F J BENJAMIN 2Q FY2014 NET PROFIT DOWN 53 PERCENT TO $0.5 MILLION

- *Group turnover rises 8% to $104.6 million*
- *Rampant industry clearance hurts profitability, gross margins down to 38% from 43%*
- *Operating profit up 36% to $2.6 million on lower expenses*

Singapore, 6 February 2014 – F J Benjamin Holdings Ltd, Singapore's leading fashion and lifestyle group, today announced lower net profit for its second quarter ended 31 December 2013 (2Q FY14) amid a softer retail market in Southeast Asia and a slump in demand for luxury timepieces in North Asia.

While the Group turnover improved by 8% to $104.6 million from $96.9 million last year, net profit after tax fell 53% to $0.5 million compared to $1.1 million in the same period last year. The earnings for the previous corresponding quarter (2Q FY13) included an exceptional gain of $920,000 from the sale of a leasehold property in Hong Kong. Excluding this gain, net profit for 2Q FY14 would be more than double the $0.2 million reported in 2Q FY13.

Profitability in Singapore and Malaysia were hurt by rampant industry clearance ahead and during the Christmas and year-end holiday season. Footfall in Singapore stores was generally down, partly due to the devaluations of the rupiah and ringgit which reduced spending by Indonesian and Malaysian tourists. Consequently, gross margins fell by five percentage points to 38% from 43% in 2Q FY14 compared to the previous corresponding period.

Group operating profit rose 36% to $2.6 million as the company reined in operating costs. Group operating expenses totalled $40.0 million, $2 million less than in 2Q FY13, pushing cost to revenue ratio lower at 38.2% compared to 43.4% in the same period last year.

Region-wide, the retail fashion business in Southeast Asia rose 10%, buoyed by new store openings and comparable store growth for some brands. However, the overall retail climate in Southeast Asia remained relatively subdued during the quarter under view.

In North Asia, revenue fell 26%, due mainly to the protracted slowdown in demand for luxury timepieces in China and reduced tourist spending by mainland Chinese visitors in Hong Kong.

Nash Benjamin, Chief Executive Officer of F J Benjamin Holdings Ltd, said: “It was a disappointing quarter overall as markdowns among retailers in Southeast Asia hurt our margins during the quarter. The continued slowdown in demand for luxury watches in North Asia further reduced earnings.

“Going forward, as we continue to selectively invest for the future, we will not let up on our efforts to improve productivity and manage our business risks.”

During the quarter under review, Indonesia continued to see good growth with domestic sales 15% higher and gross margins maintained as upward revision was made to the retail pricing due to the currency devaluation.

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The timepiece distribution business in Southeast Asia also grew 22%, boosted by increased shipments to Indonesia. But in North Asia, sales were down 34% in Hong Kong, and 20% in China.

New store openings in the third and fourth quarters of FY13 and first half year of FY14 contributed to the positive topline growth for the fashion business. In Singapore, the Group opened the first Goyard boutique in the Republic at Ngee Ann City in December and the first standalone store of Italian luxury leather goods brand Valextra opened at Paragon Shopping Centre in November. In Malaysia, two Superdry stores also made their debut in Kuala Lumpur.

The group's in-house brand, Raoul, continued to expand its retail footprint overseas, with a third franchise deal in the Middle East with the Chalhoub Group, a leading distributor of luxury goods based in Dubai. The franchise, signed in December, followed two others in Sri Lanka and China. The agreements underscore Raoul's growing popularity and will create a franchise network of 37 stores when they are progressively rolled out over the next five years.

An upcoming new investment is the flagship store of TOM FORD, one of the world's most coveted upscale brands, in Singapore's Marina Bay Sands, scheduled before the end of April. It will be followed by a similar flagship store in Jakarta, Indonesia, in 2015. Following the encouraging Malaysian launch of Superdry, a British label whose Japanese graphic T-shirts and hoodies have acquired a cult following, the Group is looking for a suitable venue to open the first Superdry store in Singapore this year.

Group net gearing stood at 70% as at December 2013 against 53% at June 2013, the increase due to higher operational cash outflows from increased capital expenditure in the luxury brand sector.

Earnings per share stood at 0.10 cents against 0.23 cents last year.

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About F J Benjamin Holdings Ltd (www.fjbenjamin.com) – F J Benjamin Holdings Ltd is a leader in building brands and in developing retail and distribution networks for international luxury and lifestyle labels across Asia. Its portfolio includes fashion and lifestyle brands like Banana Republic, Catherine Deane, Celine, Gap, Givenchy, Goyard, Guess, La Senza, RAOUL, Sheridan, Superdry, TOM FORD, Valextra, and timepiece brands such as Bell & Ross, Converse, Chronoswiss, Girard-Perregaux, Guess? Watches, Gc, Marc Ecko, Nautica, Rado and Victorinox Swiss Army.

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