–	–	50,584	52,179
Loan to joint venture partner	16,500	16,500	–	–
Other receivables	260	260	–	–
Trade debtors	64,766	58,865	–	–
Other debtors	17,485	20,330	48,285	140,796
Cash on hand and at banks	9,671	14,703	3,676	4,383
	108,682	110,658	102,545	197,358
Held for trading financial assets				
Investment securities	4,261	–	–	–
Available-for-sale financial assets				
Investment securities	86	88	86	88
Financial liabilities carried at fair value through profit and loss				
Derivative financial liabilities	–	141	–	–
Financial liabilities measured at amortised cost				
Trade and other creditors	61,000	64,613	2,529	96,755
Finance lease creditors	765	937	649	771
Bank borrowings	78,234	65,874	–	–
Other liabilities	2,603	2,593	–	–
	142,602	134,017	3,178	97,526

Notes to the Financial Statements

30 June 2013

34. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value

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

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

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

	Group 2012			
	Quoted prices in active markets for identical instruments (Level 1) $'000	**Significant other observable inputs (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**	**Total $'000**
Financial assets:				
Available-for-sale financial assets				
Investment securities	88	–	–	88
Financial liabilities:				
Financial liabilities carried at fair value through profit and loss				
Derivative financial liabilities	–	141	–	141

34. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value (continued)

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

Fair Value Hierarchy

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

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

There have been no transfers between Level 1 and Level 2 during the financial years ended 2013 and 2012.

The Group's investment securities that are classified as held for trading financial assets and 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 amounts approximate fair values

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

C. Financial instruments whose fair values not determinable

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

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

Notes to the Financial Statements
30 June 2013

35. SEGMENT INFORMATION

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

i. The Ongoing Retail segment is involved in the operation of retail stores specialising in the retail of consumer fashion wear, accessories and timepieces.

ii. The Distribution segment is involved in the distribution of consumer fashion wear, accessories, home furnishings and timepieces.

iii. The Export segment is involved in the export of consumer fashion wear, accessories and timepieces.

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

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

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

Business segments

	Ongoing Retail $'000	Distribution $'000	Export $'000	Corporate and Others $'000	Group $'000
2013					
Sales to external consumers	213,335	84,108	75,960	–	373,403
Intersegment sales	–	11,116	17,614	–	28,730
Segment revenue	213,335	95,224	93,574	–	402,133
Segment results	9,552	(3,721)	3,485	(2,970)	6,346
Exceptional items, net					2,819
Interest income					668
Interest expense					(3,307)
Share of results of associates / joint venture, net of tax					767
Profit before taxation					7,293
Taxation					(3,254)
Net profit for the financial year					4,039

35. SEGMENT INFORMATION (CONTINUED)

Business segments (continued)

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

2013	Ongoing Retail $'000	Distribution $'000	Export $'000	Corporate and Others $'000	Group $'000
Segment assets	105,169	68,796	43,979	27,091	245,035
Investment in associates/ joint venture	–	–	–	10,166	10,166
	105,169	68,796	43,979	37,257	255,201
Unallocated assets					21,213
Total assets					276,414
Segment liabilities	38,185	14,889	15,953	1,072	70,099
Unallocated liabilities					75,778
Total liabilities					145,877
Capital expenditure	9,827	421	450	9	10,707
Depreciation	5,533	868	315	1,041	7,757

35. SEGMENT INFORMATION (CONTINUED)

Business segments (continued)

	Ongoing Retail $'000	Distribution $'000	Export $'000	Corporate and Others $'000	Group $'000
2012					
Segment assets	90,200	77,105	40,184	32,683	240,172
Investment in associates / joint venture	–	–	–	12,163	12,163
	90,200	77,105	40,184	44,846	252,335
Unallocated assets					19,525
Total assets					271,860
Segment liabilities	36,917	19,021	13,262	2,548	71,748
Unallocated liabilities					66,505
Total liabilities					138,253
Capital expenditure	6,529	1,327	465	174	8,495
Depreciation	4,531	927	297	1,295	7,050
Reversal of impairment loss on investment properties	(234)	–	–	–	(234)

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

	2013 $'000	2012 $'000
Unallocated assets		
Loan to joint venture partner	16,500	16,500
Other receivables	260	260
Deferred tax assets	938	601
Tax recoverable	3,515	2,164
	21,213	19,525
Unallocated liabilities		
Finance lease creditors	765	937
Bank borrowings (excluding bank overdrafts)	69,135	58,880
Provision for taxation	3,035	3,585
Other liabilities	2,603	2,593
Deferred tax liabilities	240	510
	75,778	66,505

35. 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
2013				
Turnover	303,432	61,644	8,327	373,403
Other geographical information:				
Non-current assets	43,604	11,462	582	55,648
Capital expenditure	10,495	113	99	10,707
2012				
Turnover	300,662	86,208	6,367	393,237
Other geographical information:				
Non-current assets	41,600	19,937	383	61,920
Capital expenditure	7,219	918	358	8,495

36. OPERATING LEASES

The Group has various operating lease agreements for retail outlets, office premises and office equipment. The leases expire at various dates till 2019 and contain provisions for rental adjustments, renewal options, as well as commitments for additional lease payments when turnover of certain retail outlets exceeds pre-determinable levels. There was turnover rent of $3,706,000 (2012: $4,627,000) recognised as an expense during the period. Lease terms do not contain restrictions concerning payments of dividends, additional debt or further leasing. Future minimum lease payments for all leases with initial or remaining terms of one year or more are as follows: -

	Group	
	2013 $'000	2012 $'000
Within one year	50,803	46,200
Between one year to five years	91,103	88,914
Later than five years	966	92
	142,872	135,206

36. 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	
	2013 $'000	2012 $'000
Within one year	–	192
Between one year to two years	–	–
	–	192

There was no (2012: nil) contingent rent recognised as an income during the period.

37. CONTINGENT LIABILITIES, UNSECURED

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

38. COMMITMENTS

As at 30 June 2013, 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 2013, the Group has outstanding forward contracts with settlement dates within the next one year of CHF 1,200,000 (2012: CHF 3,894,000, US dollar 5,042,000 and Euro 704,000).

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

39. RELATED PARTY TRANSACTIONS DISCLOSURE

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

	2013 $'000	2012 $'000
Sale of goods to joint venture	63,091	62,373
Market support and administrative service income from joint venture	8,499	8,281
Purchase of goods from joint venture	6	5
Directors' fees		
- Directors of the Company	315	260
- Other directors of subsidiaries	24	4
Remuneration of key management personnel comprising short-term employee benefits:		
- Directors of the Company	2,770	3,915
- Other directors of subsidiaries	3,496	3,683
- Non directors	643	844
	6,909	8,442

Provident fund contributions of $158,000 (2012: $189,000) are included in remuneration of key management personnel.

40. CAPITAL MANAGEMENT

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

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in objectives, policies or processes during the financial years ended 30 June 2013 and 30 June 2012. The Group has complied with bank covenants, relating to net equity arising from its borrowings for the financial year 30 June 2013 and 30 June 2012.

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

40. CAPITAL MANAGEMENT (CONTINUED)

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

	Group	
	2013 $'000	2012 $'000
Bank borrowings	78,234	65,874
Finance lease creditors	765	937
Less: cash on hand and at banks	(9,671)	(14,703)
Net debt	69,328	52,108
Equity attributable to owners of the parent	131,306	133,951
Net profit attributable to owners of the parent for the financial year	4,447	13,898
Gearing ratio	52.8%	38.9%
Return on equity	3.4%	10.4%

41. DIVIDENDS

	Group and Company	
	2013 $'000	2012 $'000
Paid during the financial year:		
First and final dividend (one-tier tax exempt) for financial year 2012: 1.0 cent [2011: 2.0 cents (one-tier tax exempt)] per ordinary share	5,687	11,374
Proposed but not recognised as a liability as at 30 June:		
First and final dividend (one-tier tax exempt) for financial year 2013: 0.5 cent [2012: first and final dividend 1.0 cent (one-tier tax exempt)] per ordinary share	2,844	5,687

42. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 30 June 2013 were authorised for issue in accordance with a resolution of the Directors dated 24 September 2013.

Statistics of Shareholdings

As at 18 September 2013

SHARE CAPITAL

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

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	53	1.09	4,316	0.00
1,000 - 10,000	3,060	63.03	13,342,069	2.35
10,001 - 1,000,000	1,718	35.39	102,004,282	17.94
1,000,001 and above	24	0.49	453,359,190	79.71
TOTAL	4,855	100.00	568,709,857	100.00

TWENTY LARGEST SHAREHOLDERS

	NAME	NO. OF SHARES	%
1.	DBS NOMINEES PTE LTD	100,538,900	17.68
2.	LIM ENG HOCK	65,000,000	11.43
3.	RAFFLES INVESTMENTS LIMITED	62,280,000	10.95
4.	BENJAMIN FRANK	39,191,000	6.89
5.	BNP PARIBAS SECURITIES SERVICES PTE LTD	35,409,000	6.23
6.	WESTERN PROPERTIES PTE LTD	28,050,000	4.93
7.	UOB KAY HIAN PTE LTD	24,165,000	4.25
8.	SSP INNOVATIONS PTE LTD	19,264,000	3.39
9.	BENJAMIN ELI MANASSEH	17,310,050	3.04
10.	KESTREL CAPITAL (HONG KONG) LIMITED	9,312,000	1.64
11.	UNITED OVERSEAS BANK NOMINEES PTE LTD	8,934,040	1.57
12.	CITIBANK NOMINEES SINGAPORE PTE LTD	8,454,500	1.49
13.	HSBC (SINGAPORE) NOMINEES PTE LTD	7,407,500	1.30
14.	LIM YEW HOE	4,680,000	0.82
15.	BANK OF SINGAPORE NOMINEES PTE LTD	4,073,000	0.72
16.	OCBC SECURITIES PRIVATE LTD	3,667,000	0.64
17.	OCBC NOMINEES SINGAPORE PTE LTD	2,758,080	0.48
18.	THIAN YIM PHENG	2,647,000	0.47
19.	MAYBANK KIM ENG SECURITIES PTE LTD	2,465,120	0.43
20.	CHANG SEE HIANG	2,100,000	0.37
TOTAL		447,706,190	78.72

* Excludes 7,000,000 shares held by nominees

Statistics of Shareholdings

As at 18 September 2013

SUBSTANTIAL SHAREHOLDERS AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest	%	Deemed Interest	%
1.	Lim Eng Hock	65,000,000	11.43	35,641,000	6.27
2.	Segulah Pte Ltd @	91,937,900	16.17	–	–
3.	Raffles Investments Limited #	62,280,000	10.95	–	–
4.	Frank Benjamin	39,191,000	6.89	–	–
5.	Temasek Holdings (Private) Ltd @	–	–	91,937,900	16.17
6.	DBS Trustee Limited @	–	–	91,937,900	16.17
7.	DBS Group Holdings Limited @	–	–	91,937,900	16.17
8.	DBS Bank Ltd. @	–	–	91,937,900	16.17
9.	Aequitas Pte Ltd #	–	–	62,280,000	10.95
10.	Kambau Pte Ltd #	–	–	62,280,000	10.95
11.	Siong Lim Private Limited #	–	–	62,280,000	10.95
12.	Tecity Pte Ltd #	–	–	62,280,000	10.95
13.	Dr Tan Kheng Lian #	–	–	62,280,000	10.95
14.	Aberdeen Asset Management Asia Limited	–	–	43,159,000	7.59
15.	Aberdeen Asset Management PLC and its subsidiaries	–	–	43,159,000	7.59
16.	Mavis Benjamin, Mrs	–	–	39,191,000	6.89

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

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

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on the information available to the Company, as at 18 September 2013, 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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of F J Benjamin Holdings Ltd ("the Company") will be held at Lavender Room, Level 3, Orchard Hotel, 442 Orchard Road, Singapore 238879 on Thursday, 31 October 2013 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 2013 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 0.5 cent per ordinary share one-tier tax exempt for the year ended 30 June 2013 (2012: 1.0 cent per ordinary share). **(Resolution 2)**

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

   Mr Keith Tay Ah Kee **(Resolution 3)**
   Mr Eli Manasseh (Nash) Benjamin **(Resolution 4)**

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

   Mr Eli Manasseh (Nash) 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.

4. To re-appoint Mr Frank Benjamin, a Director of the Company retiring under Section 153(6) of the Companies Act Chapter 50 of Singapore (the "Companies Act"), to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.

   [See Explanatory Note (i)] **(Resolution 5)**

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

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

6. To approve the payment of Directors' Fees of up to S$325,000 for the year ending 30 June 2014 (2013: S$315,000). **(Resolution 6)**

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 7)**

8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

Notice of 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 authorised and empowered to:

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

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

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

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

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing 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 8)**

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") in accordance with an equal access scheme, as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all conditions prescribed by the Companies Act;

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

(b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; or

(ii) the date on which the purchases or acquisitions of shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders of the Company in a general meeting.

Notice of Annual General Meeting

(c) in this Ordinary Resolution:

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

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

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

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

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

where:

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

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

[See Explanatory Note (iii)] **(Resolution 9)**

By Order of the Board

Karen Chong Mee Keng
Company Secretary

Singapore, 16 October 2013

Notice of Annual General Meeting

Explanatory Notes:

(i) The effect of the Ordinary Resolution 5 proposed in item 4 above, is to re-appoint a director of the Company who is over 70 years of age.

(ii) The Ordinary Resolution 8 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 existing shareholders of the Company.

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

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

(iii) The Ordinary Resolution 9 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 date of the next Annual General Meeting of the Company, the date by which the next Annual General Meeting of the Company is required by law to be held, the date on which the purchases or acquisitions of shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated, whichever is earlier, 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 2013 is set out in the Letter.

Notice of Annual General Meeting

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 attorney.

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

Share Purchase Mandate

F J BENJAMIN HOLDINGS LTD
(Incorporated in the Republic of Singapore)
(Company Registration No. 197301125N)

Board of Directors:	**Registered Office:**
Frank Benjamin, *Executive Chairman* Keith Tay Ah Kee, *Non-Executive Deputy Chairman* Eli Manasseh (Nash) Benjamin, *Chief Executive Officer* Douglas Jackie Benjamin, *Executive Director* Karen Chong Mee Keng, *Executive Director* Reggie Thein, *Independent Director* Wong Ai Fong, *Independent Director* Chew Kwee San, *Independent Director* Daniel Ong Jen Yaw, *Independent Director*	10 Science Park Road #04-01 The Alpha Singapore Science Park II Singapore 117684

16 October 2013

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 16 October 2013 (the "**Notice of AGM**") convening the AGM to be held on 31 October 2013 (the "**2013 AGM**"), and (b) the ordinary resolution number 9 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 2013 AGM.

1.3 SGX-ST

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

Share Purchase Mandate

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 The Share Purchase Mandate

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

It is also a requirement that a company which wishes to purchase or acquire its own shares should obtain approval of its shareholders to do so at a general meeting. At the extraordinary general meeting of the Company ("**EGM**") held on 29 October 2007, Shareholders approved a Share Purchase Mandate (as defined herein) to allow the Company to purchase or otherwise acquire its issued Shares (as defined herein). The Share Purchase Mandate was subsequently renewed at the AGMs of the Company held on 30 October 2008, 26 October 2009, 28 October 2010, 28 October 2011 and 25 October 2012 (the "**2012 AGM**"). The rationale for, the authority and limitations on, and the financial effects of, the renewal of the mandate at the 2012 AGM (the "**2012 Share Purchase Mandate**") were set out in the Company's Letter to Shareholders dated 10 October 2012.

The authority conferred pursuant to the 2012 Share Purchase Mandate may be exercised by the Directors at any time during the period commencing from the date of the 2012 AGM and expiring on the date (a) when the next AGM of the Company is held or required by law to be held, (b) the date on which the purchases or acquisitions of Shares pursuant to the 2012 Share Purchase Mandate are carried out to the full extent mandated or (c) the date on which the authority conferred by the 2012 Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting, whichever is earliest.

Accordingly, the Directors are seeking the approval of Shareholders for the renewal of the Share Purchase Mandate at the 2013 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;

Share Purchase Mandate

(c) share purchase programmes help to buffer short-term share price volatility; and

(d) the Share Purchase Mandate will provide the Company the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

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

2.3 Authority and Limits on the Share Purchase Mandate

The authority and limitations placed on the share purchases by the Company under the proposed Share Purchase Mandate, if renewed at the forthcoming 2013 AGM, are similar in terms to those previously approved by Shareholders at the 2012 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 2013 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 2013 AGM, not more than 45,496,789 Shares (representing approximately 8% of the total number of Shares as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate during the duration referred to in **paragraph 2.3(b)** below.

(b) Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2013 AGM, at which the renewal of the Share Purchase Mandate is approved, up to:

(i) the date on which the next AGM is held or required by law to be held; or

(ii) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting, whichever is the earliest.

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

(c) Manner of Purchases or Acquisitions of Shares

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

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

(ii) an off-market acquisition ("**Off-Market Purchase**") in accordance with an equal access scheme as defined in Section 76C of the Companies Act.

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

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

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

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

Pursuant to Rule 885 of the Listing Manual, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it shall issue an offer document to all Shareholders containing at least the following information:

(1) the terms and conditions of the offer;

(2) the period and procedures for acceptances;

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

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

Share Purchase Mandate

(5) whether the purchases or acquisitions of Shares, if made, could affect the listing of the Shares on the SGX-ST;

(6) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases; and

(7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) Maximum Purchase Price

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

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

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

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

For the above purposes:

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

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

2.4 Status of Purchased Shares

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

2.5 Treasury Shares

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

(a) Maximum Holdings

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

(b) Voting and Other Rights

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

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

(c) Disposal and Cancellation

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

(i) sell the treasury shares for cash;

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

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

(iv) cancel the treasury shares; or

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

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

(i) reduce the amount of its share capital where the Shares were purchased out of the capital of the Company;

(ii) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or

(iii) reduce the amount of its share capital and profits proportionately where the Shares were purchased out of both the capital and the profits of the Company, by the total amount of the purchase price paid by the Company for the Shares cancelled. Shares which are cancelled will be automatically delisted, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following such cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are cancelled and not held as treasury shares.

Under Rule 704(28) of the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, and the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage.

2.6 Reporting Requirements

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

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

Rule 886 of the Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

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

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

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

2.7 Source of Funds

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

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

Share Purchase Mandate

2.8 Financial Effects

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

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

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

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

For illustrative purposes only, the financial effects of the Share Purchase Mandate on the Company and the Group, based on the audited financial accounts of the Group for the financial year ended 30 June 2013 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 2013 AGM, not more than 45,496,789 Shares (representing approximately 8% of the total number of issued Shares of the Company as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate;

(b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 45,496,789 Shares at the Maximum Price of S$0.26 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$11.829 million; and

Share Purchase Mandate

(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$0.30 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$13.649 million.

For illustrative purposes only, and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that (i) the purchase or acquisition of Shares is financed by internal sources of funds and external borrowings; (ii) the Share Purchase Mandate had been effective on 30 June 2013; and (iii) the Company had purchased or acquired 45,496,789 Shares (representing approximately 8% of the total number of issued Shares of the Company at the Latest Practicable Date) on 30 June 2013, 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 2013 are set out below:

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

(A) Market Purchases

	Group		Company	
	Before Share Purchase S$'000	**After Share Purchase S$'000**	**Before Share Purchase S$'000**	**After Share Purchase S$'000**
As at 30 June 2013				
Issued capital and reserves	130,537	130,461	165,902	165,826
Treasury shares	–	(11,829)	–	(11,829)
Total shareholders' equity	130,537	118,632	165,902	153,997
NTA	130,537	118,632	165,902	153,997
Profit after taxation and minority interest	4,039	3,963	5,785	5,709
Net debt / (Net cash)	69,328	81,157	(3,027)	2,807
Number of Shares ('000)	568,710	568,710	568,710	568,710
Financial Ratios				
NTA per Share (cents)	22.95	20.86	29.17	27.08
Gross debt gearing (%)	60.52	68.41	0.39	1.82
Net debt gearing (%)	53.11	68.41	(1.82)	1.82
Current ratio (times)	1.60	1.51	16.60	7.89
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	5.35	5.23	268.15	68.35
Basic EPS (cents)				
(before exceptional items)	0.21	0.20	1.13	1.12
(after exceptional items)	0.71	0.70	1.02	1.00
ROE (%)	3.09%	3.34%	3.49%	3.71%

Share Purchase Mandate

(B) Off-Market Purchases

	Group		Company	
	Before Share Purchase S$'000	After Share Purchase S$'000	Before Share Purchase S$'000	After Share Purchase S$'000
As at 30 June 2013				
Issued capital and reserves	130,537	130,398	165,902	165,763
Treasury shares	–	(13,649)	–	(13,649)
Total shareholders' equity	130,537	116,749	165,902	152,114
NTA	130,537	116,749	165,902	152,114
Profit after taxation and minority interest	4,039	3,900	5,785	5,646
Net debt / (Net cash)	69,328	82,977	(3,027)	4,627
Number of Shares ('000)	568,710	568,710	568,710	568,710
Financial Ratios				
NTA per Share (cents)	22.95	20.53	29.17	26.75
Gross debt gearing (%)	60.52	71.07	0.39	3.04
Net debt gearing (%)	53.11	71.07	(1.82)	3.04
Current ratio (times)	1.60	1.49	16.60	5.84
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	5.35	5.13	268.15	42.25
Basic EPS (cents)				
(before exceptional items)	0.21	0.19	1.13	1.11
(after exceptional items)	0.71	0.69	1.02	0.99
ROE (%)	3.09%	3.34%	3.49%	3.71%

Share Purchase Mandate

(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 2013				
Issued capital and reserves / Total shareholders' equity	130,537	118,632	165,902	153,997
NTA	130,537	118,632	165,902	153,997
Profit after taxation and minority interest	4,039	3,963	5,785	5,709
Net debt / (Net cash)	69,328	81,157	(3,027)	2,807
Number of Shares ('000)	568,710	523,213	568,710	523,213
Financial Ratios				
NTA per Share (cents)	22.95	22.67	29.17	29.43
Gross debt gearing (%)	60.52	68.41	0.39	1.82
Net debt gearing (%)	53.11	68.41	(1.82)	1.82
Current ratio (times)	1.60	1.51	16.60	7.89
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	5.35	5.23	268.15	68.35
Basic EPS (cents)				
(before exceptional items)	0.21	0.22	1.13	1.22
(after exceptional items)	0.71	0.76	1.02	1.09
ROE (%)	3.09%	3.34%	3.49%	3.71%

Share Purchase Mandate

(B) Off-Market Purchases

	Group		Company	
	Before Share Purchase S$'000	**After Share Purchase S$'000**	**Before Share Purchase S$'000**	**After Share Purchase S$'000**
As at 30 June 2013				
Issued capital and reserves / Total shareholders' equity	130,537	116, 749	165,902	152,114
NTA	130,537	116,749	165,902	152,114
Profit after taxation and minority interest	4,039	3,900	5,785	5,646
Net debt / (Net cash)	69,328	82,977	(3,027)	4,627
Number of Shares ('000)	568,710	523,213	568,710	523,213
Financial Ratios				
NTA per Share (cents)	22.95	22.31	29.17	29.07
Gross debt gearing (%)	60.52	71.07	0.39	3.04
Net debt gearing (%)	53.11	71.07	(1.82)	3.04
Current ratio (times)	1.60	1.49	16.60	5.84
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	5.35	5.13	268.15	42.25
Basic EPS (cents)				
(before exceptional items)	0.21	0.21	1.13	1.21
(after exceptional items)	0.71	0.75	1.02	1.08
ROE (%)	3.09%	3.34%	3.49%	3.71%

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

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

Share Purchase Mandate

2.9 Take-over Implications

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

(a) Obligation to make a Take-over Offer

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

(b) Persons Acting in Concert

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

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

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

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

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

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

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

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

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(vii) partners; and

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

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

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

(c) Effect of Rule 14 and Appendix 2

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares:

(i) the voting rights of such Directors and their concert parties would increase to 30% or more; or

(ii) in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares:

(A) the voting rights of such Shareholder would increase to 30% or more; or

(B) if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months.

Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Any Shares held by the Company as treasury shares shall be excluded from the calculation of the percentages of voting rights under the Take-over Code referred to above.

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

Share Purchase Mandate

As at the Latest Practicable Date, the Directors are not aware of any other fact(s) or factor(s) which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, persons acting in concert such that their respective interests in Shares should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

2.10 Listing Rules

While the Listing Rules do not expressly prohibit purchase of shares by a listed company during any particular time or times, the listed company would be considered an "insider" in relation to any proposed purchase or acquisition of its issued shares. In this regard, the Company will not purchase any Shares pursuant to the Share Purchase Mandate after a price-sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board of Directors until such time as the price-sensitive information has been publicly announced. In particular, in line with the best practices guides on securities dealings issued by the SGX-ST, the Company will not purchase or acquire any Shares through Market Purchases during the period of:

(a) one (1) month immediately preceding the announcement of the Company's full year financial statements; and

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

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its Shares are in the hands of the public. The "public", as defined under the Listing Manual, are persons other than the Directors, Chief Executive Officer, Substantial Shareholders or controlling shareholders of the Company or its Subsidiaries, as well as the associates of the foregoing.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 206,642,907 Shares, representing 36.3% of the issued Shares, are in the hands of the public. Assuming that the Company purchases its Shares from the public through Market Purchases up to the full 8% limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 161,146,118 Shares, representing 30.8% 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 2012 Share Purchase Mandate in the 12 months immediately preceding the Latest Practicable Date.

Share Purchase Mandate

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

3.1 Directors' Interests

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

Director	Number of Shares: Direct Interest	Number of Shares: Deemed Interest	Total Percentage Interest (%)
Frank Benjamin	39,191,000	–	6.89
Eli Manasseh (Nash) Benjamin (1)	17,310,050	7,000,000	4.27
Keith Tay Ah Kee	256,000	–	0.05
Douglas Jackie Benjamin (2)	–	130,000	0.02
Wong Ai Fong (3)	–	35,000	0.01
Karen Chong Mee Keng	–	–	–
Reggie Thein	–	–	–
Chew Kwee San	–	–	–
Daniel Ong Jen Yaw	–	–	–

(1) Eli Manasseh (Nash) Benjamin – deemed interest – The shares are held in a nominee's name.

(2) Douglas Jackie Benjamin – 10,000 shares are held in his spouse's name, 40,000 shares are held in a nominee's name and 80,000 shares are purchased under the CPF Investment Scheme.

(3) Wong Ai Fong – The shares are purchased under the CPF Investment Scheme and managed by a nominee.

3.2 Substantial Shareholders' Interests

The interests of the substantial shareholders of the Company (other than those who are Directors) in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

Substantial Shareholder	Number of Shares: Direct Interest	Number of Shares: Deemed Interest	Total Percentage Interest (%)
Lim Eng Hock (4)	65,000,000	35,641,000	17.70
Segulah Pte Ltd	91,937,900	–	16.17
Temasek Holdings (Private) Ltd (5)	–	91,937,900	16.17
DBS Trustee Limited (5)	–	91,937,900	16.17
DBS Group Holdings Limited (5)	–	91,937,900	16.17
DBS Bank Ltd. (5)	–	91,937,900	16.17
Raffles Investments Limited	62,280,000	–	10.95
Aequitas Pte Ltd (6)	–	62,280,000	10.95
Kambau Pte Ltd (6)	–	62,280,000	10.95
Siong Lim Private Limited (6)	–	62,280,000	10.95
Tecity Pte Ltd (6)	–	62,280,000	10.95
Dr Tan Kheng Lian (6)	–	62,280,000	10.95
Aberdeen Asset Management Asia Limited (7)	–	43,159,000	7.59
Aberdeen Asset Management PLC and its subsidiaries (7)	–	43,159,000	7.59
Mavis Benjamin (8)	–	39,191,000	6.89

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

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

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

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(7) Aberdeen Asset Management Asia Limited and Aberdeen Asset Management PLC and its subsidiaries – Aberdeen Asset Management Asia Limited acts as an investment manager for various clients/funds and has the power to exercise, or control the exercise of, a right to vote attached to the securities and has the power to dispose of, or control the disposal of, the securities. The registered holder(s) of the securities is the client's or fund's custodian.

(6) Mavis Benjamin – Mavis Benjamin is the spouse of Frank Benjamin and therefore deemed interested in the shares held by Frank Benjamin.

4. ANNUAL GENERAL MEETING

The 2013 AGM of the Company, notice of which is set out in pages 120 to 125 of the 2013 Annual Report, will be held on 31 October 2013 at 10 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 9, being the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate as set out in the Notice of AGM.

6. RESPONSIBILITY STATEMENT

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

Where information in the Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours up to and including the date of the 2013 AGM:

(a) the Memorandum and Articles; and

(b) the 2013 Annual Report.

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

Frank Benjamin
Executive Chairman

Share Purchase Mandate

SCHEDULE - DEFINITIONS

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

"2012 AGM"	:	The annual general meeting of the Company held on 25 October 2012
"2012 Share Purchase Mandate"	:	The Share Purchase Mandate renewed at the 2012 AGM
"2013 AGM"	:	The annual general meeting of the Company to be held on 31 October 2013
"2013 Annual Report"	:	The annual report of the Company for the financial year ended 30 June 2013
"AGM"	:	The annual general meeting of the Company
"Articles"	:	The Articles of Association of the Company
"Board of Directors"	:	The board of Directors of the Company
"CDP"	:	The Central Depository (Pte) Limited
"Companies Act"	:	The Companies Act (Chapter 50 of Singapore)
"Company"	:	F J Benjamin Holdings Ltd
"Director"	:	A director of the Company as at the date of this Letter
"EGM"	:	An extraordinary general meeting of the Company
"EPS"	:	Earnings per Share
"Group"	:	The Company, its Subsidiaries and associated companies
"Latest Practicable Date"	:	18 September 2013, being the latest practicable date prior to the printing of this Letter
"Listing Manual"	:	The listing manual of the SGX-ST
"Listing Rules"	:	The listing rules of the SGX-ST as set out in the Listing Manual
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Market Purchase"	:	Shall have the meaning ascribed to it in **paragraph 2.3(c)(i)**
"Maximum Price"	:	Shall have the meaning ascribed to it in **paragraph 2.3(d)**
"Memorandum"	:	The Memorandum of Association of the Company
"Notice of AGM"	:	The notice of the 2013 AGM

Share Purchase Mandate

"NTA"	:	Net tangible assets
"Off-Market Purchase"	:	Shall have the meaning ascribed to it in **paragraph 2.3(c)(ii)**
"ROE"	:	Return on equity
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	Registered holders for the time being of the Shares (other than CDP), or in the case of depositors, depositors who have Shares entered against their name in the Depository Register
"Shares"	:	Ordinary shares in the share capital of the Company
"Share Purchase Mandate"	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in the Letter as well as the rules and regulations set forth in the Companies Act and the Listing Rules
"Subsidiary"	:	A company which is for the time being a subsidiary of the Company as defined by Section 5 of the Companies Act
"Substantial Shareholder"	:	Shall have the meaning ascribed to it in the Companies Act
"Take-over Code"	:	The Singapore Code on Take-overs and Mergers
"S$" and "cents"	:	Singapore dollars and cents, respectively
"%"	:	Percentage or per centum

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

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

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

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

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

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

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

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

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____

of ____

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

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Thursday, 31 October 2013 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 2013		
2	Payment of proposed first and final dividend		
3	Re-election of Mr Keith Tay Ah Kee as a Director		
4	Re-election of Eli Manasseh (Nash) Benjamin as a Director		
5	Re-appointment of Mr Frank Benjamin as a Director		
6	Approval of Directors' Fees amounting to S$325,000 for year ending 30 June 2014		
7	Re-appointment of Messrs Ernst & Young LLP as Auditors		
8	Authority to issue shares		
9	Renewal of Share Purchase Mandate		

Dated this ____________ day of ________________ 2013

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 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.

FJ BENJAMIN

CO. REG. NO. 197301125N

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