

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

BOARD OF DIRECTORS

The Board’s Conduct of its Affairs – Principle 1

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

The Board meets regularly on a quarterly basis and as required. Important and critical matters concerning the Group are also tabled for the Board’s decision by way of written resolutions, faxes, electronic mails and tele-conferencing. The Board has adopted a set of internal controls which 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 these meetings 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	3	8	8	2	2	NA	NA	NA	NA
Keith Tay Ah Kee	4	4	8	8	NA	NA	3	3	NA	NA
Eli Manasseh Benjamin	4	4	8	8	NA	NA	NA	NA	NA	NA
Douglas Jackie Benjamin	4	4	8	7	NA	NA	NA	NA	NA	NA
Mervyn Lim Sing Hok	4	3 [#]	8	7 [#]	NA	NA	NA	NA	NA	NA
Karen Chong	4	1 [#]	8	1 [#]	NA	NA	NA	NA	NA	NA
Joseph Grimberg	4	3	NA	NA	2	2	3	3	4	3
Reggie Thein	4	4	NA	NA	2	2	3	3	4	4
Wong Ai Fong	4	4	NA	NA	NA	NA	NA	NA	4	4

Notes: [#] Mr Mervyn Lim resigned on 31 March 2005 and Ms Karen Chong was appointed on 1 April 2005.

Directors are briefed on regulatory changes, especially those on the Company’s or Directors’ disclosure obligations. Newly appointed Directors are briefed on the Group’s business activities, strategic direction, corporate governance and the regulatory environment in which the Group operates as well as relevant laws and regulations.

Board Composition and Balance – Principle 2

As at the end of the financial year, the Board comprises eight Directors, three of whom are Independent Directors. The Board adopts the Code's definition of what constitutes an independent director. Accordingly, Mr Keith Tay relinquished his executive position on 30 June 2004 and would be considered independent only after 3 years from the date of his resignation.

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

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

Chairman and Chief Executive Officer – Principle 3

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 members are provided with board papers in advance of meetings so that sufficient time is given to the Board members. The board papers set out information which includes background or explanatory information relating to the matters to be brought before the Board. The Board also has access to minutes and documents concerning all Board and Board Committee meetings. In addition, the minutes of 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 enquiries and request for additional information, if needed, during the presentations.

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 Keith Tay Ah Kee;
- (c) Ms Karen Chong;
- (d) Mr Reggie Thein (with Mr Reggie Thein abstaining from making such recommendation);
- (e) Mr Joseph Grimberg (with Mr Joseph Grimberg abstaining from making such recommendation); and
- (f) Mr Timothy Chia Chee Ming

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.

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

The profile and information of the Directors as at the date of this report are set out on pages 7 and 8 of the Annual 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.

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
<u>\$500,000 and above</u>					
Mr Frank Benjamin	–	63%	19%	18%	100%
Mr Eli Manasseh Benjamin	–	68%	20%	12%	100%
<u>\$250,000 to \$499,999</u>					
Mr Douglas Jackie Benjamin	–	75%	13%	12%	100%
<u>Below \$250,000</u>					
Mr Mervyn Lim Sing Hok	–	81%	8%	11%	100%
Ms Karen Chong	–	100%	–	–	100%
Mr Keith Tay	100%	–	–	–	100%
Mr Reggie Thein	100%	–	–	–	100%
Mr Joseph Grimberg	100%	–	–	–	100%
Ms Wong Ai Fong	100%	–	–	–	100%

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

<u>Range of Remuneration</u>	<u>No. of Executives</u>
\$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	: 93%
Variable Performance Bonus	: 7%

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 SGXNET 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 on their audit plan and audit report;
- (e) to review with the Internal Auditor the scope and to approve the internal audit plans;
- (f) to review the quarterly and annual financial statements, including announcements to Shareholders and the Singapore Exchange Securities Trading Limited ("SGX-ST") prior to submission to the Board;
- (g) to review and approve interested person transactions to ensure that these transactions are carried out at arm's length and on normal commercial terms and in the best interest of the Company and its minority shareholders; and
- (h) to review the independence of the External Auditor and to make recommendations to the Board regarding the nomination of the External Auditor for appointment or re-appointment.

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

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

Risk Management

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

Business Risk

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

Financial Risk

The Group maintains a low gearing ratio of 0.3 times and sufficient cash reserves to meet any unforeseen circumstances.

Most of the Group's overseas purchases are denominated in Swiss Franc, US Dollar and the Euro. In order to 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.

Internal Audit – Principle 13

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

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

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 2005, there were no material interested person transactions entered into.



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DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

F J Benjamin Holdings Ltd Co. Reg. No. 197301125N 30 June 2005

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 2005 and the balance sheet of the Company as at 30 June 2005.

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 Jackie Benjamin	–	Executive Director
Ms Karen Chong Mee Keng	–	Executive Director
Mr Joseph Grimberg	–	Independent Director
Mr Reggie Thein	–	Independent Director
Ms Wong Ai Fong	–	Independent Director
Mr Timothy Chia Chee Ming	–	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 1.7.2004	At 30.6.2005	At 1.7.2004	At 30.6.2005
<u>Ordinary share of \$0.20 each</u>				
Mr Frank Benjamin	65,444,950	65,444,950	52,500,000	52,500,000
Mr Keith Tay Ah Kee	228,000	228,000	–	–
Mr Eli Manasseh Benjamin	23,237,050	23,237,050	300,000	300,000
Mr Douglas Jackie 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	22,144,950	22,144,950	10,500,000	10,500,000
Mr Keith Tay Ah Kee	28,000	28,000	–	–
Mr Eli Manasseh Benjamin	4,237,050	4,237,050	300,000	300,000
Mr Douglas Jackie Benjamin	120,000	120,000	10,000	10,000
Mr Joseph Grimberg	300,000	300,000	–	–

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 2005.

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.

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

DIRECTORS' CONTRACTUAL BENEFITS

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

OPTIONS

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

AUDIT COMMITTEE

The members of the Audit Committee 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



Karen Chong Mee Keng
Director

Singapore
15 September 2005

STATEMENT *by directors*

We, Eli Manasseh Benjamin and Karen Chong Mee Keng, 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, statements of changes in equity and consolidated statement of cash flow together with the notes thereto, set out on pages 42 to 77, are drawn up 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 2005 and the changes in equity of the Group and of the Company, the results of the business and the 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



Karen Chong Mee Keng
Director

Singapore
15 September 2005

AUDITORS' report

to the Members of F J Benjamin Holdings Ltd

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We have audited the accompanying financial statements of F J Benjamin Holdings Ltd (the "Company") and its subsidiaries (the "Group"), set out on pages 42 to 77, for the financial year ended 30 June 2005. 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 and statement of changes in equity 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 2005, changes in equity of the Group and of the Company, the results 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 2005

CONSOLIDATED *profit and loss account*
for the financial year ended 30 June 2005

	Note	2005 \$'000	Group 2004 \$'000
Revenue	4	145,658	116,573
Other income	5	4,142	5,668
		149,800	122,241
Costs and expenses			
Cost of sales		91,073	73,169
Staff costs		19,974	17,392
Rental of premises		12,683	10,613
Advertising and promotion		5,445	4,624
Depreciation of property, furniture, fixtures and equipment		3,372	3,413
Other operating expenses, net		13,650	11,102
Total costs and expenses		146,197	120,313
Operating profit		3,603	1,928
Exceptional items, net			
- Gain on discontinued operations		-	137
- Others		1,456	(91)
	6	1,456	46
Interest expense		(1,435)	(1,287)
Share of results of associated companies		2,099	1,426
Profit before taxation	7	5,723	2,113
Taxation	8	(1,434)	(90)
Profit after taxation		4,289	2,023
Minority interest		-	(2)
Net profit for the financial year		4,289	2,021
Basic earnings per share (cents)	9	1.50	0.71
Diluted earnings per share (cents)	9	1.50	0.71

BALANCE sheets
as at 30 June 2005

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	Note	Group		Company	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Non-current assets					
Property, furniture, fixtures and equipment	10	69,019	69,105	34,380	38,316
Interest in subsidiaries	11	–	–	48,220	46,436
Interest in joint ventures	12	–	–	150	–
Interest in associated companies	13	10,859	9,422	–	–
Other investments	14	283	414	283	414
Deferred tax assets	21	527	624	–	–
		80,688	79,565	83,033	85,166
Current assets					
Stocks	15	32,617	24,253	–	–
Trade debtors	16	19,708	17,250	–	–
Other debtors	17	6,193	5,361	690	746
Cash on hand and at banks		14,765	11,248	7,714	6,052
		73,283	58,112	8,404	6,798
Current liabilities					
Trade and other creditors	18	35,961	25,554	880	616
Finance lease creditors	19	134	162	75	90
Bank borrowings	20	20,894	15,014	899	1,783
Provision for taxation		505	239	186	120
		57,494	40,969	2,040	2,609
Net current assets		15,789	17,143	6,364	4,189
Non-current liabilities					
Finance lease creditors	19	338	532	214	342
Bank borrowings	20	18,361	19,010	11,200	11,750
Deferred tax liabilities	21	400	700	400	700
		19,099	20,242	11,814	12,792
Net assets		77,378	76,466	77,583	76,563
Shareholders' equity					
Share capital	22	57,000	57,000	57,000	57,000
Share premium	23	26,685	26,685	26,685	26,685
Warrant reserve	24	28,025	28,025	28,025	28,025
Exchange translation reserve	25	(7,204)	(5,599)	(6,609)	(2,947)
Accumulated losses		(27,128)	(29,707)	(27,518)	(32,200)
		77,378	76,404	77,583	76,563
Minority interest		–	62	–	–
		77,378	76,466	77,583	76,563

The accompanying policies and explanatory notes from pages 48 to 77 form an integral part of the financial statements.

STATEMENTS of changes in equity

for the financial year ended 30 June 2005

	Note	Share capital \$'000	Share premium \$'000	Warrant reserve \$'000	Exchange translation reserve \$'000	Accumulated losses \$'000	Total shareholders' equity \$'000
Group							
Balance as at 30 June 2004		57,000	26,685	28,025	(5,599)	(29,707)	76,404
Net profit for the financial year		-	-	-	-	4,289	4,289
Exchange differences arising from consolidation		-	-	-	(1,461)	-	(1,461)
Exchange differences arising from the conversion of quasi equity loan to share capital		-	-	-	1,064	-	1,064
Realisation of translation gain upon liquidation of subsidiary		-	-	-	(1,208)	-	(1,208)
Dividend paid	33	-	-	-	-	(1,710)	(1,710)
Balance as at 30 June 2005		57,000	26,685	28,025	(7,204)	(27,128)	77,378
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 differences arising from a monetary item that in substance form part of the net investment in a foreign subsidiary		-	-	-	(1,064)	-	(1,064)
Dividend paid		-	-	-	-	(556)	(556)
Balance as at 30 June 2004		57,000	26,685	28,025	(5,599)	(29,707)	76,404

The accompanying policies and explanatory notes from pages 48 to 77 form an integral part of the financial statements.

	Note	Share capital \$'000	Share premium \$'000	Warrant reserve \$'000	Exchange translation reserve \$'000	Accumulated losses \$'000	Total shareholders' equity \$'000
Company							
Balance as at 30 June 2004		57,000	26,685	28,025	(2,947)	(32,200)	76,563
Net profit for the financial year		-	-	-	-	6,392	6,392
Share of translation loss of subsidiaries		-	-	-	(4,726)	-	(4,726)
Exchange differences arising from the conversion of quasi equity loan to share capital		-	-	-	1,064	-	1,064
Dividend paid	33	-	-	-	-	(1,710)	(1,710)
Balance as at 30 June 2005		57,000	26,685	28,025	(6,609)	(27,518)	77,583
Balance as at 30 June 2003		57,000	26,685	28,025	(852)	(33,664)	77,194
Net profit for the financial year		-	-	-	-	2,020	2,020
Share of translation loss of subsidiaries		-	-	-	(1,031)	-	(1,031)
Exchange differences arising from a monetary item that in substance form part of the net investment in a foreign subsidiary		-	-	-	(1,064)	-	(1,064)
Dividend paid		-	-	-	-	(556)	(556)
Balance as at 30 June 2004		57,000	26,685	28,025	(2,947)	(32,200)	76,563

The accompanying policies and explanatory notes from pages 48 to 77 form an integral part of the financial statements.

CONSOLIDATED *statement of cash flow*
for the financial year ended 30 June 2005

	Group	
	2005	2004
	\$'000	\$'000
Cash flow from operating activities:		
Profit before taxation	5,723	2,113
Adjustments for:		
Depreciation of property, furniture, fixtures and equipment	3,372	3,424
Share of results of associated companies	(2,099)	(1,426)
Currency realignment	115	(1,152)
Loss/(gain) on disposal of furniture, fixtures and equipment	105	(65)
Interest income	(89)	(55)
Dividend income	(36)	(32)
Interest expense	1,435	1,287
Write-down in value of other investments	131	113
Allowance for impairment loss on property, furniture, fixtures and equipment, net	(443)	(182)
Translation gain from the winding up of a subsidiary (Note A)	(1,208)	–
Gain on dilution of a subsidiary (Note B)	–	(250)
Operating profit before reinvestment in working capital	7,006	3,775
Increase in debtors	(3,290)	(7,151)
(Increase)/decrease in stocks	(8,364)	911
Increase in creditors	10,407	4,833
Cash generated from operations	5,759	2,368
Income tax (paid)/refunded	(230)	44
Net cash generated from operating activities	5,529	2,412
Cash flow from investing activities:		
Purchase of furniture, fixtures and equipment	(3,396)	(3,128)
Proceeds from disposal of furniture, fixtures and equipment	80	205
Investment in quoted shares	–	(526)
(Loan to) / repayment from associated companies	(638)	2,569
Capital distribution to minority interest (Note A)	(62)	–
Dilution of a subsidiary (Note B)	–	(175)
Dividend received	36	32
Interest received	89	55
Net cash used in investing activities	(3,891)	(968)
Cash flow from financing activities:		
Proceeds from / (repayment of) bank borrowings	5,070	(2,560)
(Repayment to) / proceeds from finance lease creditors	(222)	195
Interest paid	(1,435)	(1,287)
Dividend paid to shareholders	(1,710)	(556)
Net cash generated from / (used in) financing activities	1,703	(4,208)

	Group	
	2005	2004
	\$'000	\$'000
Net increase/(decrease) in cash and cash equivalents	3,341	(2,764)
Cash and cash equivalents at beginning of financial year	9,596	12,374
Net effect of exchange rate changes on opening cash and cash equivalents	15	(14)
Cash and cash equivalents at end of financial year (Note 26)	12,952	9,596

Note A

During the financial year, the Group liquidated Rainier Trading Ltd, a subsidiary in Hong Kong. The fair value of the assets disposed of and cash flow effect arising from the liquidation were as follow:

	\$'000
Cash on hand and at bank	125
Capital distribution to minority interest	(62)
Fair value of net tangible assets disposed	63
Consideration received in cash	(63)
Translation gain from the winding up of a subsidiary	1,208
Net gain on liquidation of a subsidiary	1,208

Note B

The dilution of the Company's interest in V.B. Fashions Pte Ltd ("VB") from 70% to 50% shareholding in financial year 2004, 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)

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 changes in the nature of these activities during the financial year.

The Group operates primarily in five countries. As at 30 June 2005, the Group and Company had 500 employees (2004: 474 employees) and 14 employees (2004: 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.

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.

The accounting policies have been consistently applied and are consistent with those used in the previous financial year.

(b) 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.

(c) 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.

2. Summary of significant accounting policies (cont'd)

(d) Joint ventures

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, investments in joint ventures are accounted for using the equity method less any impairment loss.

(e) 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 the equity method based on 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.

(f) 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.

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 in situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, furniture, fixtures and equipment beyond its originally assessed standard of performance. Expenditure for maintenance and repairs is normally charged to the profit and loss account in the period in which costs are incurred.

Where the assets are sold or retired, their cost and accumulated depreciation and impairment are removed from the financial statements and any gain or loss resulting from their disposal is included in 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.

2. Summary of significant accounting policies (cont'd)**(f) Property, furniture, fixtures and equipment (cont'd)**

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.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

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.

(g) Other investments

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

After its initial recognition, investments are stated at the lower of cost or market value. Market value is the average of the bid and offer prices at the balance sheet date.

(h) 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.

(i) Receivables

Trade and other debtors, which generally have been granted between 60 to 120 day credit terms, are recognised and carried at original invoiced amounts 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.

2. Summary of significant accounting policies (cont'd)

(j) Payables

Liabilities for trade and other creditors, which are normally settled on 60 to 120 day 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.

(k) 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.

(l) 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 ventures, except where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax 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.

2. Summary of significant accounting policies (cont'd)

(m) 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.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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.

(n) 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 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.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income or as a revaluation increase. However, the increased carrying amount of an asset does not exceed the carrying amount that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised for that asset in prior years.

(o) Revenue recognition

Revenue from the sale of products is 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.

2. Summary of significant accounting policies (cont'd)

(p) 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. Foreign currency non-monetary assets and liabilities are measured using the exchange rates ruling at the transaction dates or, in the case of items carried at fair value, the exchange rates that existed when the values were determined. 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.

(q) Borrowing costs

Borrowings costs are recognised as interest expense in the financial year in which they are incurred.

(r) 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.

(s) 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.

(t) Cash and cash equivalents

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

2. Summary of significant accounting policies (cont'd)**(u) 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.

3. Group companies

The subsidiaries as at 30 June are:-

Name of company [country of incorporation]	Principal activities	Cost		Percentage of equity interest	
		2005 \$'000	2004 \$'000	2005 %	2004 %
~ Benmark (Pte) Ltd [Singapore]	Inactive	3,000	3,000	100	100
~ F J Benjamin (Indochina) Pte Ltd, formerly known as F J Benjamin Maxcom Pte Ltd [Singapore]	Inactive	50	50	100	100
~ F J Benjamin Concepts Pte Ltd [Singapore]	Investment holding company	60	60	100	100
~ Manchester United (S.E.A.) Pte Ltd [Singapore]	Importers, exporters, distributors and retailers of consumer fashion wear and accessories	3,000	3,000	100	100
~ F. J. B. Investment Pte Ltd [Singapore]	Investment holding company	^	^	100	100
# F J Benjamin (M) Sdn. Bhd. [Malaysia]	Importers, distributors and retailers of consumer fashion wear, accessories and timepieces	859	859	100	100
+ FJ Benjamin (Aust) Pty Ltd [Australia]	Importers, distributors and retailers of consumer fashion wear and accessories	21,434	12,828	100	100
Balance carried forward		28,403	19,797		

3. Group companies (cont'd)

Name of company [country of incorporation]	Principal activities	Cost		Percentage of equity interest	
		2005	2004	2005	2004
		\$'000	\$'000	%	%
Balance brought forward		28,403	19,797		
# F J Benjamin (Taiwan) Ltd [Taiwan]	Importers and distributors of timepieces	3,909	3,909	100	100
# F J Benjamin (H.K.) Limited [Hong Kong]	Importers, distributors and retailers of timepieces	58,612	58,612	100	100
+ BMI (Hong Kong) Limited [Hong Kong]	Inactive	1,119	1,119	100	100
# Ferro Designs Limited [Hong Kong]	Investment holding company	19	19	100	100
+ F. J. Benjamin Fashions (U.S.) Inc. [United States]	Inactive	289	289	100	100
		92,351	83,745		

Name of company [country of incorporation]	Principal activities	Percentage of equity interest	
		2005	2004
		%	%
Held by subsidiaries -			
~ B.M.I. (Pte.) Ltd. [Singapore]	Inactive	100	100
~ F J Benjamin (Singapore) Pte Ltd [Singapore]	Importers, exporters, licensees, distributors and retailers of consumer fashion wear, accessories, timepieces and home furnishings	100	100
# 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
* Rainier Trading Ltd [Hong Kong]	Liquidated	-	50

~ Audited by Ernst & Young, Singapore.

Audited by member firms of Ernst & Young Global in the respective countries.

+ Not required to be audited in the country of incorporation. These foreign subsidiaries are not considered significant as defined under Clause 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

^ Cost of investment is two Singapore Dollars.

* Considered a subsidiary as the Group has the power to cast the majority of votes at board meetings.

4. Revenue

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

	Group	
	2005	2004
	\$'000	\$'000
Sale of products	145,658	116,457
Sale of services	-	116
	145,658	116,573

5. Other income

	Group	
	2005	2004
	\$'000	\$'000
Market support and administrative service income	2,544	3,341
Dividend income	36	32
Interest income	89	55
Rental income	524	558
(Loss)/gain on disposal of furniture, fixtures and equipment	(105)	65
Exchange translation gain	952	1,596
Others	102	21
	4,142	5,668

6. Exceptional items, net

	Group	
	2005	2004
	\$'000	\$'000
Net write-back of allowance for impairment loss on property, furniture, fixtures and equipment	443	182
Closure cost	(195)	(597)
Realisation of translation gain upon liquidation of a subsidiary	1,208	-
Gain on dilution of a subsidiary	-	250
Write-back of overprovision of expenses on recovering of debts from an Indonesia sub-distributor	-	74
	1,456	(91)
Discontinued Taiwan retail operations	-	137
	1,456	46
The above are stated after charging:		
Depreciation of property, furniture, fixtures and equipment	-	11
Rental costs	-	730
Staff costs	-	202

6. Exceptional items, net (cont'd)Discontinued Taiwan retail operations

The Group had discontinued its retail business in Taiwan in financial year 2003 as 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 net cash flow attributable to the respective financial year ends are as follows:-

	2005	2004
	\$'000	\$'000
Operating	-	488
Net cash inflow	<u>-</u>	<u>488</u>

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

	2005	2004
	\$'000	\$'000
Revenue	-	841
Operating costs	-	(704)
Profit from discontinued operations	<u>-</u>	<u>137</u>

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.

7. Profit before taxation

	Group	
	2005	2004
	\$'000	\$'000
Profit before taxation is stated after charging/(crediting) :-		
Auditors' remuneration		
- Auditors of the Company		
- current year	185	184
- under/(over) provision in respect of prior years	15	(43)
- Other auditors	109	106
Non-audit fees paid to		
- Auditors of the Company	110	120
- Other auditors	23	15
Rental of equipment	94	84
Write-down in value of other investments	131	113
Loss/(gain) on disposal of furniture, fixtures and equipment	105	(65)
Provident fund contributions	<u>1,554</u>	<u>1,496</u>

8. Taxation

	Group	
	2005 \$'000	2004 \$'000
Major components of income tax expense for financial year ended 30 June were:		
Current tax	393	579
Deferred tax :-		
Movements in temporary differences	(208)	(336)
Reduction in tax rate	-	(58)
Benefits previously not recognised	-	(233)
Current year tax expense/(credit)	185	(48)
Under/(over) provision in respect of prior years	103	(723)
	288	(771)
Share of taxation of associated companies	1,146	861
	1,434	90

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	
	2005 \$'000	2004 \$'000
Profit before taxation	5,723	2,113
Tax calculated at statutory tax rate of 20.0% (2004: 20.0%)	1,145	423
Effect of different tax rates in other countries	299	264
Change in tax rate	-	(63)
Income not subjected to tax	(766)	(886)
Expenses not deductible for tax purposes	1,435	1,435
Utilisation of tax losses and capital allowances brought forward	(1,108)	(797)
Deferred tax assets not recognised	536	407
Reversal of deferred tax liability upon reinvestment of foreign income	(265)	-
Under/(over) provision in respect of prior years	103	(723)
Others	55	30
	1,434	90

As at 30 June 2005, certain subsidiaries had unutilised tax losses and unabsorbed capital allowances of approximately \$63.9 million (2004: \$69.1 million) and \$4.7 million (2004: \$4.3 million) respectively, available for set-off against future taxable profits of the companies in which the losses and allowances 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.

8. Taxation (cont'd)

However, one of the subsidiaries had recognised a deferred tax asset of \$220,000 (2004: \$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 2005, there is no recognised or unrecognised deferred income tax liability (2004: 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 tax exemption, double taxation relief or temporary differences that would not be reversed in the foreseeable future.

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 (cents)

The basic and diluted earnings per share are 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 computations for basic and diluted earnings per share for the financial years ended 30 June:

	Group	
	2005	2004
	\$'000	\$'000
Net profit for the financial year attributable to ordinary shareholders for basic and diluted earnings per share	<u>4,289</u>	<u>2,021</u>
	'000	'000
Weighted average number of ordinary shares in issue applicable to basic and diluted earnings per share	<u>285,000</u>	<u>285,000</u>

The warrant options issued were anti-dilutive, thus the calculations in the financial years 2004 and 2005 have been disregarded.

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
Cost								
At beginning of the financial year	2,028	1,759	1,768	6,834	14,579	39,622	42,507	109,097
Currency realignment	(1)	(6)	(7)	118	(60)	(540)	–	(496)
Additions	111	112	34	410	2,729	–	–	3,396
Disposals	(121)	(176)	(166)	(113)	(2,433)	–	–	(3,009)
At end of the financial year	2,017	1,689	1,629	7,249	14,815	39,082	42,507	108,988
Representing -								
Cost	2,017	1,689	1,629	7,249	14,815	39,082	9,507	75,988
Valuation 1994	–	–	–	–	–	–	33,000	33,000
	2,017	1,689	1,629	7,249	14,815	39,082	42,507	108,988
Accumulated depreciation and impairment								
At beginning of the financial year	1,669	1,579	908	6,515	12,017	12,316	4,988	39,992
Currency realignment	(1)	(15)	(3)	119	(34)	(194)	–	(128)
Charge for the financial year	99	58	278	249	1,701	609	378	3,372
Impairment loss	–	–	–	–	–	–	3,319	3,319
Reversal of impairment loss	–	–	–	–	–	(3,762)	–	(3,762)
Disposals	(85)	(138)	(87)	(108)	(2,406)	–	–	(2,824)
At end of the financial year	1,682	1,484	1,096	6,775	11,278	8,969	8,685	39,969
Charge for 2004	175	77	269	189	1,744	592	378	3,424
Net book value								
At end of the financial year	335	205	533	474	3,537	30,113	33,822	69,019
At beginning of the financial year	359	180	860	319	2,562	27,306	37,519	69,105

10. Property, furniture, fixtures and equipment (cont'd)

Company	Furniture and Fittings	Electrical Installation and Office Equipment	Motor Vehicles	Data Processing Equipment	Leasehold Improvements	Freehold Land and Buildings	Total \$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Cost							
At beginning of the financial year	449	471	848	543	1,815	42,507	46,633
Additions	-	-	-	9	39	-	48
Disposals	-	-	(166)	-	-	-	(166)
At end of the financial year	449	471	682	552	1,854	42,507	46,515
Representing -							
Cost	449	471	682	552	1,854	9,507	13,515
Valuation 1994	-	-	-	-	-	33,000	33,000
	449	471	682	552	1,854	42,507	46,515
Accumulated depreciation and impairment							
At beginning of the financial year	308	470	408	538	1,605	4,988	8,317
Charge for the financial year	12	1	150	7	38	378	586
Impairment loss	-	-	-	-	-	3,319	3,319
Disposals	-	-	(87)	-	-	-	(87)
At end of the financial year	320	471	471	545	1,643	8,685	12,135
Charge for 2004	19	2	171	7	18	378	595
Net book value							
At end of the financial year	129	-	211	7	211	33,822	34,380
At beginning of the financial year	141	1	440	5	210	37,519	38,316

	Group		Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Net book value includes furniture, fixtures and equipment under finance leases: -				
Motor vehicles	499	821	207	432

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 \$37,275,000 (2004: \$37,465,000).

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

11. Interest in subsidiaries

	Company	
	2005	2004
	\$'000	\$'000
Unquoted shares, at cost (Note 3)	92,351	83,745
Share of results of subsidiaries	(40,036)	(44,150)
Share of exchange translation reserve	(6,609)	(1,883)
	45,706	37,712
Loans receivable, unsecured	8,232	14,962
Amounts receivable on current accounts	29,108	31,314
Allowance for doubtful debts	(13,280)	(16,958)
Accrual for financial undertakings	(21,546)	(20,594)
	48,220	46,436

The loans receivable have no fixed terms of repayment and are not expected to be repaid within one year. The loans receivable bear interest at 3.8% (2004: 3.8%) per annum. 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.

The Company has undertaken not to recall the loan receivable and amounts receivable on current accounts from certain subsidiaries amounting to \$2,843,000 (2004: \$2,766,000) and \$8,932,000 (2004: \$6,532,000) respectively, until such time the subsidiaries are in the position to repay these amounts without impairing their liquidity position.

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

12. Interest in joint ventures

	Company	
	2005	2004
	\$'000	\$'000
Unquoted shares, at cost	657	657
Impairment loss	(485)	(485)
Share of results of joint venture	(172)	(172)
	-	-
Loan, unsecured	750	-
Allowance for doubtful debts	(600)	-
	150	-

The loan receivable bears interest at 2.5% (2004: 2.5%) per annum, with no fixed terms of repayment and are not expected to be repaid within one year.

12. Interest in joint ventures (cont'd)

The joint venture entities held by the Company as at 30 June are:

Name of entity [Country of incorporation]	Principal activities	Percentage of equity interest	
		2005 %	2004 %
~ V. B. Fashions Pte Ltd [Singapore]	Importers, exporters, distributors and retailers of consumer fashion wear and accessories	50	50
+ F J Benjamin Concepts (Aust) Pty Ltd [Australia]	Manager of partnership	51	–
+ FJ Benjamin (Aust) Pty Ltd and Partners [Australia]	Importers, distributors and retailers of consumer fashion wear and accessories	51	–

~ Audited by Ernst & Young, Singapore.

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

The joint venture entities are jointly controlled and managed by the Group and the joint venture partners.

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

	2005 \$'000	2004 \$'000
Furniture, fixtures and equipment	82	153
Current assets	1,319	1,083
Current liabilities	(559)	(1,268)
Net assets/(liabilities)	842	(32)
Revenue	1,638	261
Operating costs and expenses	(2,170)	(433)
Loss before taxation	(532)	(172)

13. Interest in associated companies

	Group	
	2005	2004
	\$'000	\$'000
Unquoted shares, at cost	5,153	5,153
Share of results of associated companies	887	(66)
Share of exchange translation reserve	(365)	(211)
	5,675	4,876
Loan receivable - secured	4,264	4,512
Loans receivable - unsecured	650	525
Amounts receivable/(payable) on current account	270	(491)
	10,859	9,422

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 amounts receivable/(payable) on current account 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% (2004: 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% (2004: 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;
- (c) a 48% (2004: nil) interest in a Singapore-incorporated company whose principal activities comprise investment holding. The entity has not yet been audited as it was incorporated within six months prior to the financial year end; and
- (d) a 50% (2004: 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.

14. Other investments

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
At cost: -				
Unquoted equity investments	2,514	2,514	3,028	3,028
Quoted equity investments	527	527	527	527
	3,041	3,041	3,555	3,555
Write-down of investments	(2,758)	(2,627)	(3,272)	(3,141)
	283	414	283	414
Market value: -				
Quoted equity investments	283	414	283	414

15. Stocks

	Group	
	2005 \$'000	2004 \$'000
Trading stocks: -		
On hand	25,550	18,074
On consignment	1,513	1,218
In transit	4,448	4,076
Work-in-progress	1,106	885
Total stocks at lower of cost and net realisable value	32,617	24,253
Stocks are stated at:		
Cost	25,968	15,234
Net realisable value	6,649	9,019
	32,617	24,253
Allowance / (write-back) for stocks obsolescence charged to the profit and loss account	1,470	(15)

16. Trade debtors

	Group	
	2005 \$'000	2004 \$'000
External trade debtors	13,523	9,944
Allowance for doubtful debts	(1,500)	(1,326)
	12,023	8,618
Trade debts due from an associated company	7,685	8,611
Trade debts due from joint venture	-	21
	19,708	17,250
Allowance for doubtful debts charged to the profit and loss account	177	63
Bad debts written off to the profit and loss account	70	8

17. Other debtors

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Other receivables and prepayments	2,846	2,381	34	80
Allowance for doubtful debts	(27)	(11)	–	–
	2,819	2,370	34	80
Deposits	2,005	2,012	32	38
Advances	14	21	1	13
Tax recoverable	1,330	740	595	595
Due from joint venture	4	137	7	3
Due from associated companies	21	81	21	17
	6,193	5,361	690	746
Allowance for doubtful debts charged to the profit and loss account	16	–	–	–

18. Trade and other creditors

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Trade creditors	24,571	17,174	–	–
Accruals	7,717	3,890	770	481
Sundry creditors	3,143	3,421	110	135
Trade debts due to a joint venture partner	530	1,069	–	–
	35,961	25,554	880	616

19. Finance lease creditors

The Group has various finance lease facilities for its motor vehicles. These leases expire over the next six years. The average discount rates implicit in the leases range from 3.5% to 5.0% (2004: 3.3% to 6.5%) per annum. Lease terms do not contain restrictions concerning dividend, additional debt or further leasing.

19. Finance lease creditors (cont'd)

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Present value of minimum lease payments are as follow:-				
Not later than one year	134	162	75	90
Later than one year but not later than five years	261	441	148	266
Later than five years	77	91	66	76
Total present value of minimum lease payments	472	694	289	432
Future minimum lease repayments are as follow: -				
Not later than one year	148	198	86	110
Later than one year but not later than five years	293	511	163	319
Later than five years	86	97	69	80
Total future minimum lease payments	527	806	318	509
Amount representing interest	(55)	(112)	(29)	(77)
	472	694	289	432

20. Bank borrowings

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<u>Current</u>				
Bank overdrafts (Note 26)	1,813	1,652	-	-
Trust receipts and bills payable	6,987	4,627	-	-
Short term loans	11,195	6,952	-	-
Term loans	350	1,050	350	1,050
Mortgage loans	549	733	549	733
	20,894	15,014	899	1,783
<u>Non-current</u>				
Repayment within one to five years:				
Term loans	11,200	11,200	11,200	11,200
Mortgage loans	7,161	7,810	-	550
	18,361	19,010	11,200	11,750

20. Bank borrowings (cont'd)

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 \$56,051,000 (2004: \$57,913,000). The short term loans bear interest at rates that ranged from 2.10% to 4.89% (2004: 2.06% to 6.50%) per annum during the financial year.

The Company has a \$350,000 (2004: \$1.05 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 3.25% to 4.94% (2004: 3.13% to 3.25%) per annum during the financial year. The term loan is repayable on a quarterly basis with the final instalment of \$350,000 payable in September 2005.

The Company has a \$11.2 million (2004: \$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 ranged from 3.50% to 4.00% (2004: at 3.50%) per annum during the financial year. The RCF is repayable in October 2007.

The Company has a \$549,000 (2004: \$1.3 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 3.25% to 4.35% (2004: 3.19% to 3.25%) per annum during the financial year. The loan is repayable by quarterly instalments of \$183,000 each with the last instalment payable in January 2006.

The Group also has a HK\$33.0 million (2004: HK\$33.0 million) term loan secured by a mortgage over a leasehold property in Hong Kong. Interest rates ranged from 2.21% to 3.89% (2004: 1.99% to 3.38%) per annum during the financial year. The loan is repayable in July 2007.

In financial year 2004, one of the subsidiaries of the Company issued \$30 million of deferred consideration notes (the "notes") to the Company as consideration for the acquisition of F J Benjamin (Singapore) Pte Ltd and 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% (2004: 9.90%) per annum and mature in 2018.

21. Deferred taxation

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<u>Deferred tax liabilities</u>				
Unremitted foreign income	421	661	421	661
Depreciation	27	39	27	39
Provisions	(48)	–	(48)	–
	400	700	400	700
<u>Deferred tax assets</u>				
Provisions	312	261	–	–
Depreciation	(5)	73	–	–
Tax value of unutilised losses	220	290	–	–
	527	624	–	–

22. Share capital

	Group and Company	
	2005	2004
	\$'000	\$'000
<u>Authorised:</u>		
1,000,000,000 (2004: 1,000,000,000) ordinary shares of \$0.20 each	200,000	200,000
<u>Issued and fully paid:</u>		
At beginning and end of the financial year		
285,000,000 (2004: 285,000,000) ordinary shares of \$0.20 each	57,000	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 2005, there were 285,000,000 (2004: 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. The warrants issued expire in July 2007.

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

The warrant reserve account comprises the proceeds from the warrants issued net of warrant issue expense. 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 exchange translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Group, and the translation of 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	
	2005	2004
	\$'000	\$'000
Cash on hand and at banks	14,765	11,248
Bank overdrafts (Note 20)	(1,813)	(1,652)
	12,952	9,596

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 its 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

Credit risk arising from the inability of a customer to meet the terms of the Group's financial instrument contracts is generally limited to amounts, if any, by which the customer's obligations exceed the obligations of the Group. The Group's policy is to manage its credit risk through application of credit approvals, credit limits and monitoring procedures. The Group has no significant concentration of credit risk.

Liquidity risk

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

27. Financial instruments (cont'd)*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 2005.

28. Segment information

The following tables present revenue and profit information regarding the business segments for the financial years ended 30 June 2004 and 2005 and certain asset and liability information regarding the business segments as at 30 June 2004 and 2005.

Business segments

	MU Retail	Ongoing Retail	Distribution	Export	Corporate and Others	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2005						
Sales to external consumers	1,267	50,309	62,962	31,120	-	145,658
Intersegment sales	-	-	11,952	16,280	-	28,232
Segment revenue	<u>1,267</u>	<u>50,309</u>	<u>74,914</u>	<u>47,400</u>	<u>-</u>	<u>173,890</u>
Segment results	<u>(1,593)</u>	<u>1,363</u>	<u>6,013</u>	<u>2,432</u>	<u>(4,737)</u>	<u>3,478</u>
Exceptional items, net						1,456
Interest income						89
Investment income						36
Interest expense						(1,435)
Share of results of associated companies	-	2,800	-	-	(701)	2,099
Profit before taxation						5,723
Taxation						(1,434)
Net profit for the financial year						<u>4,289</u>
2004						
Sales to external consumers	3,337	38,937	45,522	28,661	116	116,573
Intersegment sales	-	-	9,719	1,288	-	11,007
Segment revenue	<u>3,337</u>	<u>38,937</u>	<u>55,241</u>	<u>29,949</u>	<u>116</u>	<u>127,580</u>
Segment results	<u>(1,210)</u>	<u>1,470</u>	<u>4,346</u>	<u>1,252</u>	<u>(4,017)</u>	<u>1,841</u>
Exceptional items, net						46
Interest income						55
Investment income						32
Interest expense						(1,287)
Share of results of associated companies	-	1,774	-	-	(348)	1,426
Profit before taxation						2,113
Taxation						(90)
Profit after taxation						2,023
Minority interest						(2)
Net profit for the financial year						<u>2,021</u>

28. Segment information (cont'd)**Business segments (cont'd)**

	MU Retail	Ongoing Retail	Distribution	Export	Corporate and Others	Group
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2005						
Segment assets	897	20,927	32,437	14,270	74,298	142,829
Interest in associated companies	-	7,214	-	-	3,645	10,859
Other investments	-	-	-	-	283	283
Total assets						153,971
Segment liabilities	748	9,576	15,395	9,005	1,237	35,961
Unallocated liabilities						40,632
Total liabilities						76,593
Capital expenditure	-	1,491	1,266	591	48	3,396
Depreciation	96	1,549	343	81	1,303	3,372
Impairment loss of property, furniture, fixtures and equipment, net	-	-	-	-	(443)	(443)
2004						
Segment assets	1,851	18,462	21,387	12,713	73,428	127,841
Interest in associated companies	-	4,928	-	-	4,494	9,422
Other investments	-	-	-	-	414	414
Total assets						137,677
Segment liabilities	705	8,941	9,131	7,340	1,089	27,206
Unallocated liabilities						34,005
Total liabilities						61,211
Capital expenditure	36	1,554	784	317	437	3,128
Depreciation	155	1,049	696	331	1,193	3,424
Impairment loss of property, furniture, fixtures and equipment, net	68	-	-	-	(250)	(182)

Unallocated liabilities include bank borrowings, finance lease creditors, provision for taxation and deferred tax liabilities.

28. Segment information (cont'd)**Geographical segments**

The following table presents revenue information regarding geographical segments for the financial years ended 30 June 2004 and 2005 and certain asset information regarding geographical segments as at 30 June 2004 and 2005.

	Southeast Asia \$'000	North Asia \$'000	Australia \$'000	Group \$'000
2005				
Turnover	113,278	29,500	2,880	145,658
Other geographical information:				
Assets	102,782	47,961	3,228	153,971
Capital expenditure	2,742	621	33	3,396
2004				
Turnover	91,257	22,567	2,749	116,573
Other geographical information:				
Assets	97,667	36,828	3,182	137,677
Capital expenditure	3,069	47	12	3,128

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 2008 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	
	2005 \$'000	2004 \$'000
Within one year	11,247	8,175
Between one year to five years	11,935	5,599
	23,182	13,774

The Group has a sub-lease arrangement with one of its associated company for one of its retail outlets with a term of three years. The future minimum lease receivables under non-cancellable operating leases as at 30 June are as follows:

	Group	
	2005 \$'000	2004 \$'000
Within one year	708	564
Between one year to five years	1,387	-
	2,095	564

29. Operating leases (cont'd)

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

	Group	
	2005 \$'000	2004 \$'000
Within one year	481	247
Between one year to five years	180	279
	661	526

30. Contingent liabilities, unsecured

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Contingent liabilities not provided for in the financial statements: -				
Guarantees of banking facilities provided to the subsidiaries	-	-	56,051	57,913
Financial undertaking given to a joint venture entity	-	-	-	16
Banker guarantees in lieu of rental deposits	1,391	913	-	-
	1,391	913	56,051	57,929

31. Commitments

As at 30 June 2005, the Group has entered into several licensing and distribution agreements with its principals. Under the agreements, the Group is committed to certain levels of purchases and advertising expenditure in accordance with the agreed terms and conditions. The Group has substantially met all its purchase and advertising commitments.

As at 30 June 2005, the Group has outstanding forward contracts with settlement dates within the next 12 months amounting to Euro 88,000 and CHF1.9 million (2004: US\$698,000 and CHF327,000), with an unrealised exchange loss of \$86,000 (2004: exchange gain of \$28,000) not recognised in the financial statements. The fair value of the outstanding forward contracts approximated \$2.8 million (2004: \$1.6 million).

The Company has committed \$488,000 in a Thailand venture as detailed in Note 35.

32. Related party disclosure

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

	2005	2004
	\$'000	\$'000
Sale of goods to an associated company	21,708	16,012
Market support and administrative service income from an associated company	2,544	3,341
Rental income from an associated company	570	564
Royalty received from an associated company	299	244
Directors' remuneration:		
- Directors of the Company	1,852	1,956
- Other directors of subsidiaries	1,678	1,505
Directors' fees		
- Directors of the Company	175	110
- Other directors of subsidiaries	22	22

Provident fund contributions of \$124,000 (2004: \$137,000) are included in Directors' remuneration.

The executive officers' remuneration of \$916,000 (2004: \$790,000) are included in Directors' remuneration as they are also directors of certain subsidiaries.

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

	2005	2004
Number of Directors in remuneration bands		
\$500,000 and above	2	2
\$250,000 to \$499,999	1	3
Below \$250,000	6	3
	9	8
Immediate family members of Directors in remuneration bands		
\$250,000 and above	1	1
\$150,000 to \$249,999	-	-
	1	1

33. Dividend

During the financial year, the Company paid a first and final dividend of 0.75 cent per ordinary share less tax of 20% amounting to \$1,710,000 in respect of the previous financial year as approved in the Annual General Meeting held on 27 October 2004.

The Directors have proposed a first and final dividend of 1.10 cents per ordinary share less tax of 20% amounting to \$2,508,000 be paid in respect of the financial year under review, subject to approval at the forthcoming Annual General Meeting.

34. Comparative figures

Certain comparative figures have been restated for consistency in presentation:

	As currently reported \$'000	As previously reported \$'000
Stocks	24,253	23,368
Other debtors	5,361	6,246

35. Subsequent event

After the balance sheet date, the Company entered into a Shareholders' Agreement with a company in Thailand to incorporate a private limited liability company ("Thai Company") under the laws of Thailand. The Thai Company will carry out the business of importers, exporters, licensees, retailers and distributors of consumer fashion wear, accessories, timepieces and home furnishings. The Company will subscribe for a 49% shareholding (79% voting rights) in the Thai Company, totalling Thb 2.9 million. The Company shall also provide an initial shareholders' loan of Thb 9.0 million to the Thai Company as and when it requires within the first 18 months from the date of its incorporation.

36. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2005 were authorised for issue in accordance with a resolution of the Directors dated 15 September 2005.

STATISTICS of shareholdings

as at 15 September 2005

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	1.75	4,620	0.00
1,000 - 10,000	2,972	83.74	9,526,000	3.34
10,001 - 1,000,000	497	14.00	21,886,040	7.68
1,000,001 AND ABOVE	18	0.51	253,583,340	88.98
TOTAL	3,549	100.00	285,000,000	100.00

TWENTY LARGEST SHAREHOLDERS

	NAME	NO. OF SHARES	%
1	FRANK BENJAMIN	65,444,950	22.96
2	HONG LEONG FINANCE NOMINEES PTE LTD	40,875,000	14.34
3	ESTATE OF JACOB BALLAS, DECEASED	30,000,000	10.53
4	MAYBAN NOMINEES (S) PTE LTD	26,770,000	9.39
5	MAVIS BENJAMIN, MRS	22,500,000	7.89
6	ELI MANASSEH BENJAMIN*	16,237,050	5.70
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	9,984,040	3.50
8	UOB KAY HIAN PTE LTD	7,906,000	2.77
9	DBS VICKERS SECURITIES (S) PTE LTD	7,030,000	2.47
10	LIM TIEN LOCK CHRISTOPHER	4,967,000	1.74
11	DBS NOMINEES PTE LTD	4,842,000	1.70
12	SEAH KEE KHOO	4,319,000	1.52
13	KIM ENG SECURITIES PTE. LTD.	4,074,120	1.43
14	OCBC NOMINEES SINGAPORE PTE LTD	2,681,080	0.94
15	CITIBANK NOMINEES SINGAPORE PTE LTD	2,186,000	0.77
16	SBS NOMINEES PTE LTD	1,633,000	0.57
17	PHILLIP SECURITIES PTE LTD	1,108,100	0.39
18	THIAN YIM PHENG	1,026,000	0.36
19	OCBC SECURITIES PRIVATE LTD	829,000	0.29
20	WANG KHEE PONG	725,000	0.25
	TOTAL	255,137,340	89.51

* Excludes 7,000,000 shares held in the name of UOB Kay Hian Pte Ltd.

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 BELLAS, 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 2005, 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.

STATISTICS of warrant holdings
as at 15 September 2005

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DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 999	4	0.23	120	0.00
1,000 - 10,000	779	44.62	3,955,013	1.39
10,001 - 1,000,000	920	52.69	109,711,867	38.49
1,000,001 - ABOVE	43	2.46	171,333,000	60.12
TOTAL	1,746	100.00	285,000,000	100.00

TWENTY LARGEST WARRANTHOLDERS

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	13,789,000	4.84
4 MAVIS BENJAMIN, MRS	10,500,000	3.68
5 SEAH KEE KHOO	10,000,000	3.51
6 MERRILL LYNCH (SINGAPORE) PTE LTD	9,350,000	3.28
7 OCBC SECURITIES PRIVATE LTD	6,832,000	2.40
8 THIAN YIM PHENG	6,636,000	2.33
9 PHILLIP SECURITIES PTE LTD	5,636,000	1.98
10 UNITED OVERSEAS BANK NOMINEES PTE LTD	4,610,000	1.62
11 UOB KAY HIAN PTE LTD	4,252,000	1.49
12 ELI MANASSEH BENJAMIN	4,237,050	1.49
13 NIKHILKUMAR S/O BANSILAL BHOGILAL SHAH	3,900,000	1.37
14 MOHAMED SALLEH SO KADIR MOHIDEEN SAIBU MARICAR	3,592,000	1.26
15 DILHAN PILLAY SANDRASEGARA	3,446,000	1.21
16 NURDIAN CUACA	2,867,000	1.01
17 ANG CHUA YONG	2,600,000	0.91
18 CHAN KOK KHOON	2,500,000	0.88
19 DBS VICKERS SECURITIES (S) PTE LTD	2,494,000	0.88
20 LEE SIEW LIAN	2,462,000	0.86
TOTAL	137,844,000	48.38

NOTICE OF *annual general meeting***F J BENJAMIN HOLDINGS LTD**

Co. Reg. No. 197301125N

(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of F J BENJAMIN HOLDINGS LTD (“the Company”) will be held at Lavender Room, Level 3 Orchard Hotel, 442 Orchard Road, Singapore 238879 on Friday, 28 October 2005 at 3.00 pm 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 2005 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a first and final dividend of 1.10 cents per ordinary share less income tax for the year ended 30 June 2005 (2004: 0.75 cent per ordinary share). **(Resolution 2)**
3. To re-elect the following Directors retiring by rotation pursuant to Articles 102 and 106 of the Company’s Articles of Association:

Mr Keith Tay Ah Kee *(Retiring under Article 102)***(Resolution 3)**Mr Reggie Thein *(Retiring under Article 102)***(Resolution 4)**Ms Karen Chong Mee Keng *(Retiring under Article 106)***(Resolution 5)**Mr Timothy Chia Chee Ming *(Retiring under Article 106)***(Resolution 6)**

Mr Reggie Thein will, upon re-election as a Director of the Company, remain as Chairman 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.

4. To pass the following Ordinary Resolutions pursuant to Section 153(6) of the Companies Act, Cap. 50:
 - a) 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 7)**

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.

- b) That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Frank Benjamin be re-appointed a Director of the Company to hold office until the next Annual General Meeting.
[See Explanatory Note (i)] **(Resolution 8)**
5. To approve the payment of Directors’ fees of \$175,000 for the year ended 30 June 2005 (2004: \$110,000). **(Resolution 9)**
6. To re-appoint Messrs Ernst & Young as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 10)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

8. Authority to allot and issue shares up to 50 per centum (50%) of issued share capital

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 11)

By Order of the Board

Karen Chong Mee Keng
Dilhan Pillay Sandrasegara
Joint Company Secretaries

12 October 2005

Explanatory Notes:

- (i) The effect of the Ordinary Resolutions 7 and 8 proposed in item 4 above, if passed, is to re-appoint Mr Joseph Grimberg and Mr Frank Benjamin, both over 70 years of age, as Directors of the Company to hold office until the next Annual General Meeting of the Company. Section 153(6) of the Companies Act, Cap. 50 requires the re-appointments to be approved by way of ordinary resolutions at the Annual General Meeting of the Company.
- (ii) The Ordinary Resolution 11 proposed in item 8 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 capital of the Company at the time of the passing of this resolution.

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.

F J BENJAMIN HOLDINGS LTDCo. Reg. No. 197301125N
(Incorporated In the Republic of Singapore)**PROXY FORM**

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy F J Benjamin Holdings Ltd's share, this Annual Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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 Friday, 28 October 2005 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	Directors' Report and Audited Accounts for the year ended 30 June 2005		
2	Payment of proposed first and final dividend		
3	Re-election of Mr Keith Tay Ah Kee as a Director		
4	Re-election of Mr Reggie Thein as a Director		
5	Re-election of Ms Karen Chong Mee Keng as a Director		
6	Re-election of Mr Timothy Chia Chee Ming as a Director		
7	Re-appointment of Mr Joseph Grimberg as a Director		
8	Re-appointment of Mr Frank Benjamin as a Director		
9	Approval of Directors' fees amounting to \$175,000		
10	Re-appointment of Messrs Ernst & Young as Auditors		
11	Authority to allot and issue new shares		

Dated this _____ day of _____ 2005

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.