

## CORPORATE GOVERNANCE REPORT

### Remuneration Matters

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

Directors	Directors' Fee	Basic Salary	Variable Performance Bonus	Benefit-in-Kind And Others	Total
<b>\$500,000 and above</b>					
Mr Frank Benjamin	–	71%	10%	19%	100%
Mr Eli Manasseh Benjamin	–	73%	11%	16%	100%
<b>\$250,000 to \$499,999</b>					
Mr Keith Tay Ah Kee	–	100%	–	–	100%
Mr Mervyn Lim Sing Hok	–	82%	7%	11%	100%
Mr Douglas Benjamin	–	88%	6%	6%	100%
<b>Below \$250,000</b>					
Mr Joseph Grimberg	100%	–	–	–	100%
Mr Reggie Thein	100%	–	–	–	100%
Ms Wong Ai Fong	100%	–	–	–	100%

The top five 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
\$250,000 to \$499,999	1
Below \$250,000	4

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

The following indicates the composition (in percentage terms) of the annual remuneration of an employee who is an immediate family member of the Chairman and CEO.

#### Remuneration Band : \$250,000 to \$499,999

Basic Salary	: 94%
Variable Performance Bonus	: 6%

## 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 (the “Code”) as recommended by the Corporate Governance Committee. 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. The Company’s Articles of Association allows Board meetings to be conducted by way of tele-conferencing. Between Board meetings, 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 list 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 meetings of the Board, the Executive Committee (“EC”), the Nominating Committee (“NC”), the Remuneration Committee (“RC”) and the Audit Committee (“AC”) during the financial year are 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	8	7	2	2	NA	NA	NA	NA
Keith Tay Ah Kee	4	4	8	8	NA	NA	2	2	NA	NA
Eli Manasseh Benjamin	4	4	8	8	NA	NA	NA	NA	NA	NA
Douglas Benjamin	4	4	8	7	NA	NA	NA	NA	NA	NA
Mervyn Lim Sing Hok	4	4	8	8	NA	NA	NA	NA	NA	NA
Joseph Grimberg	4	4	NA	NA	2	2	2	2	4	4
Reggie Thein	4	4	NA	NA	2	2	2	2	4	4
Wong Ai Fong	4	4	NA	NA	NA	NA	NA	NA	4	4

Prior to their appointment, all new Directors are briefed on the Group’s business activities, strategic direction, corporate governance and the regulatory environment in which the Group operates. New Directors are also briefed on their statutory and other duties and responsibilities as Directors, as well as relevant laws and regulations.

#### Board Composition and Balance - Principle 2

The Board comprises eight Directors, three of whom are Independent Directors. The Board adopts the Code’s definition of what constitutes an independent director. Accordingly, Ms Wong Ai Fong was considered independent with effect from 1 October 2003. Mr Keith Tay relinquished his executive position on 30 June 2004 and would be considered independent only after 3 years from his resignation.

## CORPORATE GOVERNANCE REPORT

As the Board comprises a strong and independent element, it 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 their 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

Mr Frank Benjamin is the Chairman as well as the Chief Executive Officer ("CEO") of the Group. As the founder of the Group and the key contact person with the principals and suppliers of the Group and taking into consideration the scope and nature of the Group's business, he performs a vital role on the Board and the Board believes that there is no need to separate the two functions.

Besides giving guidance on the corporate direction of the Group, the role of the Chairman 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 Chairman also sets the strategic direction of the Group and supervises its business operations with the support of the Executive Directors and Management.

### Access to Information - Principle 6

The Board is provided with relevant information by the Management prior to Board meetings. The Board also has access to minutes and documents concerning all Board and Board Committee meetings. In addition, the minutes of monthly Executive Committee meetings are circulated to all Board members.

The Board also has separate and independent access to the Management and Company Secretaries. The Company Secretaries attend all Board meetings and are 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. The Management presents key financial information showing the Group's performance and financial position on a monthly basis to the Executive Directors and on a quarterly basis to all Directors. The Directors make enquires and request for additional information, if needed, during the presentations.

### 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.

At the same time, the Group has expanded its business model and, with the experience it has accumulated over the years representing international brands, is developing its own in-house labels. In line with this direction, the Group has designed and developed "RAOUL", a men's executive line of shirts and accessories, "O", a ladies collection currently sold at its INEZ multi-brand boutique at the Paragon and "PAINT 8", a children's line currently being developed. The Group has also developed "WATCH ZONE", a modern retail concept offering an affordable range of fashion/lifestyle timepiece brands, thus further enhancing its revenue base and branding of its products.

## CORPORATE GOVERNANCE REPORT

### Board Performance - Principle 5

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

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

## REMUNERATION COMMITTEE

### Procedures for Developing Remuneration Policies - Principle 7

### Level and Mix of Remuneration - Principle 8

### Disclosure of Remuneration - Principle 9

The Remuneration Committee is chaired by Mr Reggie Thein and its members are Mr Joseph Grimberg and Mr Keith Tay. With the exception of Mr Keith Tay, the other two are Independent Directors.

Under its written terms of reference approved by the Board, the Remuneration Committee 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 following consultation with the Chairman of the Board;
- (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;
- (f) to recommend the Directors' fees of Non-executive Directors to the Board based on their level of contribution, taking into account factors such as effort, time spent and responsibilities. Directors fees are only paid to Non-executive Directors and are approved by Shareholders at the Annual General Meeting; and
- (g) to provide an ongoing review of the process of Board performance for the Board.

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

The Remuneration Committee 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 Remuneration Committee 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

### AUDIT COMMITTEE

#### 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 MASNET announcements.

The Audit Committee is chaired by Mr Reggie Thein and its members are Mr Joseph Grimberg and Ms Wong Ai Fong. All of them are Independent Directors.

The Board ensures that the members of the Audit Committee are appropriately qualified to discharge their responsibilities, with two of the members, including the Chairman, having accounting or related financial management expertise and experience. The Audit Committee has written terms of reference approved by the Board which clearly sets out its authority and duties.

Under its written terms of reference approved by the Board, the Audit Committee 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 with the External Auditor, the audit plan and audit report;
- (e) to review with the Internal Auditor the scope of work and to approve the internal audit plans;
- (f) to review the quarterly and annual financial statements, including announcements to Shareholders and the 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 Audit Committee 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 Audit Committee 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 Audit Committee 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 service 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 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.

## CORPORATE GOVERNANCE REPORT

### Financial Risk

The Group maintains a low gearing ratio of 0.3 times and sufficient cash reserves to meet any unforeseen circumstances. It has also consolidated its bank borrowings from twelve banks in financial year 2001 to six banks currently. As a result of a stronger balance sheet, balanced capital structure and a sustained turnaround in its operational performance, the banks have released all personal guarantees and floating charge on the Group's assets.

Most of the Group's overseas purchases are denominated in Sfr, USD and Euro dollar. In order to cap the Group's exposure to foreign currency fluctuations, it engages in foreign currency hedging based on purchase commitments for periods ranging from three to six months forward.

### NOMINATING COMMITTEE

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

### Board Membership - Principle 4

In accordance with the Articles of Association, the Directors are required to submit themselves for re-election and re-nomination at regular intervals of at least once every three years.

The Nominating Committee recommended to the Board that:

- (a) Mr Frank Benjamin (with Mr Frank Benjamin abstaining from making such recommendation);
- (b) Mr Eli Manasseh Benjamin; and
- (c) Mr Joseph Grimberg (with Mr Joseph Grimberg abstaining from making such recommendation)

be nominated for re-appointment at the forthcoming Annual General Meeting. In making the recommendation, the Nominating Committee had considered the Directors' overall contribution and performance.

Under its written terms of reference approved by the Board, the Nominating Committee 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 and make recommendations to the Board on such adjustments as may be deemed necessary;
- (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 recommend Directors who are to retire by rotation to be put forward for re-election at each Annual General Meeting of the Company, having regard to the Directors' contribution and performance;
- (e) to make recommendations to the Board for the continuation of service of any Director who has reached the age of 70;
- (f) to determine whether a Director is independent, bearing in mind the circumstances set forth in paragraph 2.1 of the Code and other salient factors; and
- (g) 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.

The profile and information of the Directors as at the date of this report are set out on pages 9 and 10 of the Annual Report.

**BALANCE SHEETS** as at 30 June 2004

	Note	Group		Company	
		2004	2003	2004	2003
		\$'000	\$'000	\$'000	restated \$'000
<b>Non-current assets</b>					
Property, furniture, fixtures and equipment	10	<b>69,105</b>	70,222	<b>38,316</b>	40,095
Interests in subsidiaries	11	–	–	<b>46,436</b>	44,748
Interest in joint venture	12	–	–	–	–
Interests in associated companies	13	<b>9,422</b>	11,656	–	15
Other investments	14	<b>414</b>	1	<b>414</b>	1
Deferred tax assets	21	<b>624</b>	–	–	–
		<b>79,565</b>	81,879	<b>85,166</b>	84,859
<b>Current assets</b>					
Stocks	15	<b>23,368</b>	24,895	–	–
Trade debtors	16	<b>17,250</b>	10,945	–	–
Other debtors	17	<b>6,246</b>	5,499	<b>746</b>	396
Cash on hand and at banks		<b>11,248</b>	15,151	<b>6,052</b>	10,201
		<b>58,112</b>	56,490	<b>6,798</b>	10,597
<b>Current liabilities</b>					
Trade and other creditors	18	<b>25,554</b>	22,023	<b>616</b>	1,020
Finance lease creditors	19	<b>162</b>	140	<b>90</b>	102
Bank borrowings	20	<b>15,014</b>	17,784	<b>1,783</b>	3,533
Provision for taxation		<b>239</b>	340	<b>120</b>	88
		<b>40,969</b>	40,287	<b>2,609</b>	4,743
<b>Net current assets</b>		<b>17,143</b>	16,203	<b>4,189</b>	5,854
<b>Non-current liabilities</b>					
Finance lease creditors	19	<b>532</b>	359	<b>342</b>	336
Bank borrowings	20	<b>19,010</b>	19,925	<b>11,750</b>	12,483
Deferred tax liabilities	21	<b>700</b>	700	<b>700</b>	700
		<b>20,242</b>	20,984	<b>12,792</b>	13,519
<b>Net assets</b>		<b>76,466</b>	77,098	<b>76,563</b>	77,194
<b>Shareholders' equity</b>					
Share capital	22	<b>57,000</b>	57,000	<b>57,000</b>	57,000
Share premium	23	<b>26,685</b>	26,685	<b>26,685</b>	26,685
Warrant reserve	24	<b>28,025</b>	28,025	<b>28,025</b>	28,025
Exchange translation reserve	25	<b>(5,599)</b>	(3,503)	<b>(2,947)</b>	(852)
Accumulated losses		<b>(29,707)</b>	(31,172)	<b>(32,200)</b>	(33,664)
		<b>76,404</b>	77,035	<b>76,563</b>	77,194
<b>Minority interest</b>		<b>62</b>	63	–	–
		<b>76,466</b>	77,098	<b>76,563</b>	77,194

The accompanying policies and explanatory notes from pages 42 to 70 form an integral part of the financial statements.

## REPORT OF THE DIRECTORS

The Directors of F J Benjamin Holdings Ltd (the "Company") are pleased to present their report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 30 June 2004 and the balance sheet of the Company as at 30 June 2004.

### DIRECTORS

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

Mr Frank Benjamin - Chairman and Chief Executive Officer

Mr Keith Tay Ah Kee - Non-executive Deputy Chairman

Mr Eli Manasseh Benjamin - Deputy Chief Executive Officer

Mr Douglas Benjamin - Executive Director

Mr Mervyn Lim Sing Hok - Executive Director

Mr Joseph Grimberg - Independent Director

Mr Reggie Thein - Independent Director

Ms Wong Ai Fong - 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 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, an interest in the shares of the Company as stated below: -

NAME OF DIRECTOR	Direct interest		Deemed interest	
	At 1.7.2003	At 30.6.2004	At 1.7.2003	At 30.6.2004
<u>Ordinary share of \$0.20 each</u>				
Mr Frank Benjamin	65,744,950	65,444,950	52,500,000	52,500,000
Mr Keith Tay Ah Kee	228,000	228,000	-	-
Mr Eli Manasseh Benjamin	27,937,050	23,237,050	300,000	300,000
Mr Douglas Benjamin	120,000	120,000	10,000	10,000
Mr Joseph Grimberg	50,000	50,000	-	-
Ms Wong Ai Fong	35,000	35,000	-	-
<u>Warrant</u>				
Mr Frank Benjamin	25,523,950	22,144,950	10,500,000	10,500,000
Mr Keith Tay Ah Kee	28,000	28,000	-	-
Mr Eli Manasseh Benjamin	7,437,050	4,237,050	300,000	300,000
Mr Douglas Benjamin	120,000	120,000	10,000	10,000
Mr Mervyn Lim Sing Hok	100,000	-	-	-
Mr Joseph Grimberg	300,000	300,000	-	-

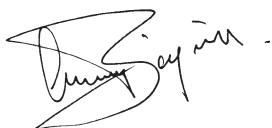


## STATEMENT BY DIRECTORS

We, Eli Manasseh Benjamin and Mervyn Lim Sing Hok, being two of the Directors of F J Benjamin Holdings Ltd, do hereby state that, in the opinion of the Directors:-

- (i) the accompanying consolidated profit and loss account, balance sheets, consolidated statement of changes in equity and consolidated statement of cash flow together with the notes thereto, set out on pages 37 to 70, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2004 and of the results of the business, changes in equity and cash flow of the Group for the financial 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



Eli Manasseh Benjamin  
*Director*



Mervyn Lim Sing Hok  
*Director*

Singapore  
15 September 2004

**CONSOLIDATED PROFIT AND LOSS ACCOUNT** for the financial year ended 30 June 2004

		Group	
	Note	2004 \$'000	2003 \$'000
<b>Revenue</b>	4	<b>116,573</b>	105,569
Other income	5	<b>5,668</b>	4,737
		<b>122,241</b>	110,306
<b>Costs and expenses</b>			
Cost of sales		<b>73,169</b>	71,217
Staff costs		<b>17,392</b>	15,310
Rental costs		<b>10,613</b>	8,037
Depreciation of property, furniture, fixtures and equipment		<b>3,413</b>	3,117
Other operating expenses, net		<b>15,726</b>	11,252
Total costs and expenses		<b>120,313</b>	108,933
<b>Operating profit</b>		<b>1,928</b>	1,373
Exceptional items, net			
- Gain/(loss) on discontinued operations		<b>137</b>	(2,539)
- Others		<b>(91)</b>	4,661
	6	<b>46</b>	2,122
Interest expense		<b>(1,287)</b>	(1,907)
Share of results of associated companies		<b>1,426</b>	237
<b>Profit before taxation</b>	7	<b>2,113</b>	1,825
Taxation	8	<b>(90)</b>	(327)
<b>Profit after taxation</b>		<b>2,023</b>	1,498
Minority interest		<b>(2)</b>	19
<b>Net profit for the financial year</b>		<b>2,021</b>	1,517
Basic earnings per share (cent)	9	<b>0.71</b>	0.53
Diluted earnings per share (cent)	9	<b>0.71</b>	0.53

The accompanying policies and explanatory notes from pages 42 to 70 form an integral part of the financial statements.

## REPORT OF THE DIRECTORS

### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

There was no change in any of the above-mentioned interests between the end of the financial year and 21 July 2004.

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Mr Frank Benjamin is deemed to have interests in the shares of all the subsidiaries of the Company in proportion to the Company's interests in the subsidiaries.

### 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 at the date of this report are:

Mr Reggie Thein (Chairman)

Mr Joseph Grimberg

Ms Wong Ai Fong

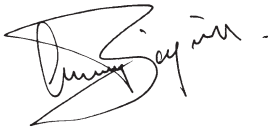
The Audit Committee performed the functions specified in the Singapore Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited as detailed in the Corporate Governance Report of the Annual Report.

The Audit Committee has recommended to the Board of Directors the nomination of Ernst & Young as external auditors at the forthcoming Annual General Meeting of the Company.

### AUDITORS

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

On behalf of the Board



Eli Manasseh Benjamin  
*Director*



Mervyn Lim Sing Hok  
*Director*

Singapore  
15 September 2004

## CORPORATE GOVERNANCE REPORT

### Internal Audit - Principle 13

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

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

### 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 permits a member entitled to attend and vote to appoint a proxy to attend and vote on his or her behalf. The Company's Articles of Association also provides that a proxy need not be a member of the Company. Separate resolutions are proposed as individual agenda items. Members of the Board and various Board committees together with the External Auditor are present and available to address questions at General Meetings.

### ADDITIONAL INFORMATION

#### Dealing in Securities

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

#### 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 Audit Committee 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 2004, there were no material interested person transactions entered into.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** for the financial year ended 30 June 2004

	Note	Share capital \$'000	Share premium \$'000	Warrant reserve \$'000	Exchange translation reserve \$'000	Accumulated losses \$'000	Total shareholders' equity \$'000
<b>Group</b>							
Balance as at 30 June 2003		57,000	26,685	28,025	(3,503)	(31,172)	77,035
Net profit for the financial year		-	-	-	-	2,021	2,021
Exchange differences arising from consolidation		-	-	-	(1,032)	-	(1,032)
Exchange difference arising from a monetary item that in substance forms part of the net investment in a foreign subsidiary		-	-	-	(1,064)	-	(1,064)
Dividend paid	33	-	-	-	-	(556)	(556)
Balance as at 30 June 2004		57,000	26,685	28,025	(5,599)	(29,707)	76,404
Balance as at 30 June 2002		57,000	26,685	-	(2,463)	(32,467)	48,755
Net profit for the financial year		-	-	-	-	1,517	1,517
Exchange differences arising from consolidation		-	-	-	(1,040)	-	(1,040)
Proceeds from issuance of warrants		-	-	28,500	-	-	28,500
Expenses on issuance of warrants		-	-	(475)	-	-	(475)
Dividend paid		-	-	-	-	(222)	(222)
Balance as at 30 June 2003		57,000	26,685	28,025	(3,503)	(31,172)	77,035

The accompanying policies and explanatory notes from pages 42 to 70 form an integral part of the financial statements.



**DIRECTORS' REPORT AND AUDITED  
FINANCIAL STATEMENTS**

F J Benjamin Holdings Ltd  
Co. Reg. No. 197301125N  
30 June 2004

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## AUDITORS' REPORT

We have audited the accompanying financial statements of F J Benjamin Holdings Ltd (the "Company") and its subsidiaries (the "Group"), set out on pages 37 to 70, for the financial year ended 30 June 2004. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (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 2004 and the results, changes in equity and cash flow of the Group for the financial year ended on that date; and
- (b) 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  
*Certified Public Accountants*

Singapore  
15 September 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Property, furniture, fixtures and equipment (cont'd)

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals is capitalised and expenditure for maintenance and repairs is charged to the profit and loss account.

Investment properties are investments in properties that are not occupied substantially for use by or in the operations of the Group. They are accounted for as property, furniture, fixtures and equipment and are carried in the balance sheet at cost less accumulated depreciation and impairment loss.

Depreciation is calculated on the straight-line method over the estimated useful life of the asset as follows:

Freehold buildings	–	50 years
Leasehold buildings	–	Over the lease terms
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 5 years

No depreciation is provided on freehold land.

The useful life and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, furniture, fixtures and equipment.

(h) Other investments

All investments are initially recognised at cost, including acquisition charges associated with the investment.

After initial recognition, investments, which are held for trading and available-for sale, are stated at the lower of cost and market value. Market value is the average of the bid and offer prices at the balance sheet date.

(i) Stocks

Stocks 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. Net realisable value is arrived at after due allowance has been made for all obsolete and slow-moving stocks.

(j) Receivables

Trade and other debtors, which generally have been granted between 60 to 120 days credit terms, are recognised and carried at original invoiced amount less allowance for doubtful debts. An estimate for allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off to the profit and loss account when identified.

Debts from related parties are recognised and carried at cost less allowance for doubtful debts, if any.

(k) Payables

Liabilities for trade and other creditors, which are normally settled on 60 to 120 days credit terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Payables to related parties are carried at cost.



## NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (o) Impairment of assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the recoverable amount of an asset is less than its carrying amount. The impairment loss is charged to the profit and loss account unless it reverses a previous revaluation which was credited to equity, in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flow is discounted to its present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

#### (p) Revenue recognition

Revenue from the sale of products are recognised upon passage of title to the customer which generally coincides with their delivery and acceptance.

Revenue from the provision of services are recognised upon completion of services provided to the customer.

Dividend income from investments is accounted for on the basis of the dates dividends are declared payable by the investee companies. Interest income from term deposits is accounted for on an accrual basis.

Rental income is recognised on an accrual basis.

#### (q) Foreign currencies

Transactions arising in foreign currencies during the financial year are translated at rates closely approximating those ruling on the transaction dates. Foreign currency monetary assets and liabilities are translated into local currency at exchange rates ruling at the balance sheet date. All exchange differences are included in the profit and loss account, except for exchange difference arising from a monetary item that in substance forms part of the Company's net investment in a foreign subsidiary and which is then included in the exchange translation reserve.

For inclusion in the consolidated financial statements, assets and liabilities of foreign subsidiaries and associated companies are translated into Singapore dollars at rates of exchange ruling at the balance sheet date. The results of foreign subsidiaries and associated companies are translated at average exchange rates for the financial year. Exchange differences due to such currency translations are included in the exchange translation reserve.

## NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (r) Borrowing costs

Borrowing costs are recognised as interest expense in the financial year in which it is incurred.

#### (s) Employee benefits

##### *Short-term employee benefits*

All short-term employee benefits, including accumulated compensated absences, are recognised in the profit and loss account in the period in which the employees render their services to the Group's companies.

##### *Provident fund contributions*

The Group's companies make contributions to provident funds. These contributions are recognised as compensation expenses in the same period as the employment that gives rise to the contribution.

#### (t) Related parties

Related parties in the financial statements refer to related companies, Directors and entities in which the Directors have significant influence or control. Related companies in the financial statements refer to members of the F J Benjamin Group of companies. Related company transactions are carried out based on terms agreed upon between the parties.

#### (u) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks, inclusive of demand deposits, net of bank overdrafts.

#### (v) 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 corporate assets and expenses. The turnover by geographical segments are based on the location of the customers regardless of where the goods are produced. The assets and capital expenditure are based on the location of those assets.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. The results of subsidiaries acquired or disposed of during the financial year are included in or excluded from the respective date of acquisition or disposal, as applicable.

When subsidiaries are acquired, any excess of the consideration over the net assets at the date of acquisition is dealt with as goodwill on consolidation. Goodwill arising from business combinations on or after 1 July 2001 is amortised using the straight-line method over a period not exceeding twenty years. Goodwill arising from business combinations prior to 30 June 2001 has been written off against reserves in the financial year in which it arose. A list of the Group's subsidiaries is shown in Note 3 to the financial statements.

(d) **Subsidiaries**

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for using the equity method less any impairment loss. Accrual for financial undertakings is provided when the Company has extended an undertaking to provide continuing financial support to its subsidiaries.

(e) **Joint venture**

A joint venture is a contractual arrangement whereby the Group and other entities undertake an economic activity, which is subject to joint control.

The Group's interest in a joint venture is accounted for by using the proportionate consolidation method whereby the Group's proportionate share of the joint venture's assets, liabilities, income and expenses are combined on a line-by-line basis with similar items in the consolidated financial statements.

In the Company's separate financial statements, investment in joint venture is accounted for using the equity method less any impairment loss.

(f) **Associated companies**

An associated company is defined as a company, not being a subsidiary, in which the Group has a long-term interest of not less than 20% nor more than 50% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

The Group's share of the results of associated companies is included in the consolidated profit and loss account using either the most recent available audited financial statements or the unaudited management financial statements of the associated companies. The Group's share of post-acquisition reserves of associated companies is included in interests in associated companies in the consolidated balance sheet.

In the Company's separate financial statements, investments in associated companies are accounted for using the equity method less any impairment loss.

(g) **Property, furniture, fixtures and equipment**

Property, furniture, fixtures and equipment are stated at cost less accumulated depreciation and impairment loss, except for one of the freehold land and buildings which is stated at valuation. The Group will revalue its freehold land and buildings on a need to basis.

**CONSOLIDATED STATEMENT OF CASH FLOW** for the financial year ended 30 June 2004

	Group	
	2004 \$'000	2003 \$'000
<b>Cash flow from operating activities:</b>		
Profit before taxation	<b>2,113</b>	1,825
Adjustments for:		
Depreciation of property, furniture, fixtures and equipment	<b>3,424</b>	3,619
Share of results of associated companies	<b>(1,426)</b>	(237)
Currency realignment	<b>(1,152)</b>	(899)
Gain on disposal of furniture, fixtures and equipment	<b>(65)</b>	(32)
Interest income	<b>(55)</b>	(67)
Interest expense	<b>1,287</b>	1,907
Write-down of value of other investments	<b>113</b>	–
Write-back of allowance for doubtful debts from a non-cash settlement (Write-back) / allowance for impairment loss on property, furniture, fixtures and equipment, net	<b>–</b> <b>(182)</b>	(4,783) 546
Net gain arising from sale of associated company	<b>–</b>	(2,229)
Gain on dilution of a subsidiary (Note A)	<b>(250)</b>	–
<b>Operating profit/(loss) before reinvestment in working capital</b>	<b>3,807</b>	(350)
(Increase)/decrease in debtors	<b>(7,254)</b>	8,489
Decrease in stocks	<b>1,014</b>	2,316
Increase/(decrease) in creditors	<b>4,833</b>	(3,861)
<b>Cash generated from operations</b>	<b>2,400</b>	6,594
Income tax refunded/(paid)	<b>44</b>	(791)
<b>Net cash generated from operating activities</b>	<b>2,444</b>	5,803
<b>Cash flow from investing activities:</b>		
Purchase of furniture, fixtures and equipment	<b>(3,128)</b>	(2,147)
Proceeds from disposal of furniture, fixtures and equipment	<b>205</b>	691
Proceeds from sale of associated company	<b>–</b>	6,390
Investment in associated company	<b>–</b>	(153)
Investment in quoted shares	<b>(526)</b>	–
Repayment from associated companies	<b>2,569</b>	1,392
Dilution of a subsidiary (Note A)	<b>(175)</b>	–
Interest received	<b>55</b>	67
<b>Net cash (used in) / generated from investing activities</b>	<b>(1,000)</b>	6,240
<b>Cash flow from financing activities:</b>		
Proceeds from issuance of warrants	<b>–</b>	28,500
Expenses on issuance of warrants	<b>–</b>	(475)
Repayment of bank borrowings	<b>(2,560)</b>	(21,484)
Proceeds from / (repayment to) finance lease creditors	<b>195</b>	(182)
Interest paid	<b>(1,287)</b>	(1,907)
Dividend paid to shareholders	<b>(556)</b>	(222)
Dividends paid to minority shareholders	<b>–</b>	(5,231)
<b>Net cash used in financing activities</b>	<b>(4,208)</b>	(1,001)

The accompanying policies and explanatory notes from pages 42 to 70 form an integral part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

### 1. CORPORATE INFORMATION

The Company is a public limited company incorporated and domiciled in Singapore.

The registered address of the Company is 6B Orange Grove Road, Singapore 258332.

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.

The Group operates primarily in five countries. As at 30 June 2004, the Group and Company had 474 employees (2003: 452 employees) and 14 employees (2003: 14 employees) respectively.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of accounting

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Singapore Companies Act. In previous years, the financial statements were prepared in accordance with Singapore Statements of Accounting Standard (SAS). Except as disclosed in Note 2(b), the transition from SAS to FRS did not result in any significant change in accounting policies.

The financial statements of the Company and of the Group, which are expressed in Singapore dollars (\$), are prepared under the historical cost convention modified by the revaluation of one of the freehold land and buildings.

Except for the change in accounting policy discussed more fully below, the accounting policies have been consistently applied and are consistent with those used in the previous financial year.

#### (b) Change in accounting policy

The Company had previously accounted for investments in subsidiaries at revalued amounts in its separate financial statements as allowed by SAS 26 (2002) - Consolidated Financial Statements and Accounting for Investments in Subsidiary Companies. With the introduction of FRS, this option has been removed, and the Company has elected to account for its investments in subsidiaries using the equity method in accordance with FRS 27 - Consolidated Financial Statements and Accounting for Investments in Subsidiaries, with effect from 1 July 2003. The effects on the financial statements of the Company for the financial year ended 30 June 2003 are as follows:

	As previously reported \$'000	Restated \$'000	Changes \$'000
Interests in subsidiaries	50,549	44,748	(5,801)
Accumulated losses as at 30 June 2002	(34,211)	(34,753)	(542)
Profit after tax for financial year ended 30 June 2003	5,718	1,311	(4,407)
Accumulated losses as at 30 June 2003	(28,715)	(33,664)	(4,949)
Exchange translation reserve as at 30 June 2003	–	(852)	(852)

This change in accounting policy has similarly resulted in a reduction in profit after tax of the Company for the financial year ended 30 June 2004 by \$3.8 million.

In order to align the accounting policy, investments in joint venture and associated companies are also accounted for using the equity method, instead of at cost. This alignment has no material impact on the current and prior financial years' financial statements of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) 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 balance sheet date and adjusted to reflect the current best estimate.

(m) Deferred taxation

Deferred taxation is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences associated with its investments in subsidiaries, associated companies and interest in joint venture, except where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

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

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

(n) Leases

*Finance leases*

Finance leases, which effectively transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at an amount equal, at the inception of the lease, to the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. Finance charges are charged directly to the profit and loss account.

*Operating leases*

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

**CONSOLIDATED STATEMENT OF CASH FLOW** for the financial year ended 30 June 2004

	Group	
	2004	2003
	\$'000	\$'000
Net (decrease)/increase in cash and cash equivalents	<b>(2,764)</b>	11,042
Cash and cash equivalents at beginning of financial year	<b>12,374</b>	1,367
Net effect of exchange rate changes on opening cash and cash equivalents	<b>(14)</b>	(35)
Cash and cash equivalents at end of financial year (Note 26)	<b>9,596</b>	12,374

**Note A**

The dilution of the Company's interest in V.B. Fashions Pte Ltd ("VB") from 70% to 50% shareholding, has the following effects on the individual assets and liabilities of the Group arising from the de-consolidation of a subsidiary to the proportionate consolidation of a joint venture entity, as set out below:

	\$'000
Property, furniture, fixtures and equipment	(159)
Stocks	(513)
Debtors	(202)
Creditors	1,299
Cash on hand and at bank	(308)
Fair value of net tangible liabilities disposed	117
Consideration received in cash	3
Cash injection by minority shareholder	130
Gain on dilution of a subsidiary	250
Consideration received in cash	3
Cash injection by minority shareholder	130
Cash and cash equivalent of VB	(308)
Net cash outflow on dilution of a subsidiary	(175)

*The accompanying policies and explanatory notes from pages 42 to 70 form an integral part of the financial statements.*

NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

3. GROUP COMPANIES

The subsidiaries as at 30 June are:-

Name of company [country of incorporation]	Principal activities	Cost		Percentage of equity interest	
		2004 \$'000	2003 \$'000	2004 %	2003 %
<i>Held by the Company -</i>					
~ B.M.I. (Pte) Ltd [Singapore]	Inactive	-	200	- Ω	100
~ Benchmark (Pte) Ltd [Singapore]	Inactive	<b>3,000</b>	3,000	<b>100</b>	100
~ F J Benjamin (Singapore) Pte Ltd [Singapore]	Importers, exporters, licensees, distributors and retailers of consumer fashion wear, accessories, timepieces and home furnishings	-	2,500	- Ω	100
~ F J Benjamin Maxcom Pte Ltd [Singapore]	Inactive	<b>50</b>	50	<b>100</b>	100
~ F J Benjamin Concepts (S) Pte Ltd [Singapore]	Investment holding company	<b>60</b>	60	<b>100</b>	100
~ Manchester United (S.E.A.) Pte Ltd [Singapore]	Importers, exporters, distributors and retailers of consumer fashion wear and accessories	<b>3,000</b>	3,000	<b>100</b>	100
~ F. J. B. Investment Pte Ltd [Singapore]	Investment holding company	^	^	<b>100</b>	100
~ V.B. Fashions Pte Ltd [Singapore]	Importers, exporters, distributors and retailers of consumer fashion wear and accessories	-	140	- θ	70
Balance carried forward		<b>6,110</b>	8,950		



## NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

### 6. EXCEPTIONAL ITEMS, NET (CONT'D)

The revenue, expenses and results from the operations of the Taiwan retail business are as follows:

	2004 \$'000	2003 \$'000
Revenue	841	5,132
Operating costs	<b>(704)</b>	(6,783)
Profit/(loss) from operating activities	<b>137</b>	(1,651)
Impairment loss on furniture, fixtures and equipment	-	(85)
Provision for restructuring	-	(658)
Net profit/(loss) from discontinued operations	<b>137</b>	(2,394)

There is no tax expense due to the tax loss position of the discontinued operations. Deferred tax assets have not been recognised in respect of the tax losses due to uncertainty of their recoverability.

#### Discontinued food and beverage operations

The Group discontinued its food and beverage and entertainment business in financial year 2002. The operation in Singapore was terminated with its assets transferred to an associated company, Devils Bar Pte Ltd.

The disposal is consistent with the Group's long term strategy to work in partnership with proven successful operators in non-core businesses. As the assets were sold at net book value, no material financial impact to the Group's results arose from the disposal of these assets.

There was no material impact on the financial statements for the financial year ended 30 June 2004.

### 7. PROFIT BEFORE TAXATION

	2004 \$'000	Group 2003 \$'000
Profit before taxation is stated after charging :-		
Auditors' remuneration		
- Auditors of the Company		
- current year	<b>184</b>	184
- overprovision in respect of prior years	<b>(43)</b>	(2)
- Other auditors	<b>106</b>	97
Non-audit fees paid to		
- Auditors of the Company	<b>120</b>	139
- Other auditors	<b>15</b>	18
Provident fund contributions	<b>1,496</b>	1,514

NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

10. 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	Freehold Land and Buildings \$'000	Total \$'000
<b>Cost</b>								
At beginning of the year	2,064	1,761	1,610	6,625	14,015	40,613	42,507	109,195
Currency realignment	(6)	(15)	(8)	(2)	(77)	(991)	–	(1,099)
Dilution of a subsidiary	–	–	–	–	(310)	–	–	(310)
Additions	9	56	589	286	2,188	–	–	3,128
Disposals	(39)	(43)	(423)	(75)	(1,237)	–	–	(1,817)
At end of the year	2,028	1,759	1,768	6,834	14,579	39,622	42,507	109,097
Representing -								
Cost	2,028	1,759	1,768	6,834	14,579	39,622	9,507	76,097
Valuation 1994	–	–	–	–	–	–	33,000	33,000
	2,028	1,759	1,768	6,834	14,579	39,622	42,507	109,097
<b>Accumulated depreciation and impairment</b>								
At beginning of the year	1,507	1,541	935	6,399	11,711	13,761	3,119	38,973
Currency realignment	(1)	(14)	(3)	(3)	(53)	(321)	–	(395)
Dilution of a subsidiary	–	–	–	–	(151)	–	–	(151)
Charge for the year	175	77	269	189	1,744	592	378	3,424
Impairment loss	27	10	–	–	31	–	1,491	1,559
Reversal of impairment loss	–	–	–	–	(25)	(1,716)	–	(1,741)
Disposals	(39)	(35)	(293)	(70)	(1,240)	–	–	(1,677)
At end of the year	1,669	1,579	908	6,515	12,017	12,316	4,988	39,992
Charge for 2003	190	92	250	298	1,808	603	378	3,619
<b>Net book value</b>								
At end of the year	359	180	860	319	2,562	27,306	37,519	69,105
At beginning of the year	557	220	675	226	2,304	26,852	39,388	70,222

NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

8. TAXATION

	Group	
	2004 \$'000	2003 \$'000
Major components of income tax expense for financial year ended 30 June were:		
Current tax	<b>579</b>	296
Deferred tax :-		
Movements in temporary differences	<b>(336)</b>	(220)
Reduction in tax rate	<b>(58)</b>	-
Benefits previously not recognised	<b>(233)</b>	-
Current year tax (credit)/expense	<b>(48)</b>	76
Overprovision in respect of prior years	<b>(723)</b>	(166)
	<b>(771)</b>	(90)
Share of taxation of associated companies	<b>861</b>	417
	<b>90</b>	327

A reconciliation of the income tax expense determined by applying the Singapore statutory tax rate on the results of the Group is as follows:

	Group	
	2004 \$'000	2003 \$'000
Profit before taxation	<b>2,113</b>	1,825
Tax calculated at statutory tax rate of 20.0% (2003: 22.0%)	<b>423</b>	401
Effect of different tax rates in other countries	<b>264</b>	(214)
Change in tax rate	<b>(63)</b>	-
Income not subjected to tax	<b>(886)</b>	(1,311)
Expenses not deductible for tax purposes	<b>1,435</b>	921
Utilisation of tax losses and capital allowances brought forward	<b>(797)</b>	-
Deferred tax assets not recognised	<b>407</b>	687
Overprovision in respect of prior years	<b>(723)</b>	(166)
Others	<b>30</b>	9
	<b>90</b>	327

NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

3. GROUP COMPANIES (CONT'D)

Name of company [country of incorporation]	Principal activities	Percentage of equity interest	
		2004 %	2003 %
<i>Held by subsidiaries -</i>			
~ B.M.I. (Pte) Ltd [Singapore]	Inactive	100	– Ω
~ F J Benjamin (Singapore) Pte Ltd [Singapore]	Importers, exporters, licensees, distributors and retailers of consumer fashion wear, accessories, timepieces and home furnishings	100	– Ω
# Rainier Trading Ltd * [Hong Kong]	Inactive; importers and distributors of consumer fashions wear, accessories and timepieces - discontinued in previous financial year	50	50
# Manchester United (Malaysia) Sdn Bhd [Malaysia]	Importers, exporters, distributors and retailers of consumer fashion wear and accessories	100	100
+ PT Meteor Prima Sejati [Indonesia]	Investment holding company	100	100

~ Audited by Ernst & Young, Singapore.

# Audited by member firms of Ernst & Young Global.

+ Not required to be audited in the country of incorporation.

\* Considered a subsidiary as the Group has the power to cast the majority of votes at board meetings. It is under member's voluntary liquidation.

^ Cost of investment is two Singapore Dollars.

Ω In order to streamline ownership, control, management and reporting lines of the Singapore fashion and accessories business, the Company transferred two of its subsidiaries, F J Benjamin (Singapore) Pte Ltd and B.M.I. (Pte) Ltd to its wholly-owned subsidiary, F.J.B. Investment Pte Ltd during the financial year.

β During the financial year, the Company acquired the remaining 25% shareholding in F J Benjamin (Taiwan) Ltd from its minority shareholder at a nominal sum of \$500.

NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

3. GROUP COMPANIES (CONT'D)

Name of company [country of incorporation]	Principal activities	Cost		Percentage of equity interest	
		2004 \$'000	2003 \$'000	2004 %	2003 %
Balance brought forward		<b>6,110</b>	8,950		
# F J Benjamin (M) Sdn. Bhd. [Malaysia]	Importers, distributors and retailers of consumer fashion wear, accessories and timepieces	<b>859</b>	859	<b>100</b>	100
+ F J Benjamin (Aust) Pty Limited [Australia]	Importers and distributors of consumer fashion wear and accessories	<b>12,828</b>	12,828	<b>100</b>	100
# F J Benjamin (Taiwan) Ltd [Taiwan]	Importers and distributors of accessories and timepieces; retailers of consumer fashion wear and accessories - discontinued in previous financial year	<b>3,909</b>	3,909	<b>100</b>	75
# F J Benjamin (H.K.) Limited [Hong Kong]	Importers and distributors of timepieces	<b>58,612</b>	58,612	<b>100</b>	100
# BMI (Hong Kong) Limited [Hong Kong]	Inactive	<b>1,119</b>	1,119	<b>100</b>	100
# Ferro Designs Limited [Hong Kong]	Investment holding company	<b>19</b>	19	<b>100</b>	100
+ F. J. Benjamin Fashions (U.S.) Inc. [United States]	Inactive	<b>289</b>	289	<b>100</b>	100
		<b>83,745</b>	86,585		

## NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

### 3. GROUP COMPANIES (CONT'D)

- ∂ During the financial year, the Company diluted its shareholding in V.B. Fashions Pte Ltd ("VB") from 70% to 50% to the minority shareholder for a cash consideration of \$3,000 through a disposal of shares. With the dilution, the Company now owns 50% of the issued share capital of VB. Accordingly, VB is no longer a subsidiary of the Company and is accounted for as a joint venture entity as disclosed in Note 12.

The financial effect from the dilution of VB on the financial position of the Group as at 30 June 2004 and its results for the financial year ended 30 June 2004 is shown below:

	<b>\$'000</b>
Total assets as at 30 June 2004	1,236
Total liabilities as at 30 June 2004	(1,268)
Contributions to the Group for the period:	
Turnover	261
Loss before and after taxation	<u>(69)</u>

### 4. REVENUE

Revenue of the Group represents the invoiced value of products and services supplied to external customers. It is analysed as follows:

	Group	
	2004	2003
	\$'000	\$'000
Sale of products	<b>116,457</b>	105,230
Sale of services	<b>116</b>	339
	<b>116,573</b>	105,569

### 5. OTHER INCOME

	Group	
	2004	2003
	\$'000	\$'000
Management fee income	–	381
Market support and administrative service income	<b>3,341</b>	1,895
Dividend income	<b>32</b>	–
Interest income	<b>55</b>	67
Rental income	<b>558</b>	767
Gain on disposal of furniture, fixtures and equipment	<b>65</b>	21
Exchange translation gain	<b>1,596</b>	1,516
Others	<b>21</b>	90
	<b>5,668</b>	4,737

NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

10. PROPERTY, FURNITURE, FIXTURES AND EQUIPMENT (CONT'D)

Company	Furniture and Fittings \$'000	Electrical Installation and Office Equipment \$'000	Motor Vehicles \$'000	Data Processing Equipment \$'000	Leasehold Improvements \$'000	Freehold Land and Buildings \$'000	Total \$'000
<b>Cost</b>							
At beginning of the year	449	471	1,008	540	1,644	42,507	46,619
Additions	-	-	263	3	171	-	437
Disposals	-	-	(423)	-	-	-	(423)
At end of the year	449	471	848	543	1,815	42,507	46,633
Representing -							
Cost	449	471	848	543	1,815	9,507	13,633
Valuation 1994	-	-	-	-	-	33,000	33,000
	449	471	848	543	1,815	42,507	46,633
<b>Accumulated depreciation and impairment</b>							
At beginning of the year	289	468	530	531	1,587	3,119	6,524
Charge for the year	19	2	171	7	18	378	595
Impairment loss	-	-	-	-	-	1,491	1,491
Disposals	-	-	(293)	-	-	-	(293)
At end of the year	308	470	408	538	1,605	4,988	8,317
Charge for 2003	19	6	188	15	1	378	607
<b>Net book value</b>							
At end of the year	141	1	440	5	210	37,519	38,316
At beginning of the year	160	3	478	9	57	39,388	40,095

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000

Net book value includes furniture, fixtures and equipment  
under finance leases: -

Motor vehicles	821	626	432	478
----------------	-----	-----	-----	-----

The impairment loss on certain furniture, fixtures and equipment was due to lower revised estimated future cash flow arising from impending closure of certain retail outlets. The impairment loss and write-back of impairment loss on the freehold land and building and leasehold building were due to the changes in their open market values and expected future cash flow.

One of the freehold land and buildings of the Group and of the Company which was stated at valuation of \$33,000,000 was revalued based on a professional valuation done on an existing use basis by the Directors in 1994. The net book value of the freehold land and building had it been carried at cost would have been \$37,465,000 (2003: \$37,655,000).

Details of property, furniture, fixtures and equipment pledged as security for bank borrowings are disclosed in Note 20.

**NOTES TO THE FINANCIAL STATEMENTS** 30 June 2004

**8. TAXATION (CONT'D)**

As at 30 June 2004, certain subsidiaries had unutilised tax losses and unabsorbed capital allowances of approximately \$69.1 million (2003: \$73.1 million) and \$4.3 million (2003: \$2.2 million) respectively, available for set-off against future taxable profits of the companies in which the losses arose. No deferred tax assets are recognised due to uncertainty of their recoverability. The use of unutilised tax losses and unabsorbed capital allowances are subject to the relevant provisions of their respective countries' tax legislation.

However, one of the subsidiaries had recognised a deferred tax asset of \$290,000 arising from unutilised tax losses which will be utilised against future dividend income expected to be received from its subsidiaries in the following financial year.

As at 30 June 2004, there is no recognised or unrecognised deferred income tax liability (2003: nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries and associated companies. The Group has no liability to additional taxation should such amounts be remitted due to the availability of double taxation relief or temporary differences that would not be reversed in the foreseeable future.

The statutory tax rate was revised from 22.0% for year of assessment 2004 to 20.0% for year of assessment 2005.

There are no income tax consequences attaching to the payment of dividends by the Company to the shareholders of the Company.

**9. BASIC AND DILUTED EARNINGS PER SHARE (CENT)**

The basic and diluted earnings per share is calculated based on net profit for the financial year attributable to ordinary shares outstanding during the financial year.

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

	2004 \$'000	Group	2003 \$'000
Net profit for the financial year attributable to ordinary shareholders for basic and diluted earnings per share	<b>2,021</b>		1,517
	'000		'000
Weighted average number of ordinary shares in issue applicable to basic and diluted earnings per share	<b>285,000</b>		285,000

The warrant options issued were anti-dilutive, thus the calculations in the financial years 2003 and 2004 have been disregarded.



NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

6. EXCEPTIONAL ITEMS, NET

	Group	
	2004 \$'000	2003 \$'000
Gain on dilution of a subsidiary	<b>250</b>	-
Net gain arising from sale of investment in associated companies	-	2,229
Accrual for outlets' closure cost, net of write-back of restructuring expenses no longer required	<b>(597)</b>	(572)
Write-back of/(allowance for) impairment loss on property, furniture, fixtures and equipment	<b>182</b>	(461)
Write-back of allowance on debt from Indonesia sub-distributor no longer required	-	4,783
Write-back of overprovision / (expense incurred) to recover debts from Indonesia sub-distributor	<b>74</b>	(1,318)
	<b>(91)</b>	4,661
Discontinued Taiwan retail operations	<b>137</b>	(2,394)
Discontinued food and beverage operations - net loss	-	(145)
	<b>46</b>	2,122
The above are stated after charging:		
Depreciation of property, furniture, fixtures and equipment	<b>11</b>	502
Rental costs	<b>730</b>	1,892
Staff costs	<b>202</b>	1,186

Discontinued Taiwan retail operations

The Group discontinued its retail business in Taiwan during the previous financial year as it is part of the Group's ongoing business strategy to downsize and terminate any loss making businesses. The operation has fully ceased as at 30 June 2004.

The carrying amounts of the total assets and liabilities after writing down the assets value to their recoverable value relating to the discontinued operations as at the financial year ends are as follows:

	2004 \$'000	2003 \$'000
Total assets	-	1,250
Total liabilities	-	(899)
Net assets	-	351

The net cash flow attributable to the respective financial year ends are as follows:-

	2004 \$'000	2003 \$'000
Operating	<b>488</b>	(405)
Investing	-	(123)
Net cash inflow/(outflow)	<b>488</b>	(528)

NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

11. INTERESTS IN SUBSIDIARIES

	Company	
	2004 \$'000	2003 \$'000
Unquoted shares, at cost (Note 3)	<b>83,745</b>	86,585
Share of results of subsidiaries	<b>(44,150)</b>	(24,871)
Share of exchange translation reserve	<b>(1,883)</b>	(852)
	<b>37,712</b>	60,862
Loans receivable, unsecured	<b>14,962</b>	11,862
Amounts receivable on current accounts	<b>31,314</b>	1,834
Allowance for doubtful debts	<b>(16,958)</b>	(16,863)
Accrual for financial undertakings	<b>(20,594)</b>	(12,947)
	<b>46,436</b>	44,748

The loans receivable are non-trade related, unsecured, bear interest at 3.8% (2003: 5.5%) per annum, with no fixed terms of repayment and are not expected to be repaid within one year. The amounts receivable on current accounts are non-trade related, unsecured, interest-free, with no fixed terms of repayment and are not expected to be repaid within one year.

Further details regarding subsidiaries are set out in Note 3 to the financial statements.

12. INTEREST IN JOINT VENTURE

	Company	
	2004 \$'000	2003 \$'000
Unquoted shares, at cost	<b>657</b>	-
Impairment loss	<b>(485)</b>	-
Share of results of joint venture	<b>(172)</b>	-
	<b>-</b>	-

The joint venture entity held by the Company as at 30 June is:

Name of company [Country of incorporation]	Principal activities	Percentage of equity interest	
		2004 %	2003 %
V.B. Fashions Pte Ltd [Singapore]	Importers, exporters, distributors and retailers of consumer fashion wear and accessories	<b>50</b>	70#

# In the previous financial year, this company was accounted for as a subsidiary of the Group. Please refer to Note 3 for further details.

The joint venture entity is jointly controlled and managed by the Group and the joint venture partner.

The joint venture is audited by Ernst and Young, Singapore.

NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

19. FINANCE LEASE CREDITORS

The Group has various finance lease facilities for its motor vehicles. These leases expire over the next seven years. The average discount rate implicit in the leases ranges from 3.3% to 6.5% (2003: 4.3% to 6.5%). Lease terms do not contain restrictions concerning dividend, additional debt or further leasing.

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Present value of minimum lease payments are as follows:-				
Not later than one year	162	140	90	102
Later than one year but not later than five years	441	359	266	336
Later than five years	91	-	76	-
Total present value of minimum lease payments	694	499	432	438
The future minimum lease repayments are as follows: -				
Not later than one year	198	163	110	120
Later than one year but not later than five years	511	425	319	399
Later than five years	97	-	80	-
Total future minimum lease payments	806	588	509	519
Amount representing interest	(112)	(89)	(77)	(81)
	694	499	432	438

20. BANK BORROWINGS

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
<u>Current</u>				
Bank overdrafts (Note 26)	1,652	2,777	-	-
Trust receipts and bills payable	4,627	4,757	-	-
Short term loans	6,952	5,138	-	-
Term loans	1,050	2,800	1,050	2,800
Mortgage loans	733	2,312	733	733
	15,014	17,784	1,783	3,533
<u>Non-current</u>				
Repayment within one to five years:				
Term loans	11,200	11,200	11,200	11,200
Mortgage loans	7,810	8,725	550	1,283
	19,010	19,925	11,750	12,483

Bank overdrafts, trust receipts, bills payable and short term loan facilities for subsidiaries are secured by a second mortgage over the freehold land and buildings and the leasehold building of the Group and a corporate guarantee given by the Company amounting to \$44,326,000 (2003: \$38,056,000). The short term loans bear interest at rates that ranged from 2.06% to 6.50% (2003: 3.38% to 8.50%) per annum during the financial year.

NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

22. SHARE CAPITAL

	Company	
	2004 \$'000	2003 \$'000
<u>Authorised:</u>		
1,000,000,000 (2003: 1,000,000,000) ordinary shares of \$0.20 each	<b>200,000</b>	200,000
<u>Issued and fully paid:</u>		
At beginning and end of the financial year		
285,000,000 (2003: 285,000,000) ordinary shares of \$0.20 each	<b>57,000</b>	57,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

As at 30 June 2004, there were 285,000,000 (2003: 285,000,000) outstanding warrants. Each warrant carries the right to subscribe for one new ordinary share of \$0.20 each in the Company at an exercise price of \$0.45 per share.

23. SHARE PREMIUM

The share premium account may be applied only for the purposes specified in the Singapore Companies Act, Cap 50. The balance is not available for distribution of dividends except in the form of shares.

24. WARRANT RESERVE

In the previous financial year, the Company issued 285,000,000 warrants at \$0.10 each. The proceeds from the warrants issued, net of warrant issue expense, were credited to the warrant reserve account.

As and when the warrants are exercised, the net proceeds relating to the warrants exercised will be transferred to the share premium account. Upon expiry of the warrants, it may be converted to a distributable reserve.

25. EXCHANGE TRANSLATION RESERVE

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

26. CASH AND CASH EQUIVALENTS

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

	Group	
	2004 \$'000	2003 \$'000
Cash on hand and at banks	<b>11,248</b>	15,151
Bank overdrafts (Note 20)	<b>(1,652)</b>	(2,777)
	<b>9,596</b>	12,374

NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

14. OTHER INVESTMENTS

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
At cost: -				
Unquoted equity investments	<b>2,514</b>	2,514	<b>3,028</b>	3,028
Quoted equity investments	<b>527</b>	1	<b>527</b>	1
	<b>3,041</b>	2,515	<b>3,555</b>	3,029
Write-down of investments	<b>(2,627)</b>	(2,514)	<b>(3,141)</b>	(3,028)
	<b>414</b>	1	<b>414</b>	1
Market value: -				
Quoted equity investments	<b>414</b>	5	<b>414</b>	5

15. STOCKS

	Group	
	2004 \$'000	2003 \$'000
Trading stocks: -		
On hand	<b>18,074</b>	20,211
On consignment	<b>1,218</b>	1,200
In transit	<b>4,076</b>	3,484
Total stocks at lower of cost and net realisable value	<b>23,368</b>	24,895
Reversal of write-down of stocks	-	(1,648)

The reversal of write-down of stocks in the previous financial year arose from realisation of the stocks sold .

16. TRADE DEBTORS

	Group	
	2004 \$'000	2003 \$'000
External trade debtors	<b>9,944</b>	10,010
Allowance for doubtful debts	<b>(1,326)</b>	(1,340)
	<b>8,618</b>	8,670
Trade debts due from an associated company	<b>8,611</b>	2,275
Trade debts due from joint venture	<b>21</b>	-
	<b>17,250</b>	10,945
Allowance for doubtful debts charged / (written back) to the profit and loss account	<b>63</b>	(236)
Bad debts written off to the profit and loss account	<b>8</b>	60

NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

17. OTHER DEBTORS

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Other receivables and prepayments	<b>3,266</b>	3,355	<b>80</b>	28
Allowance for doubtful debts	<b>(11)</b>	(212)	-	-
	<b>3,255</b>	3,143	<b>80</b>	28
Deposits	<b>2,012</b>	1,997	<b>38</b>	36
Advances	<b>21</b>	7	<b>13</b>	2
Tax recoverable	<b>740</b>	352	<b>595</b>	330
Due from joint venture	<b>137</b>	-	<b>3</b>	-
Due from associated companies	<b>81</b>	-	<b>17</b>	-
	<b>6,246</b>	5,499	<b>746</b>	396
Allowance for doubtful debts written back to the profit and loss account	-	(50)	-	-

18. TRADE AND OTHER CREDITORS

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Trade creditors	<b>17,174</b>	15,199	-	-
Accruals	<b>3,890</b>	4,119	<b>481</b>	730
Sundry creditors	<b>3,421</b>	2,585	<b>135</b>	290
Trade debts due to a joint venture partner	<b>1,069</b>	-	-	-
Advance from a minority shareholder	-	120	-	-
	<b>25,554</b>	22,023	<b>616</b>	1,020

The advance from a minority shareholder of a subsidiary which bore interest at 2.5% per annum was settled during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

### 20. BANK BORROWINGS (CONT'D)

The Company has a \$1.05 million (2003: \$2.8 million) term loan secured by a second mortgage over the freehold land and buildings and the leasehold building of the Group. Interest rates ranged from 3.13% to 3.25% (2003: 3.13% to 3.50%) per annum during the financial year. The term loan is repayable by quarterly instalments of \$350,000.

The Company has a \$11.2 million (2003: \$11.2 million) Revolving Credit Facility ("RCF") secured by a mortgage over one of the freehold land and buildings and the leasehold building of the Group. Interest rates at 3.50% (2003: 5.25% to 6.00%) per annum during the financial year. The RCF is repayable in October 2005.

The Company has a \$1.3 million (2003: \$2.0 million) ten year term loan secured by a mortgage over one of the Group's freehold land and buildings in Singapore. Interest rates ranged from 3.19% to 3.25% (2003: 2.85% to 3.44%) per annum during the financial year. The loan is repayable by quarterly instalments of \$183,000 each with the last instalment payable on January 2006.

The Group also has a HK\$33.0 million (2003: HK\$40.0 million) term loan secured by a mortgage over a leasehold property in Hong Kong. Interest rates ranged from 1.99% to 3.38% (2003: 3.25% to 3.69%) per annum during the financial year. The loan is repayable in July 2005.

All floating charges and joint and several guarantees given by some of the Directors were discharged during the financial year.

During the financial year, 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 B.M.I. (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% per annum and mature in 2018. There is no material impact on the Group's financial statements as at 30 June 2004.

### 21. DEFERRED TAXATION

	Group		Company	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
<u>Deferred tax liabilities</u>				
Depreciation	39	47	39	47
Unremitted foreign income	661	653	661	653
	<b>700</b>	700	<b>700</b>	700
<u>Deferred tax assets</u>				
Provisions	261	-	-	-
Depreciation	73	-	-	-
Tax value of unutilised losses	290	-	-	-
	<b>624</b>	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

### 12. INTEREST IN JOINT VENTURE (CONT'D)

The Group's share of the assets, liabilities and results of the joint venture entity is as follows:

	2004 \$'000	2003 \$'000
Furniture, fixtures and equipment	153	-
Current assets	1,083	-
Current liabilities	(1,268)	-
Net liabilities	(32)	-
Revenue	261	-
Operating costs and expenses	(433)	-
Loss before taxation	(172)	-

### 13. INTERESTS IN ASSOCIATED COMPANIES

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Unquoted shares, at cost	5,153	5,153	-	-
Share of results of associated companies	(66)	(631)	-	-
Share of exchange translation reserve	(211)	19	-	-
	4,876	4,541		
Loan receivable - secured	4,512	7,183	-	-
Loans receivable/(payable) - unsecured	525	(450)	-	-
Amounts (payable)/receivable on current account	(491)	382	-	15
	9,422	11,656	-	15

The secured loan receivable is secured by a fixed and floating charge on all the assets of the associated company, is non-trade related, interest-free, has no fixed terms of repayment and is not expected to be repaid within one year.

The unsecured loans receivable and current account receivable from associated companies are non-trade related, interest-free, have no fixed terms of repayment and are not expected to be repaid within one year.

The principal activities and related details of the Group's significant associated companies that are held through subsidiaries are as follows:

- (a) a 50% (2003: 50%) interest in a Singapore-incorporated company whose principal activities comprise the operating of cafes and entertainment outlets. The entity is audited by Ernst & Young, Singapore;
- (b) a 50% (2003: 50%) interest in a Singapore-incorporated company whose principal activities comprise the operating of cafes. The associated company has a franchise agreement entered into with Manchester United PLC ("MUPLC"), granting MUPLC a call option to subscribe up to 8% stake in the associated company's enlarged issued share capital at terms provided for in the agreement, subject to the realisation of certain conditions. The entity is audited by Ernst & Young, Singapore; and
- (c) a 50% (2003: 50%) interest in an Indonesia-incorporated company whose principal activities comprise the distribution of consumer fashion wear, accessories and timepieces and other sales related activities. The entity is audited by an associated firm of Moore Stephens International Limited.

The operations of these associated companies are not managed by the Group.

Further information of the significant associated companies are provided in the Corporate Structure of the Annual Report.



NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

32. RELATED PARTY DISCLOSURE

During the financial year, the Group entered into transactions with related parties, who are members of the Group, on terms agreed between the parties, as shown below:

	2004 \$'000	2003 \$'000
Sale of goods to an associated company	<b>16,012</b>	8,403
Market support and administrative service income from an associated company	<b>3,341</b>	1,895
Agency fee received from an associated company	-	400
Management fee income from an associated company	-	381
Rental income from an associated company	<b>564</b>	564
Royalty received from an associated company	<b>431</b>	15
<u>Directors' remuneration</u>		
Directors' remuneration		
- Directors of the Company	<b>1,956</b>	1,947
- Other directors of subsidiaries	<b>1,505</b>	1,383
<u>Directors' fees</u>		
- Directors of the Company	<b>110</b>	135
- Other directors of subsidiaries	<b>22</b>	-

Provident fund contributions of \$137,000 (2003: \$156,000) are included in the Directors' remuneration.

All the executive officers as indicated in the Profile of Senior Management in the Annual Report are directors of some subsidiaries.

Remuneration of Directors of the Company is analysed pursuant to the Singapore Exchange Securities Trading Limited listing rules as follows:

**Number of Directors in remuneration bands**

	2004	2003
\$500,000 and above	<b>2</b>	1
\$250,000 to \$499,999	<b>3</b>	3
Below \$250,000	<b>3</b>	5
	<b>8</b>	9

**Immediate family members of Directors in remuneration bands**

	2004	2003
\$250,000 and above	<b>1</b>	-
\$150,000 to \$249,999	-	1
	<b>1</b>	1

ANY OTHER BUSINESS

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

By Order of the Board

Mervyn Lim Sing Hok  
Dilhan Pillay Sandrasegara  
*Joint Company Secretaries*

11 October 2004

**EXPLANATORY NOTES:**

- (i) The effect of the Ordinary Resolution 4 proposed in item 4 above, is to re-appoint a Director who is over 70 years of age.
- (ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will authorise the Directors from the date of the above Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to convertible securities) that the Directors may allot and issue under this Resolution would not exceed fifty per centum (50%) of the issued share capital of the Company at the time of the passing of this Resolution. For issue of shares (including any shares to be issued pursuant to convertible securities) other than on a pro-rata basis to all shareholders, the aggregate number of shares (including any shares to be issued pursuant to convertible securities) to be issued shall not exceed twenty per centum (20%) of the issued share capital (as defined in Resolution 7) of the Company.

For the purpose of this Resolution, the percentage of issued share capital is based on the Company's issued share capital at the time this Resolution is passed after adjusting for (a) new shares arising from the conversion or exercise of convertible securities at the time when this Resolution is passed and (b) any subsequent consolidation or subdivision of shares.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 6B Orange Grove Road, Singapore 258332 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

28. SEGMENT INFORMATION

The following tables present revenue and profit information regarding the business segments for the financial years ended 30 June 2003 and 2004 and certain asset and liability information regarding the business segments as at 30 June 2003 and 2004.

Business segments

	MU Retail		Ongoing Retail		Distribution		Export		Corporate and Others		Consolidated	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Segment revenue												
Total revenue	<b>3,337</b>	5,685	<b>38,937</b>	29,500	<b>55,241</b>	55,815	<b>29,949</b>	24,169	<b>116</b>	339	<b>127,580</b>	115,508
Intersegment sales	-	-	-	-	<b>(9,719)</b>	(8,080)	<b>(1,288)</b>	(1,859)	-	-	<b>(11,007)</b>	(9,939)
Sales to external consumers	<b>3,337</b>	5,685	<b>38,937</b>	29,500	<b>45,522</b>	47,735	<b>28,661</b>	22,310	<b>116</b>	339	<b>116,573</b>	105,569
Segment results	<b>(1,210)</b>	(1,950)	<b>1,470</b>	888	<b>4,346</b>	4,083	<b>1,252</b>	1,151	<b>(4,017)</b>	(2,866)	<b>1,841</b>	1,306
Exceptional items, net											<b>46</b>	2,122
Interest income											<b>55</b>	67
Investment income											<b>32</b>	-
Interest expense											<b>(1,287)</b>	(1,907)
Share of results of associated companies	-	-	<b>1,774</b>	739	-	-	-	-	<b>(348)</b>	(502)	<b>1,426</b>	237
Profit before taxation											<b>2,113</b>	1,825
Taxation											<b>(90)</b>	(327)
Profit after taxation											<b>2,023</b>	1,498
Minority interest											<b>(2)</b>	19
Net profit for the financial year											<b>2,021</b>	1,517



## NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

### 33. DIVIDEND

During the financial year, the Company paid a first and final dividend of 0.25 cent per ordinary share less tax of 22% amounting to \$555,750 in respect of the previous financial year as approved in the Annual General Meeting held on 13 November 2003.

The Directors have proposed a first and final dividend of 0.75 cent per ordinary share less tax of 20% amounting to \$1,710,000 be paid in respect of the financial year under review, subject to approval at the forthcoming Annual General Meeting.

### 34. COMPARATIVE FIGURES

Where applicable, the comparative figures have been adjusted to conform with changes in presentation in the current financial year as detailed in Note 2.

### 35. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 30 June 2004 were authorised for issue in accordance with a resolution of the Directors dated 15 September 2004.

## NOTICE OF ANNUAL GENERAL MEETING

**F J BENJAMIN HOLDINGS LTD** (Incorporated in the Republic of Singapore)

**Co. Reg. No. 197301125N**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of F J BENJAMIN HOLDINGS LTD (the "Company") will be held at Ballroom 3, Level 3 Orchard Hotel, 442 Orchard Road, Singapore 238879 on Wednesday, 27 October 2004 at 3.00 p.m. for the following purposes:

### AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company and of the Group for the year ended 30 June 2004 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a first and final dividend of 0.75 cent per ordinary share less income tax for the year ended 30 June 2004 (2003: 0.25 cent per ordinary share). **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Article 102 of the Company's Articles of Association:  
Mr Frank Benjamin **(Resolution 3a)**  
Mr Eli Manasseh Benjamin **(Resolution 3b)**
4. To pass the following Ordinary Resolution pursuant to Section 153(6) of the Companies Act, Cap. 50:  
"That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Joseph Grimberg be re-appointed a Director of the Company to hold office until the next Annual General Meeting."  
[See Explanatory Note (i)] **(Resolution 4)**

Mr Joseph Grimberg will, upon re-appointment as a Director of the Company, remain a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

5. To approve the payment of Directors' fees of \$110,000 for the year ended 30 June 2004 (2003: \$135,000). **(Resolution 5)**
6. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:

7. Authority to allot and issue new shares up to 50 per centum (50%) of issued share capital of the Company.

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be authorised to allot and issue shares in the Company (whether by way of rights, bonus or otherwise), and to issue convertible securities and any shares in the Company pursuant to such convertible securities, at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares (including any shares to be issued pursuant to convertible securities) to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued share capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares (including any shares to be issued pursuant to convertible securities) to be issued other than on a pro-rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the issued share capital of the Company, and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier, except that the Directors shall be authorised to allot and issue new shares pursuant to such convertible securities notwithstanding that such authority may have ceased to be in force at the time the shares are to be issued.

[See Explanatory Note (ii)]

**(Resolution 7)**

## STATISTICS OF WARRANTHOLDINGS as at 15 September 2004

### Distribution of Warrantholdings

Size of Warrantholdings	No. of Warranholders	%	No. of Warrants	%
1 - 999	4	0.22	120	0.00
1,000 - 10,000	796	44.08	4,098,013	1.44
10,001 - 1,000,000	963	53.32	112,170,867	39.36
1,000,001 and above	43	2.38	168,731,000	59.20
<b>Total</b>	<b>1,806</b>	<b>100.00</b>	<b>285,000,000</b>	<b>100.00</b>

### Twenty Largest Warranholders

Name	No. of Warrants	%
1. Frank Benjamin	22,144,950	7.77
2. Lim Tien Lock Christopher	15,996,000	5.61
3. Citibank Nominees Singapore Pte Ltd	12,075,000	4.24
4. Merrill Lynch (Singapore) Pte Ltd	10,864,000	3.81
5. Mavis Benjamin, Mrs	10,500,000	3.68
6. Seah Kee Khoo	10,000,000	3.51
7. OCBC Securities Private Ltd	9,691,000	3.40
8. Thian Yim Pheng	7,636,000	2.68
9. United Overseas Bank Nominees Pte Ltd	4,610,000	1.62
10. UOB Kay Hian Pte Ltd	4,252,000	1.49
11. Eli Manasseh Benjamin	4,237,050	1.49
12. Nikhilkumar s/o Bansilal Bhogilal Shah	3,900,000	1.37
13. Dilhan Pillay Sandrasegara	3,446,000	1.21
14. Hong Leong Finance Nominees Pte Ltd	3,219,000	1.13
15. Nurdian Cuaca	2,867,000	1.01
16. DBS Vickers Securities (S) Pte Ltd	2,694,000	0.95
17. Ang Chua Yong	2,600,000	0.91
18. Chan Kok Khoon	2,500,000	0.88
19. Lim & Tan Securities Pte Ltd	2,320,000	0.81
20. Chang See Hiang	2,000,000	0.70
<b>Total</b>	<b>137,552,000</b>	<b>48.27</b>

## NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

### 29. OPERATING LEASES

The Group has various operating lease agreements for retail outlets, office premises and office equipment. The leases expire at various dates till 2007 and contain provisions for rental adjustments. Future minimum lease payments for all leases with initial or remaining terms of one year or more are as follows: -

	Group	
	2004 \$'000	2003 \$'000
Within one year	<b>8,175</b>	8,890
Between one year to five years	<b>5,599</b>	11,025
	<b>13,774</b>	19,915

The Group has a sub-lease arrangement with a remaining term of one year for one of its retail outlets with an expected receipt of \$564,000 from the minimum sub-lease payments.

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

	Group	
	2004 \$'000	2003 \$'000
Within one year	<b>247</b>	390
Between one year to five years	<b>279</b>	-
	<b>526</b>	390

### 30. CONTINGENT LIABILITIES, UNSECURED

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Contingent liabilities not provided for in the financial statements: -				
Guarantees of banking facilities provided to the subsidiaries	-	-	<b>44,326</b>	38,056
Financial undertaking given to a joint venture entity	-	-	<b>16</b>	-
Banker guarantees in lieu of rental deposits	<b>913</b>	961	-	-
	<b>913</b>	961	<b>44,342</b>	38,056

### 31. COMMITMENTS

As at 30 June 2004, 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.

As at 30 June 2004, the Group has outstanding forward contracts with settlement dates within the next 12 months amounting to US\$698,000 and CHF327,000 (2003: US\$335,000 and CHF840,000), with an unrealised exchange gain of \$28,000 (2003: exchange gain of \$5,000) not recognised in the financial statements. The fair value of the outstanding forward contracts approximate \$1.6 million (2003: \$1.7million).

NOTES TO THE FINANCIAL STATEMENTS 30 June 2004

28. SEGMENT INFORMATION (CONT'D)

Business segments (cont'd)

	MU Retail		Ongoing Retail		Distribution		Export		Corporate and Others		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	<b>1,851</b>	3,276	<b>18,462</b>	15,274	<b>21,387</b>	20,664	<b>12,713</b>	9,085	<b>73,428</b>	78,413	<b>127,841</b>	126,712
Interests in associated companies	-	-	<b>4,928</b>	7,593	-	-	-	-	<b>4,494</b>	4,063	<b>9,422</b>	11,656
Other investments	-	-	-	-	-	-	-	-	<b>414</b>	1	<b>414</b>	1
Total assets											<b>137,677</b>	138,369
Segment liabilities	<b>705</b>	654	<b>8,941</b>	7,169	<b>9,131</b>	10,460	<b>7,340</b>	5,349	<b>1,089</b>	1,168	<b>27,206</b>	24,800
Unallocated liabilities											<b>34,005</b>	36,471
Total liabilities											<b>61,211</b>	61,271
Capital expenditure	<b>36</b>	340	<b>1,554</b>	1,580	<b>784</b>	150	<b>317</b>	59	<b>437</b>	18	<b>3,128</b>	2,147
Depreciation	<b>155</b>	409	<b>1,049</b>	1,487	<b>696</b>	221	<b>331</b>	86	<b>1,193</b>	1,416	<b>3,424</b>	3,619
Impairment loss of property, furniture, fixtures and equipment, net	<b>68</b>	461	-	85	-	-	-	-	<b>(250)</b>	-	<b>(182)</b>	546

Geographical segments

The following table presents revenue information regarding geographical segments for the financial years ended 30 June 2003 and 2004 and certain asset information regarding geographical segments as at 30 June 2003 and 2004.

	South East Asia		North Asia		Australia		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover	<b>91,257</b>	80,099	<b>22,567</b>	22,186	<b>2,749</b>	3,284	<b>116,573</b>	105,569
Other geographical information:								
Assets	<b>97,667</b>	97,552	<b>36,828</b>	37,389	<b>3,182</b>	3,428	<b>137,677</b>	138,369
Capital expenditure	<b>3,069</b>	1,815	<b>47</b>	332	<b>12</b>	-	<b>3,128</b>	2,147



## STATISTICS OF SHAREHOLDINGS as at 15 September 2004

### Shareholders' information

Authorised share capital	: \$200,000,000
Issued and fully paid-up capital	: \$57,000,000
Class of shares	: Ordinary share of \$0.20 each
Voting rights	: One vote per share

### Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	62	1.66	4,570	0.00
1,000 - 10,000	3,105	82.82	10,187,000	3.57
10,001 - 1,000,000	565	15.07	27,293,040	9.58
1,000,001 and above	17	0.45	247,515,390	86.85
<b>Total</b>	<b>3,749</b>	<b>100.00</b>	<b>285,000,000</b>	<b>100.00</b>

### Twenty Largest Shareholders

Name	No. of Shares	%
1. Frank Benjamin	65,444,950	22.96
2. Hong Leong Finance Nominees Pte Ltd	40,440,000	14.19
3. UOB Kay Hian Pte Ltd	32,287,000	11.33
4. Estate of Jacob Ballas, Deceased	30,000,000	10.53
5. Mavis Benjamin, Mrs	22,500,000	7.89
6. Eli Manasseh Benjamin*	14,301,000	5.02
7. United Overseas Bank Nominees Pte Ltd	10,483,040	3.68
8. DBS Nominees Pte Ltd	5,347,000	1.88
9. Lim Tien Lock Christopher	4,967,000	1.74
10. Oversea-Chinese Bank Nominees Pte Ltd	4,816,130	1.69
11. Kim Eng Securities Pte Ltd	4,610,170	1.62
12. Seah Kee Khoo	4,319,000	1.52
13. DBS Vickers Securities (S) Pte Ltd	2,257,000	0.79
14. Citibank Nominees Singapore Pte Ltd	2,182,000	0.77
15. Singapore Nominees Pte Ltd	1,377,000	0.48
16. Phillip Securities Pte Ltd	1,151,000	0.40
17. SBS Nominees Pte Ltd	1,033,000	0.36
18. OCBC Securities Private Ltd	980,000	0.34
19. Merrill Lynch (Singapore) Pte Ltd	966,000	0.34
20. Wang Khee Pong	725,000	0.25
<b>Total</b>	<b>250,186,290</b>	<b>87.78</b>

\* Excludes 7,000,000 and 1,936,050 shares held in the name of UOB Kay Hian Pte Ltd and OCBC Securities Private Ltd respectively.

### Substantial Shareholders as recorded in the Register of Substantial Shareholders

	Direct Interest	%	Deemed Interest	%
1. Frank Benjamin	65,444,950	22.96	52,500,000	18.42
2. Lim Eng Hock	65,000,000	22.81	-	-
3. Estate of Jacob Ballas, Deceased	30,000,000	10.53	-	-
4. Eli Manasseh Benjamin	23,237,050	8.15	300,000	0.11
5. Mavis Benjamin, Mrs	22,500,000	7.89	65,444,950	22.96

### Percentage of Shareholdings in Public's hands

Based on the information available to the Company, as at 15 September 2004, approximately 27% 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.

## 27. FINANCIAL INSTRUMENTS

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

### *Interest rate risk*

The Group's exposure to market risk for changes in interest rates relates primarily to the debt obligations. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts and by spreading out the timing of interest rate fixing.

### *Currency exchange risk*

The Group is exposed to movements in foreign currency exchange rates through its overseas trading activities. 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. Transactional exposure in currencies other than the entity's functional currency is kept to a minimal level. Where appropriate, the Group engages in foreign currency forward contracts to reduce exposure from currency fluctuations.

The Group is also exposed to foreign exchange movements in its investments in foreign subsidiaries and associated companies. This currency translation risk is regularly monitored.

### *Credit risk*

The Group has no significant concentration of credit risk. The Group's policy is to manage its credit risk through application of credit approvals, credit limits and monitoring procedures.

### *Liquidity risk*

The Group monitors and maintains sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

### *Fair value*

The fair value of each class of financial instruments is as follows:

#### Balances with subsidiaries and associated companies

In the Directors' opinion, it is not practicable to determine with sufficient reliability the fair value of the loans receivable from subsidiaries, amounts receivable/payable from/to subsidiaries, loans receivable from associated companies, amounts receivable/payable from/to associated companies as there are no fixed terms of repayment for intra-Group borrowings and the amounts are not expected to be repaid within the next twelve months.

#### Current assets

The carrying amounts of all current financial assets approximate their fair values due to the relatively short-term maturity of these financial instruments.

#### Current liabilities

The carrying amounts of all current financial liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments.

#### Long-term liabilities

In the opinion of the Directors, the fair value of the long-term financial liabilities are not materially different from their carrying values as these instruments bear floating interest rates which approximate the current market rates as at 30 June 2004.

**IMPORTANT**

1. For investors who have used their CPF monies to buy F J Benjamin Holdings Ltd's share, this Annual Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. The 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.

**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 him/her, 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 Wednesday, 27 October 2004 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given 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	Adoption of Directors' Report and Audited Accounts for the year ended 30 June 2004		
2	Declaration of first and final dividend		
3a	Re-election of Mr Frank Benjamin as a Director pursuant to Article 102 of the Company's Articles of Association		
3b	Re-election of Mr Eli Manasseh Benjamin as a Director pursuant to Article 102 of the Company's Articles of Association		
4	Re-appointment of Mr Joseph Grimberg as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50		
5	Approval of Directors' fees amounting to \$110,000		
6	Re-appointment of Ernst & Young as Auditors		
7	Authority to allot and issue new shares		

Dated this \_\_\_\_\_ Day of \_\_\_\_\_ 2004

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. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 6B Orange Grove Road, Singapore 258332 not less than forty-eight (48) hours before the time appointed for the Meeting.
5. 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.
6. 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 forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.