

CORPORATE GOVERNANCE REPORT

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

BOARD OF DIRECTORS

The Board's Conduct of its Affairs – Principle 1

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

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

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

	Board		Executive Committee		Nominating Committee		Remuneration Committee		Audit Committee	
	No. of meetings									
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Frank Benjamin	4	3	3	3	1	1	NA	NA	NA	NA
Keith Tay Ah Kee	4	4	3	3	NA	NA	1	1	NA	NA
Eli Manasseh Benjamin	4	4	3	2	NA	NA	NA	NA	NA	NA
Douglas Jackie Benjamin	4	3	3	3	NA	NA	NA	NA	NA	NA
Karen Chong	4	4	3	3	NA	NA	NA	NA	NA	NA
Joseph Grimberg	4	3	NA	NA	1	1	1	1	4	1
Reggie Thein	4	4	NA	NA	1	1	1	1	4	4
Wong Ai Fong	4	3	NA	NA	NA	NA	NA	NA	4	3
Timothy Chia Chee Ming	4	2	NA	NA	NA	NA	NA	NA	NA	NA
Chew Gek Khim / Chew Kwee San	4	4	NA	NA	NA	NA	NA	NA	NA	NA

Although certain Directors were not present at the Board, Executive Committee and Audit Committee meetings held during the financial year due to overseas and other work commitments, all matters and issues discussed at such meetings had been communicated to them by Management through informal meetings, and their views and comments had been noted by the Board and Committees.

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

CORPORATE GOVERNANCE REPORT

Board Composition and Balance – Principle 2

As at the end of the financial year, the Board comprises ten Directors, six of whom are Independent Directors.

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

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

Chairman and Chief Executive Officer – Principle 3

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

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

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

Access to Information – Principle 6

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

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

The Board also has separate and independent access to the Management and Company 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.

NOMINATING COMMITTEE (NC)

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

Board Membership – Principle 4

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

- (a) to make recommendations to the Board on all Board appointments and re-appointments, including making recommendations on the composition of the Board;
- (b) to review the Board structure, size, composition and independence;
- (c) to develop the criteria for the selection of Directors and identify candidates for approval by the Board, to fill Board vacancies as and when they arise as well as put in place plans for succession;
- (d) to determine independence of each Director; and
- (e) to determine whether a Director, who has multiple board representations, is able to and has been adequately carrying out his duties as Director of the Company.

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

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

Board Performance – Principle 5

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

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

REMUNERATION COMMITTEE (RC)

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

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

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

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

CORPORATE GOVERNANCE REPORT

- (b) to co-ordinate annual reviews of the Company's remuneration policies and practice to ensure they are comparable with the pay and employment conditions within the industry and in similar companies;
- (c) to recommend the remuneration of Executive Directors and key executives to the Board for endorsement in accordance with the approved remuneration policies and processes;
- (d) to provide advice as necessary to Management on remuneration policy for employee categories other than those covered in paragraph (c) above;
- (e) to review the remuneration, terms of employment and promotion of all employees of the Group who are related to any of the Directors; and
- (f) to recommend the Directors' fees of Non-executive Directors to the Board. Directors' fees are only paid to Non-executive Directors and are approved by Shareholders at the Annual General Meeting; and

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

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

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

Disclosure of Remuneration – Principle 9

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

Directors	Directors' Fee	Basic Salary	Variable Performance Bonus	Benefit-in-Kind And Others	Total
<u>\$500,000 and above</u>					
Mr Frank Benjamin	–	44%	46%	10%	100%
Mr Eli Manasseh Benjamin	–	41%	50%	9%	100%
Mr Douglas Jackie Benjamin	–	47%	47%	6%	100%
<u>\$250,000 to \$499,999</u>					
Ms Karen Chong	–	68%	27%	5%	100%
<u>Below \$250,000</u>					
Mr Keith Tay	100%	–	–	–	100%
Mr Reggie Thein	100%	–	–	–	100%
Mr Joseph Grimberg	100%	–	–	–	100%
Ms Wong Ai Fong	100%	–	–	–	100%
Mr Timothy Chia	100%	–	–	–	100%
Ms Chew Gek Khim	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>
Above \$500,000	1
\$250,000 to \$499,999	4

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

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

<u>Relationship</u>	<u>Basic Salary</u>	<u>Variable Performance Bonus</u>	<u>Total</u>
<u>\$250,000 to \$499,999</u>			
Relating to the Chairman	73%	27%	100%
Relating to the Chairman	77%	23%	100%
Relating to an Executive Director	76%	24%	100%
<u>Below \$150,000</u>			
Relating to the Chairman	81%	19%	100%

AUDIT COMMITTEE (AC)

Accountability and Audit – Principles 10 and 11

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

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

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

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

- (a) to review the financial and other information to be presented to Shareholders, the system of internal control and risk management, and the audit process;
- (b) to maintain an appropriate relationship with the Company's External and Internal Auditors, and to review the scope, results, effectiveness and objectivity of the audit process;
- (c) to review and evaluate the adequacy of the system of internal control, including accounting controls, taking input from external audit, internal audit, risk management and compliance functions;

CORPORATE GOVERNANCE REPORT

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

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

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

The AC having reviewed the non-audit services provided to the Group and the Company by the External Auditor, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditor, is pleased to recommend their re-appointment.

Internal Controls – Principle 12

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

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

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

Risk Management

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

Business Risk

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

Financial Risk

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

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

Internal Audit – Principle 13

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

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

EXECUTIVE COMMITTEE (EC)

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

SHAREHOLDERS

Communication With Shareholders – Principle 14

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

Encourage Greater Shareholders' Participation – Principle 15

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

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION

Dealing in Securities

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

Material Contracts

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

Interested Person Transactions

Transactions with the Company's interested persons (a term that is defined in the listing manual of the SGX-ST) are subjected to review and approval by the Board comprising those Directors who do not have an interest in the transaction. Where required by the relevant listing rules of the SGX-ST, the AC reviews the transaction to determine that it is on normal commercial terms and hence, not prejudicial to the interest of the Company and Shareholders, before making recommendations to the Board for endorsement. For the financial year ended 30 June 2008, there were no material interested person transactions entered into.

FINANCIAL CONTENTS

62	Directors' Report
65	Statement by Directors
66	Independent Auditors' Report
67	Consolidated Income Statement
68	Balance Sheets
69	Statements of Changes in Equity
71	Consolidated Cash Flow Statement
73	Notes to the Financial Statements

ANNUAL FINANCIAL STATEMENTS

F J Benjamin Holdings Ltd
and its subsidiaries
Co. Reg. No. 197301125N
30 June 2008

DIRECTORS' REPORT

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of F J Benjamin Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2008.

DIRECTORS

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

Mr Frank Benjamin	–	Executive Chairman
Mr Keith Tay Ah Kee	–	Non-executive Deputy Chairman
Mr Eli Manasseh Benjamin	–	Chief Executive Officer
Mr Douglas Jackie Benjamin	–	Executive Director
Ms Karen Chong Mee Keng	–	Executive Director
Mr Joseph Grimberg	–	Independent Director
Mr Reggie Thein	–	Independent Director
Ms Wong Ai Fong	–	Independent Director
Mr Timothy Chia Chee Ming	–	Independent Director
Ms Chew Gek Khim	–	Independent Director
Mr Chew Kwee San	–	Alternate Director to Ms Chew Gek Khim (appointed on 2 November 2007)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of director	Holdings registered in the name of Director or nominee			Holdings in which a Director is deemed to have an interest		
	At 1.7.2007	At 30.6.2008	At 21.7.2008	At 1.7.2007	At 30.6.2008	21.7.2008
<u>Ordinary shares</u>						
Mr Frank Benjamin	68,444,950	31,191,000	31,191,000	52,500,000	–	–
Mr Keith Tay Ah Kee	256,000	256,000	256,000	–	–	–
Mr Eli Manasseh Benjamin	23,487,050	23,487,050	23,487,050	300,000	300,000	300,000
Mr Douglas Jackie Benjamin	120,000	120,000	120,000	10,000	10,000	10,000
Mr Joseph Grimberg	500,000	500,000	500,000	–	–	–
Ms Wong Ai Fong	35,000	35,000	35,000	–	–	–
<u>Warrants</u>						
Mr Frank Benjamin	950	–	–	–	–	–

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (continued)

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

DIRECTORS' CONTRACTUAL BENEFITS

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

OPTIONS

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

AUDIT COMMITTEE

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

Mr Reggie Thein (Chairman)
Mr Joseph Grimberg
Ms Wong Ai Fong

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

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

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

DIRECTORS' REPORT

AUDITORS

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

On behalf of the Board of Directors



Eli Manasseh Benjamin
Director



Karen Chong Mee Keng
Director

Singapore
26 September 2008

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 balance sheets, consolidated income statement, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2008 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors



Eli Manasseh Benjamin
Director



Karen Chong Mee Keng
Director

Singapore
26 September 2008

INDEPENDENT AUDITORS' REPORT

to the Members of F J Benjamin Holdings Ltd

We have audited the accompanying financial statements of F J Benjamin Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group") which comprise the balance sheets of the Group and the Company as at 30 June 2008, the statements of changes in equity of the Group and the Company and the profit and loss account and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2008 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and Certified Public Accountants

Singapore
26 September 2008

CONSOLIDATED INCOME STATEMENT

for the financial year ended 30 June 2008

(In Singapore Dollars)

	Note	Group	
		2008 \$'000	2007 \$'000
Revenue	5	342,387	257,618
Other income	6	7,169	14,027
		<u>349,556</u>	<u>271,645</u>
Costs and expenses			
Cost of goods sold		(203,240)	(152,556)
Staff costs	7	(41,155)	(36,427)
Rental of premises		(38,190)	(24,021)
Advertising and promotion		(12,600)	(9,293)
Depreciation of property, furniture, fixtures and equipment	13	(8,280)	(4,612)
Depreciation of investment properties	14	(421)	(600)
Other operating expenses	8	(28,496)	(22,497)
Total costs and expenses		<u>(332,382)</u>	<u>(250,006)</u>
Operating profit		17,174	21,639
Exceptional items, net	9	105	3,839
Interest expense	10	(1,716)	(1,893)
Share of results of associates, net of tax		2,785	2,500
Profit before taxation		<u>18,348</u>	<u>26,085</u>
Taxation	11	(3,544)	(4,617)
Net profit for the financial year attributable to equity holders of the Company		<u>14,804</u>	<u>21,468</u>
Earnings per share attributable to equity holders of the Company	12		
Basic (cents)		<u>2.61</u>	<u>5.69</u>
Diluted (cents)		<u>2.61</u>	<u>5.07</u>

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

BALANCE SHEETS

as at 30 June 2008

(In Singapore Dollars)

	Note	Group		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Non-current assets					
Property, furniture, fixtures and equipment	13	31,358	25,495	3,252	450
Investment properties	14	18,945	19,830	6,830	5,389
Subsidiaries	15	–	–	110,045	111,980
Investment in joint ventures	16	–	–	–	–
Investment in associates	17	6,251	4,059	–	–
Other investments	18	264	322	264	322
Other receivables	19	1,979	1,954	–	–
Deferred tax assets	27	1,023	1,011	–	–
		<u>59,820</u>	<u>52,671</u>	<u>120,391</u>	<u>118,141</u>
Current assets					
Inventories	20	92,057	74,984	–	–
Trade debtors	21	64,859	52,717	–	–
Tax recoverable		1,132	1,314	–	–
Other debtors	22	24,215	25,905	46,051	21,817
Cash on hand and at banks		24,163	96,130	11,471	91,196
		<u>206,426</u>	<u>251,050</u>	<u>57,522</u>	<u>113,013</u>
Current liabilities					
Trade and other creditors	23	67,646	62,348	11,521	12,491
Finance lease creditors	24	90	89	34	36
Bank borrowings	25	52,412	34,714	–	–
Provision for taxation		2,780	4,852	82	25
		<u>122,928</u>	<u>102,003</u>	<u>11,637</u>	<u>12,552</u>
Net current assets		83,498	149,047	45,885	100,461
Non-current liabilities					
Finance lease creditors	24	585	481	444	366
Bank borrowings	25	971	–	–	–
Other liabilities	26	2,583	2,583	–	–
Deferred tax liabilities	27	40	40	–	–
		<u>4,179</u>	<u>3,104</u>	<u>444</u>	<u>366</u>
Net assets		139,139	198,614	165,832	218,236
Equity attributable to equity holders of the Company					
Share capital	28	165,447	215,134	165,447	215,134
Warrant reserve	29	–	4,125	–	4,125
Exchange translation reserve	30	(16,570)	(10,548)	–	–
(Accumulated losses) / Retained earnings		(9,862)	(10,221)	385	(1,023)
		<u>139,015</u>	<u>198,490</u>	<u>165,832</u>	<u>218,236</u>
Preference shares issued by a subsidiary	31	124	124	–	–
Total equity		139,139	198,614	165,832	218,236

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2008

(In Singapore Dollars)

-----Attributable to equity holders of the Company-----

Note	Share capital	Warrant reserve	Exchange translation reserve	(Accumulated losses)	Preference shares issued by a subsidiary	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
At 1 July 2007	215,134	4,125	(10,548)	(10,221)	124	198,614
Net profit for the financial year	-	-	-	14,804	-	14,804
Exchange differences arising from consolidation recognised in equity	-	-	(6,022)	-	-	(6,022)
Total recognised income and expenses for the financial year	-	-	(6,022)	14,804	-	8,782
Dividends paid	41	-	-	(14,445)	-	(14,445)
Exercise of warrants	28	24,245	(4,125)	-	-	20,120
Capital distribution	28	(73,932)	-	-	-	(73,932)
At 30 June 2008	165,447	-	(16,570)	(9,862)	124	139,139
At 1 July 2006	99,360	25,175	(9,109)	(19,710)	124	95,840
Net profit for the financial year	-	-	-	21,468	-	21,468
Exchange differences arising from consolidation recognised in equity	-	-	(1,439)	-	-	(1,439)
Total recognised income and expenses for the financial year	-	-	(1,439)	21,468	-	20,029
Dividends paid	41	-	-	(11,979)	-	(11,979)
Exercise of warrants	28	115,774	(21,050)	-	-	94,724
At 30 June 2007	215,134	4,125	(10,548)	(10,221)	124	198,614

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2008

(In Singapore Dollars)

	Note	Share capital \$'000	Warrant reserve \$'000	(Accumulated losses) / Retained earnings \$'000	Total equity \$'000
Company					
At 1 July 2007		215,134	4,125	(1,023)	218,236
Net profit for the financial year and total recognised income and expenses for the financial year		–	–	15,853	15,853
Dividends paid	41	–	–	(14,445)	(14,445)
Exercise of warrants	28	24,245	(4,125)	–	20,120
Capital distribution	28	(73,932)	–	–	(73,932)
At 30 June 2008		165,447	–	385	165,832
At 1 July 2006		99,360	25,175	(7,044)	117,491
Net profit for the financial year and total recognised income and expenses for the financial year		–	–	18,000	18,000
Dividends paid	41	–	–	(11,979)	(11,979)
Exercise of warrants	28	115,774	(21,050)	–	94,724
At 30 June 2007		215,134	4,125	(1,023)	218,236

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

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 30 June 2008

(In Singapore Dollars)

	Group	
	2008	2007
	\$'000	\$'000
Cash flow from operating activities:		
Profit before taxation	18,348	26,085
Adjustments for:		
Depreciation of property, furniture, fixtures and equipment	8,280	4,612
Depreciation of investment properties	421	600
Share of results of associates, net of tax	(2,785)	(2,500)
Currency realignment	(721)	(621)
Loss/(gain) on disposal of property, furniture, fixtures and equipment	217	(5,929)
Amortised interest on loan to an associate	-	(112)
Gain on early settlement of loan to an associate	-	(415)
Bank interest income	(1,219)	(1,161)
Interest expense	1,716	1,893
(Write-back of impairment loss) / impairment loss on investment in associates	(91)	2,445
Net write-back of impairment loss on investment properties	(1,092)	(1,212)
Net fair value loss on other investments	59	10
Miscellaneous credits written-back	(1,520)	(2,930)
Allowance for inventories and inventories written off	3,150	3,336
Allowance for foreseeable loss	670	-
Allowance for doubtful debts and bad debts written off	657	-
Operating profit before reinvestment in working capital	26,090	24,101
Increase in debtors	(12,454)	(30,677)
Increase in inventories	(20,223)	(34,612)
Increase in creditors	6,818	13,255
Cash flow from / (used in) operations	231	(27,933)
Income tax paid	(5,545)	(3,015)
Net cash used in operating activities	(5,314)	(30,948)
Cash flow from investing activities:		
Purchase of furniture, fixtures and equipment	(16,526)	(11,945)
Proceeds from disposal of property, furniture, fixtures and equipment	173	37,030
Loans to associates	(275)	(8,415)
Dividend received from an associate	-	6,338
Interest received	1,219	1,161
Net cash (used in) / from investing activities	(15,409)	24,169

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

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 30 June 2008

(In Singapore Dollars)

	Group	
	2008	2007
	\$'000	\$'000
Cash flow from financing activities:		
Proceeds from issuance of ordinary shares	20,120	94,724
Distribution of capital	(73,932)	-
Repayment of bank borrowings	(635)	(19,645)
Proceeds from bank borrowings	9,262	14,645
Proceeds from finance lease	280	377
Repayment of obligations under finance lease	(175)	(160)
Interest paid	(1,716)	(1,893)
Dividends paid to shareholders	(14,445)	(11,979)
Net cash (used in) / from financing activities	(61,241)	76,069
Net (decrease)/increase in cash and cash equivalents	(81,964)	69,290
Cash and cash equivalents at beginning of financial year	91,570	22,224
Net effect of exchange rate changes on opening cash and cash equivalents	(45)	56
Cash and cash equivalents at end of financial year (Note 32)	9,561	91,570

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

1. Corporate information

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

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

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

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

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

The financial statements are prepared under the historical cost convention modified by the revaluation of one of the freehold land and buildings and the accounting of derivative financial instruments at fair value.

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

2.2 Changes in accounting policies

The Group and the Company have adopted the following new and revised FRS and Interpretations to FRS ("INT FRS") with effect from 1 July 2007:

FRS 1	:	Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)
FRS 40	:	Investment Property
FRS 107	:	Financial Instruments: Disclosures
INT FRS 110	:	Interim Financial Reporting and Impairment
INT FRS 111	:	Group and Treasury Share Transactions

The Group and the Company had previously accounted for all properties under property, plant and equipment under the requirements of FRS 16. As a result adopting of FRS 40 *Investment Property*, properties held to earn rentals or for capital appreciation or both, have to be accounted under FRS 40 and the cost model is adopted by the Group. The adoption of the FRS 40 has resulted in the reclassification of an investment property of \$19,830,000 from "Property, furniture, fixtures and equipment" to "Investment properties" at 1 July 2007.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

FRS 107 introduces new disclosures to improve the information on financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to FRS 1 requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

The adoption of INT FRS 110 and INT FRS 111 have no material impact to the financial statements.

2.3 Further changes in accounting policies

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

	Effective date (annual period beginning on or after)	
FRS 1	: Presentation of Financial Statements – Revised Presentation	1 January 2009
FRS 1 / 32	: Presentation of Financial Statements / Financial Instruments – Amendments to FRS 32 and FRS 1 regarding puttable financial instruments and obligations arising on liquidation	1 January 2009
FRS 23	: Borrowing Costs	1 January 2009
FRS 102	: Share-based Payments – Amendments relating to vesting conditions and cancellations	1 January 2009
FRS 108	: Operating Segments	1 January 2009
INT FRS 112	: Service Concession Arrangements	1 January 2008
INT FRS 113	: Customer Loyalty Programmes	1 July 2008
INT FRS 114	: FRS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

The Directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application except for INT FRS 113 and FRS 108.

INT FRS 113 *Customer Loyalty Programmes* requires loyalty award credits to be accounted for as a separate component of the sales transactions in which they are granted. The fair value of the consideration received is allocated to the loyalty awards credits and the amount is deferred until the awards are redeemed or no longer expected to be redeemed. The change in accounting policy is to be applied retrospectively. The Group is currently assessing the possible impact that application of INT FRS 113 will have on the Group's financial statements in the period of initial application.

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented.

2. Summary of significant accounting policies (continued)

2.4 Functional and foreign currency

a) Functional currency

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

b) Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the subsidiary. In the Company's separate financial statements, such exchange differences are recognised in the income statement.

c) Foreign currency translation

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the financial year. The exchange differences arising on the translation are taken directly to a separate component of equity as foreign currency translation reserve. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

2.5 Basis of consolidation

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

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

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the income statement on the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

2. Summary of significant accounting policies (continued)

2.5 Basis of consolidation (continued)

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

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated income statement.

2.6 Subsidiaries

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

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less any impairment losses. This requires an estimation of the recoverability of the carrying cost using a cash flow projection based on financial budgets approved by management. The discount rate applied to the cash flow projections ranged from 7.4% to 8.4% (2007: 8.0% to 11.5%) and cash flow beyond the 5-year period is extrapolated using growth rate of 1.0% (2007: 1.0% to 4.0%) that does not exceed the long-term average growth rate for the industry.

2.7 Joint ventures

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

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

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

2.8 Associates

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

The Group's investment in associates are accounted for using the equity method. Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The Group's share of the profit or loss of the associates is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment.

2. Summary of significant accounting policies (continued)

2.8 Associates (continued)

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

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

The most recent available audited financial statements, if not available, the unaudited management financial statements of the associates, are used by the Group in applying the equity method. Consistent accounting policies are applied for like transactions and events in similar circumstances.

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

2.9 Property, furniture, fixtures and equipment

All items of property, furniture, fixtures and equipment are initially recorded at cost. The cost of an item of property, furniture, fixtures and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, furniture, fixtures and equipment are stated at cost less accumulated depreciation and 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, any directly attributable costs of bringing the asset to working condition for its intended use and costs of its dismantlement, removal or restoration, the obligation for which an entity incurs as a consequence of installing the item.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation begins when it is available for use and 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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

2. Summary of significant accounting policies (continued)

2.9 Property, furniture, fixtures and equipment (continued)

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

2.10 Investment properties

Investment properties are initially recorded at cost. Subsequent to recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

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

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

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

2.11 Financial assets

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

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

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

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

a) Financial assets at fair value through profit or loss

Derivative financial instruments whose fair value is positive are classified as financial assets at fair value through profit or loss. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value at each balance sheet date. Any gains or losses arising from changes in fair value on derivative financial instruments are taken to the income statement.

2. Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

b) Held-to-maturity investments

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

c) Loans and receivables

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

d) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

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

2.12 Cash and cash equivalents

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

2.13 Impairment of financial assets

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

a) Assets carried at amortised cost

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

2. Summary of significant accounting policies (continued)

2.13 Impairment of financial assets (continued)

a) Assets carried at amortised cost (continued)

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

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

b) Assets carried at cost

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

c) Available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals of impairment loss in respect of equity instruments are not recognised in the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2.14 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

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

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

2. Summary of significant accounting policies (continued)

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises the invoiced value of goods on a weighted average basis together with the related charges incurred in importing such goods. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Financial liabilities

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

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

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

2.17 Borrowing costs

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

2.18 Financial guarantees

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

Financial guarantees are initially recognised at fair values. Subsequent to initial recognition, financial guarantees are recognised as income in the income statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the income statement.

2.19 Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

2. Summary of significant accounting policies (continued)

2.20 Employee benefits

a) Defined contribution plans

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

b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

2.21 Leases

a) As lessee

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

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

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

b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income (Note 2.22).

2.22 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

a) Sale of goods

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

2. Summary of significant accounting policies (continued)

2.22 Revenue (continued)

b) Interest income

Interest income is recognised using the effective interest method.

c) Dividend income

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

d) Rental income

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

e) Market support and administrative service income

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

2.23 Income taxes

a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

b) Deferred tax

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

Deferred tax 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.

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

2. Summary of significant accounting policies (continued)

2.23 Income taxes (continued)

c) Sales tax

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

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

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

2.24 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.

2.25 Segment reporting

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

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

2.26 Share capital and share issue expenses

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

3. Significant accounting judgements and estimates

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

3.1 Judgements made in applying accounting policies

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

(i) Income tax

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

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

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets	1,023	1,011	-	-
Tax recoverable	1,132	1,314	-	-
Provision for taxation	2,780	4,852	82	25
Deferred tax liabilities	40	40	-	-

(ii) Operating lease commitments - As lessor

The Group has entered into commercial property leases on its freehold and leasehold properties. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

3.2 Key sources of estimation uncertainty

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

(i) Investment properties, property, furniture, fixtures and equipment

The cost of properties is depreciated on a straight-line basis over the lease terms or 50 years for freehold buildings. The cost of leasehold improvements is depreciated over the lease terms of the tenanted area or 5 years, whichever is lower. The other furniture, fixtures and equipment is depreciated over the common life expectancies.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

3. Significant accounting judgements and estimates (continued)

3.2 Key sources of estimation uncertainty (continued)

(i) Investment properties, property, furniture, fixtures and equipment (continued)

The Group assesses whether there are indicators of impairment for investment properties, property, furniture, fixtures and equipment at each reporting date. These assets are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the assets. Estimating the value in use requires the Group to make an estimate of the future cash flow from assets and also to determine appropriate discount rates to calculate the present value of this cash flow. The growth rate used in the estimation does not exceed the long-term average growth rate for the industry. The discount rate applied to the cash flow projections ranged from 7.00% to 7.19% (2007: 5.46% to 7.00%).

The carrying amounts of the Group's and Company's investment properties, property, furniture, fixtures and equipment at 30 June 2008 were \$50,303,000 (2007: \$45,325,000) and \$10,082,000 (2007: \$5,839,000).

(ii) Inventories

Inventories are stated at the lower of cost and net realisable value. The net realisable value is estimated based on the estimated average realisable value of each type of inventories. The carrying amount of the Group's inventories at 30 June 2008 was \$92,057,000 (2007: \$74,984,000).

(iii) Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings granted to its subsidiaries and associates with a total facilities of \$135,743,000 (2007: \$88,083,000). The fair value of these corporate guarantees is estimated based on the actual rates charged by the banks while these guarantees are made available, compared to the estimated rates that the banks would have charged had these guarantees not been available. The fair value of these corporate guarantees has no material financial impact to the results and accumulated losses of the Company for the financial year ended 30 June 2008 and 30 June 2007.

4. Group companies

The subsidiaries as at 30 June are:-

	Name of company [country of incorporation]	Principal activities	Cost		Percentage of equity interest	
			2008 \$'000	2007 \$'000	2008 %	2007 %
<i>Held by the Company</i>						
-	Benmark (Pte) Ltd [Singapore]	Inactive	3,000	3,000	100	100
-	F. J. B. Investment Pte Ltd [Singapore]	Investment holding company	^	^	100	100
-	F J Benjamin Concepts Pte Ltd [Singapore]	Investment holding company	60	60	100	100
-	F J Benjamin (Indochina) Pte Ltd [Singapore]	Inactive	50	50	100	100
-	Manchester United (S.E.A.) Pte Ltd [Singapore]	Inactive	3,000	3,000	100	100
#	F J Benjamin (M) Sdn. Bhd. [Malaysia]	Importers, distributors and retailers of consumer fashion wear, accessories and timepieces	3,964	3,964	100	100
#	F J Benjamin (H.K.) Limited [Hong Kong]	Importers, exporters, 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 (Taiwan) Ltd [Taiwan]	Importers, distributors and retailers of timepieces	3,909	3,909	100	100
+	FJ Benjamin (Aust) Pty Ltd [Australia]	Importers and distributors of consumer fashion wear and accessories	21,434	21,434	100	100
#*	F J Benjamin Concepts (Thailand) Ltd [Thailand]	Importers and retailers of consumer fashion wear and accessories	119	119	49	49
+	F. J. Benjamin Fashions (U.S.) Inc. [United States]	Inactive	289	289	100	100
			<u>95,575</u>	<u>95,575</u>		

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

4. Group companies (continued)

	Name of company [country of incorporation]	Principal activities	Percentage of equity interest	
			2008 %	2007 %
<i>Held through subsidiaries</i>				
~	B.M.I. (Pte.) Ltd. [Singapore]	Inactive	100	100
~	F J Benjamin Lifestyle Pte. Ltd. [Singapore]	Importers, exporters, distributors and retailers of consumer fashion wear, accessories and home furnishings	100	100
~	F J Benjamin (Singapore) Pte Ltd [Singapore]	Importers, exporters, licensees, distributors and retailers of consumer fashion wear, accessories and timepieces	100	100
#	F J Benjamin Lifestyle Sdn. Bhd. [Malaysia]	Importers, exporters, distributors and retailers of consumer fashion wear and accessories	100	100
#	F J Benjamin Luxury Timepieces Sdn. Bhd. [Malaysia]	Importers, distributors and retailers of timepieces	100	100
+	PT Meteor Prima Sejati [Indonesia]	Investment holding company	100	100
~	Audited by Ernst & Young, Singapore.			
#	Audited by member firms of Ernst & Young Global in the respective countries.			
+	Not required to be audited by the laws of its country of incorporation. These foreign subsidiaries are not considered significant as defined under Clause 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.			
*	Considered a subsidiary with the Group holding 79% of voting rights (Note 31).			
^	Cost of investment is two Singapore dollars.			

5. Revenue

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

6. Other income

	Group	
	2008	2007
	\$'000	\$'000
Market support and administrative service income	3,520	3,333
Foreign exchange gain	274	5,019
Bank interest income	1,219	1,161
Rental income	780	632
Amortised interest on loan to an associate	–	112
Gain on early settlement of loan to an associate	–	415
(Loss)/gain on disposal of furniture, fixtures and equipment	(217)	125
Miscellaneous credits written-back	1,520	2,930
Gain on disposal of quoted investment	74	–
Others	(1)	300
	<u>7,169</u>	<u>14,027</u>

7. Staff costs

	Group	
	2008	2007
	\$'000	\$'000
Salaries and bonuses	37,518	33,864
Provident fund contributions	3,637	2,563
	<u>41,155</u>	<u>36,427</u>

8. Other operating expenses

	Group	
	2008	2007
	\$'000	\$'000
The following items have been included in arriving at other operating expenses:		
Non-audit fees paid to		
- Auditors of the Company	143	106
- Other auditors	36	40
Rental of equipment	452	185
Outlet related expenses	7,421	5,061
Transportation and accommodation expenses	2,488	2,170
Utilities	1,601	962
Net fair value loss on other investments (Available-for-sale assets)	59	10
	<u>59</u>	<u>10</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

9. Exceptional items, net

	Group	
	2008	2007
	\$'000	\$'000
Net write-back of impairment loss on investment properties	1,092	1,212
Write-back of impairment loss / (Impairment loss) on investment in associates	91	(2,445)
Allowance for debts due from an associate	(546)	-
Allowance for foreseeable loss liable to an associate in respect of minimum royalty payment	(670)	-
Gain on disposal of freehold property, net	-	5,804
Write-back of / (Allowance for) store closure cost	138	(328)
Amount paid for early termination of franchise agreement	-	(404)
	<u>105</u>	<u>3,839</u>

10. Interest expense

	Group	
	2008	2007
	\$'000	\$'000
Interest expense on:		
- Bank borrowings	1,674	1,868
- Finance lease	42	25
	<u>1,716</u>	<u>1,893</u>

11. Taxation

	Group	
	2008	2007
	\$'000	\$'000
The major components of income tax expense for financial year ended 30 June were:		
Current tax	3,866	5,437
Over provision in respect of prior years	(212)	(10)
Deferred tax:-		
Movements in temporary differences	(47)	(351)
Benefits from previously unrecognised tax losses	(63)	(459)
Tax expense for the year	<u>3,544</u>	<u>4,617</u>

11. Taxation (continued)

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2008 and 2007 is as follows:

	Group	
	2008 \$'000	2007 \$'000
Profit before share of results of associates and before taxation	15,563	23,585
Tax at the domestic rates applicable to profits in the countries where the Group operates	2,815	4,592
Income not subjected to tax	(1,016)	(1,977)
Expenses not deductible for tax purposes	1,920	1,827
Utilisation of tax losses and capital allowances brought forward	(1,782)	(844)
Deferred tax assets not recognised	1,977	1,453
Benefits from previously unrecognised tax losses	(63)	(459)
Over provision in respect of prior years	(212)	(10)
Tax exemption	(56)	-
Others	(39)	35
Income tax expense recognised in the income statement	3,544	4,617

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

As at 30 June 2008, certain subsidiaries had unutilised tax losses and unabsorbed capital allowances of approximately \$35.9 million (2007: \$48.0 million) and nil (2007: \$1.0 million) respectively, available for offset against future taxable profits of the companies in which the losses and allowances arose, for which 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 agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

12. Earnings per share

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

12. Earnings per share (continued)

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

	Group	
	2008 \$'000	2007 \$'000
Net profit for the financial year attributable to ordinary equity holders of the Company used in the computations of basic and diluted earnings per share	14,804	21,468
Weighted average number of ordinary shares for basic earnings per share computation	567,637	377,276
Dilutive effect of warrants	–	46,002
Weighted average number of ordinary shares adjusted for the effect of dilution	567,637	423,278

13. Property, furniture, fixtures and equipment

Group	Furniture and Fittings	Electrical Installation and Office Equipment	Motor Vehicles	Data Processing Equipment	Leasehold Improvements	Leasehold Building	Freehold Building	Freehold Land	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	-----At cost-----						-----At valuation-----		
Cost or Valuation									
At 1 Jul 2006	2,083	1,833	1,727	7,381	17,587	12,499	9,358	23,642	76,110
Currency realignment	14	21	20	156	202	(542)	–	–	(129)
Additions	146	466	527	719	10,081	–	–	–	11,939
Disposals	(446)	(76)	(475)	(113)	(5,012)	–	(9,358)	(23,642)	(39,122)
Transfer from investment property	–	–	–	–	–	2,794	–	–	2,794
At 30 Jun 2007 and 1 Jul 2007	1,797	2,244	1,799	8,143	22,858	14,751	–	–	51,592
Currency realignment	(32)	(104)	(27)	(135)	(1,022)	(1,651)	–	–	(2,971)
Additions	378	1,378	408	688	13,674	–	–	–	16,526
Disposals	(255)	(55)	(87)	(144)	(1,167)	–	–	–	(1,708)
At 30 Jun 2008	1,888	3,463	2,093	8,552	34,343	13,100	–	–	63,439

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

Group	Furniture and Fittings	Electrical Installation and Office Equipment	Motor Vehicles	Data Processing Equipment	Leasehold Improvements	Leasehold Building	Freehold Building	Freehold Land	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	-----At cost-----					-----At valuation-----			
Accumulated depreciation and impairment loss									
At 1 Jul 2006	1,732	1,533	1,199	6,880	13,180	2,062	2,256	–	28,842
Currency realignment	–	5	12	149	53	(96)	–	–	123
Charge for the financial year	50	111	283	381	3,496	245	46	–	4,612
Transfer from investment property	–	–	–	–	–	561	–	–	561
Disposals	(319)	(76)	(417)	(103)	(4,824)	–	(2,302)	–	(8,041)
At 30 Jun 2007 and 1 Jul 2007	1,463	1,573	1,077	7,307	11,905	2,772	–	–	26,097
Currency realignment	(17)	(43)	(22)	(99)	(483)	(314)	–	–	(978)
Charge for the financial year	74	265	335	497	6,844	265	–	–	8,280
Disposals	(228)	(32)	(26)	(150)	(882)	–	–	–	(1,318)
At 30 Jun 2008	1,292	1,763	1,364	7,555	17,384	2,723	–	–	32,081
Net book value									
At 30 Jun 2008	596	1,700	729	997	16,959	10,377	–	–	31,358
At 30 Jun 2007	334	671	722	836	10,953	11,979	–	–	25,495

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

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

Company	Furniture and Fittings	Electrical Installation and Office Equipment	Motor Vehicles	Data Processing Equipment	Leasehold Improvements	Freehold Building	Freehold Land	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	-----At cost-----				-----At valuation-----			
Cost or Valuation								
At 1 Jul 2006	449	471	682	554	1,854	9,358	23,642	37,010
Additions	-	1	434	13	-	-	-	448
Disposals	(258)	-	(410)	-	(1,833)	(9,358)	(23,642)	(35,501)
At 30 Jun 2007 and 1 Jul 2007	191	472	706	567	21	-	-	1,957
Additions	39	416	408	40	2,401	-	-	3,304
Disposals	(189)	-	(258)	-	(30)	-	-	(477)
At 30 Jun 2008	41	888	856	607	2,392	-	-	4,784
Accumulated depreciation and impairment loss								
At 1 Jul 2006	320	471	537	552	1,686	2,256	-	5,822
Charge for the financial year	-	-	146	1	18	46	-	211
Disposals	(131)	-	(410)	-	(1,683)	(2,302)	-	(4,526)
At 30 Jun 2007 and 1 Jul 2007	189	471	273	553	21	-	-	1,507
Charge for the financial year	3	29	174	23	181	-	-	410
Disposals	(189)	-	(172)	-	(24)	-	-	(385)
At 30 Jun 2008	3	500	275	576	178	-	-	1,532
Net book value								
At 30 Jun 2008	38	388	581	31	2,214	-	-	3,252
At 30 Jun 2007	2	1	433	14	-	-	-	450

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

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Net book value includes furniture, fixtures and equipment under finance leases: -				
Motor vehicles	275	495	275	433
Data processing equipment	23	47	-	-
Electrical installation and office equipment	11	-	-	-
	<u>309</u>	<u>542</u>	<u>275</u>	<u>433</u>

The impairment loss adjustments on the freehold building and leasehold building were due to the changes in their open market values and expected future cash flow.

In financial year ended 30 June 2007, the Company disposed of the freehold land and building which was stated at valuation of \$33,000,000. It was revalued based on a professional valuation done on an existing use basis by the Directors in 1994.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

14. Investment properties

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Balance sheet:				
Cost				
At 1 Jul	30,123	33,839	9,484	9,507
Currency realignment	(2,311)	(899)	–	–
Transfer to property, plant and equipment	–	(2,794)	–	–
Addition	–	6	–	6
Disposal	–	(29)	–	(29)
At 30 Jun	<u>27,812</u>	<u>30,123</u>	<u>9,484</u>	<u>9,484</u>
Accumulated depreciation and impairment loss				
At 1 Jul	10,293	11,736	4,095	4,838
Currency realignment	(755)	(261)	–	–
Transfer to property, plant and equipment	–	(561)	–	–
Charge for the financial year	421	600	198	191
Reversal of impairment loss	(1,092)	(1,212)	(1,639)	(925)
Disposal	–	(9)	–	(9)
At 30 Jun	<u>8,867</u>	<u>10,293</u>	<u>2,654</u>	<u>4,095</u>
Net book value	<u>18,945</u>	<u>19,830</u>	<u>6,830</u>	<u>5,389</u>

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

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Income statement				
Rental income from investment properties	780	627	213	187
Direct operating expenses	<u>220</u>	<u>207</u>	<u>70</u>	<u>51</u>

Valuation was carried out by accredited independent valuers on an open market, existing use basis, the value of the investment properties of the Group and Company are \$17,956,000 and \$5,842,000 (2007: \$18,344,000 and \$5,368,000) respectively.

15. Subsidiaries

	Company	
	2008	2007
	\$'000	\$'000
Investment in subsidiaries:		
Unquoted shares, at cost	95,575	95,575
Impairment losses	(29,854)	(29,854)
	<u>65,721</u>	<u>65,721</u>
Receivables from subsidiaries:		
Loans receivable, unsecured	20,103	18,102
Other receivables	65,906	62,880
Accrual for financial undertakings	(2,607)	(2,501)
	<u>83,402</u>	<u>78,481</u>
Allowance for doubtful debts	(39,078)	(32,222)
	<u>44,324</u>	<u>46,259</u>
	<u>110,045</u>	<u>111,980</u>

Details of the subsidiaries are set out at Note 4.

The loans receivable have no fixed terms of repayment and are not expected to be repaid within one year. The loans receivable bear interest at 4.5% (2007: 4.5%) per annum. The other receivables are non-trade related, unsecured, interest-free, with no fixed terms of repayment and repayable only when the cash flow of the subsidiaries permit.

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

The Company has undertaken not to recall the loans receivable and amounts receivable from certain subsidiaries amounting to \$3,271,000 (2007: \$1,650,000) and \$48,500,000 (2007: \$30,278,000) respectively, until such time the subsidiaries are in the position to repay the amounts without impairing their respective liquidity positions.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

16. Investment in joint ventures

The joint venture entities held by the Group as at 30 June were:

Name of entity [Country of incorporation]	Principal activities	Percentage of equity interest	
		2008 %	2007 %
+ F J Benjamin Concepts (Aust) Pty Ltd [Australia]	Manager of partnership	51	51
+ F J Benjamin (Aust) Pty Ltd and Partners [Australia]	Importers, distributors and retailers of consumer fashion wear and accessories	51	51
+ Not required to be audited by the laws of its 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:

	2008 \$'000	2007 \$'000
Furniture, fixtures and equipment	813	609
Current assets	1,147	995
Current liabilities	(1,826)	(829)
Net assets	134	775
Revenue	2,045	1,158
Operating costs and expenses	(2,834)	(1,572)
Loss before taxation	(789)	(414)

17. Investment in associates

	Group	
	2008	2007
	\$'000	\$'000
Unquoted shares, at cost	5,153	5,153
Loan	4,000	3,750
Total investment	9,153	8,903
Impairment losses	(2,354)	(2,445)
Foreseeable loss	(670)	-
Share of post-acquisition reserves	829	(1,956)
Share of exchange translation reserve	(707)	(443)
	<u>6,251</u>	<u>4,059</u>

The loan is part of the capital contribution and is interest-free, has no fixed terms of repayment and is not expected to be repaid within one year.

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

- (a) a 50% (2007: 50%) interest in a Singapore-incorporated company whose principal activities comprise the operating of cafes and entertainment outlets. It remains dormant during the financial year. The entity is audited by Ernst & Young, Singapore;
- (b) a 50% (2007: 50%) interest in a Singapore-incorporated company whose principal activities comprise the operating of cafes. The associate has a franchise agreement entered into with Manchester United PLC ("MUPLC"), granting MUPLC a call option to subscribe up to 8% stake in the associate's enlarged issued share capital at terms provided for in the agreement, subject to the realisation of certain conditions. The entity is audited by Kong, Lim & Partners;
- (c) a 48% (2007: 48%) interest in a Singapore-incorporated company whose principal activities comprise investment holding. The entity is audited by Ernst & Young, Singapore; and
- (d) a 50% (2007: 50%) interest in an Indonesia-incorporated company whose principal activities comprise the distribution of consumer fashion wear, accessories and timepieces and other sales related activities. The entity is audited by an associated firm of Moore Stephens International Limited.

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

17. Investment in associates (continued)

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

	2008	2007
	\$'000	\$'000
Assets and liabilities:		
Non-current assets	31,438	29,783
Current assets	67,419	54,799
Total assets	<u>98,857</u>	<u>84,582</u>
Current liabilities	73,855	55,131
Non-current liabilities	13,957	22,154
Total liabilities	<u>87,812</u>	<u>77,285</u>
Results:		
Revenue	<u>122,306</u>	<u>89,526</u>
Profit for the year	<u>5,182</u>	<u>3,930</u>

18. Other investments

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
At cost: -				
Unquoted equity investments	2,246	2,246	2,760	2,760
Quoted equity investments	527	527	527	527
	<u>2,773</u>	<u>2,773</u>	<u>3,287</u>	<u>3,287</u>
Impairment loss in investments	(2,509)	(2,451)	(3,023)	(2,965)
	<u>264</u>	<u>322</u>	<u>264</u>	<u>322</u>
Market value: -				
Quoted equity investments	<u>264</u>	<u>322</u>	<u>264</u>	<u>322</u>

19. Other receivables

	Group	
	2008	2007
	\$'000	\$'000
Loan receivable from associate, unsecured	1,979	1,954

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

20. Inventories

	Group	
	2008	2007
	\$'000	\$'000
Trading stocks: -		
On hand	78,353	55,629
On consignment	4,263	4,449
In transit	6,330	12,312
Work-in-progress	3,111	2,594
Total inventories at lower of cost and net realisable value	92,057	74,984
Allowance for inventories charged to the income statement	1,297	1,096
Inventories written down charged to the income statement	3,166	2,304

During the financial year, the Group reversed \$1,313,000 (2007: \$64,000) of inventories written down, due to a higher than expected realisation on disposal.

21. Trade debtors

	Group	
	2008	2007
	\$'000	\$'000
External trade debtors	24,030	21,115
Trade debts due from an associate	40,829	31,602
	64,859	52,717
Allowance for doubtful debts charged to the income statement	16	39
Bad debts written off to the income statement	2	1

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

21. Trade debtors (continued)

Trade debtors are non-interest bearing and are generally on 60 to 90 day terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

The Group's trade debtors that are collectively impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	Collectively impaired	
	2008	2007
	\$'000	\$'000
Trade debtors - nominal amounts	66,101	53,965
Allowance for impairment	(1,242)	(1,248)
	<u>64,859</u>	<u>52,717</u>
Movement in allowance accounts		
At 1 July	1,248	1,237
Charge for the financial year	16	39
Written off	(4)	(45)
Exchange differences	(18)	17
At 30 June	<u>1,242</u>	<u>1,248</u>

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

22. Other debtors

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Other receivables	4,747	3,350	10	30
Deposits	4,942	6,679	160	1,322
Prepayments	3,021	3,841	13	4
Advances	58	10	14	3
Due from subsidiaries	-	-	45,827	20,431
Due from joint venture	1,432	519	-	-
Due from associates	10,015	11,506	27	27
	<u>24,215</u>	<u>25,905</u>	<u>46,051</u>	<u>21,817</u>

22. Other debtors (continued)

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

The amounts due from subsidiaries are non-trade related, unsecured, interest-free and are repayable on demand.

The Group's other receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group			
	Collectively impaired		Individually impaired	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Other receivables - nominal amounts	21,205	22,075	653	14
Allowance for impairment	(11)	(11)	(653)	(14)
	<u>21,194</u>	<u>22,064</u>	<u>-</u>	<u>-</u>
Movement in allowance accounts				
At 1 July	11	11	14	14
Charge for the financial year	-	-	639	-
At 30 June	<u>11</u>	<u>11</u>	<u>653</u>	<u>14</u>

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

23. Trade and other creditors

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Trade creditors	46,234	38,039	-	-
Accruals	14,181	17,552	2,508	4,003
Sundry creditors	7,225	6,757	86	157
Due to subsidiaries	-	-	8,927	8,331
Due to associates	6	-	-	-
	<u>67,646</u>	<u>62,348</u>	<u>11,521</u>	<u>12,491</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

24. Finance lease creditors

The Group has various finance lease facilities for its motor vehicles and data processing equipment. These leases expire over the next six years. The average discount rates implicit in the leases range from 4.3% to 6.2% (2007: 4.3% to 6.2%) per annum. Lease terms do not contain restrictions concerning payments of dividends, additional debt or further leasing.

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Present value of minimum lease payments are as follow:-				
Not later than one year	90	89	34	36
Later than one year but not later than five years	559	455	418	340
Later than five years	26	26	26	26
Total present value of minimum lease payments	675	570	478	402
Future minimum lease repayments are as follow: -				
Not later than one year	115	105	51	48
Later than one year but not later than five years	635	514	477	389
Later than five years	26	29	26	29
Total future minimum lease payments	776	648	554	466
Amount representing interest	(101)	(78)	(76)	(64)
	675	570	478	402

25. Bank borrowings

	Group	
	2008	2007
	\$'000	\$'000
<u>Current</u>		
Bank overdrafts (Note 32)	14,602	4,560
Trust receipts and bills payable	27,450	19,829
Term loans	1,250	-
Short term loans	9,110	10,325
	52,412	34,714
<u>Non-current</u>		
Term loans	971	-

Corporate guarantees are given by the Company amounting to \$125,614,000 (2007: \$88,083,000) for facilities granted to certain subsidiaries. The short term loans bear interest at rates that ranged from 3.45% to 6.48% (2007: 4.10% to 6.61%) per annum during the financial year.

25. Bank borrowings (continued)

During the financial year, the Group was granted a RM4.0 million 2-year term loan and a RM3.0 million 3-year term loan to partially finance the renovation cost for the retail outlets, repayable by way of 24 and 36 equal monthly instalments respectively. The interest rates ranged from 7.00% to 8.75% per annum.

In financial year 2007, the Group and the Company had made an early settlement of a HK\$33.0 million term loan and a \$11.2 million Revolving Credit Facility ("RCF"). The HK\$33.0 million term loan was secured by a mortgage over a leasehold property in Hong Kong with interest rates ranged from 5.85% to 6.45% per annum during the financial year 2007. The \$11.2 million RCF was secured by a mortgage over one of the freehold land and buildings and the leasehold building of the Group with interest rates ranged from 4.75% to 5.00% per annum during the financial year 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% (2007: 9.90%) per annum and will mature in 2018.

26. Other liabilities

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

27. Deferred taxation

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Deferred tax liabilities</u>						
Unremitted foreign income	(531)	(461)	70	30	(531)	(461)
Depreciation	42	(157)	(199)	160	42	(3)
Provisions	77	167	90	(179)	77	83
Tax value of unutilised losses	412	352	(60)	(352)	412	352
Other	(40)	59	99	(59)	-	29
	<u>(40)</u>	<u>(40)</u>			<u>-</u>	<u>-</u>
<u>Deferred tax assets</u>						
Provisions	590	375	(247)	114	-	-
Depreciation	(115)	12	131	100	-	-
Tax value of unutilised losses	667	624	(118)	(624)	-	-
Foreign exchange	(131)	-	136	-	-	-
Other	12	-	(12)	-	-	-
	<u>1,023</u>	<u>1,011</u>	<u>(110)</u>	<u>(810)</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

27. Deferred taxation (continued)

Deferred tax assets

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

Unrecognised temporary differences relating to investments in subsidiaries and joint venture

At the balance sheet date, no deferred tax liability (2007: nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries and joint venture as:

- The Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future; and
- The joint venture of the Group cannot distribute its profits until it obtains the consent of both the venturers. At the balance sheet date, the Group does not foresee giving such consent.

28. Share capital

	Group and Company			
	2008 No. of shares '000	2008 \$'000	2007 No. of shares '000	2007 \$'000
<u>Ordinary shares issued and fully paid</u>				
Opening balance	523,998	215,134	313,500	99,360
Exercise of warrants	44,712	24,245	210,498	115,774
Capital distribution	-	(73,932)	-	-
Closing balance	568,710	165,447	523,998	215,134

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.

There were 46,002,000 outstanding warrants as at 30 June 2007, of which 44,711,857 warrants were exercised prior the expiry on 16 July 2007. Each warrant carries the right to subscribe for one new ordinary share in the Company at an exercise price of \$0.45 per share.

During the financial year, a capital distribution of \$0.13 for each issued share was paid with no cancellation of shares.

29. 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 capital account. Upon expiry of the warrants, it may be converted to a distributable reserve.

30. Exchange translation reserve

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

31. Preference shares issued by a subsidiary

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

32. Cash and cash equivalents

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

	Group	
	2008	2007
	\$'000	\$'000
Fixed deposits	10,928	88,779
Cash on hand and at banks	13,235	7,351
	24,163	96,130
Bank overdrafts (Note 25)	(14,602)	(4,560)
	9,561	91,570

Fixed deposits earned interest at floating rates ranging from 0.57% to 2.25% (2007: 1.53% to 3.08%) per annum.

33. Financial risk management objectives and policies

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

33. Financial risk management objectives and policies (continued)

Credit risk

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

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

As at the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- \$135,743,000 (2007: \$88,083,000) relating to corporate guarantee provided by the Company to banks on banking facilities granted to certain subsidiaries and associates.

The age analysis of the trade and other receivables that are past due at the balance sheet dates but not impaired is as follows:

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Within 30 days	7,022	6,467	-	-
30 to 60 days	2,548	4,547	-	-
61 to 90 days	5,522	7,572	-	-
More than 90 days	27,760	19,206	-	-
	<u>42,852</u>	<u>37,792</u>	-	-

Trade and other receivables that are neither past due nor impaired are creditworthy debtors.

The Group has no significant concentration of credit risk except for an approximately 62% (2007: 59%) of the trade receivables due from an associated company in Indonesia.

33. Financial risk management objectives and policies (continued)

Interest rate risk

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

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

	Group			
	Basis points		Effect to the profit before tax	
	2008	2007	2008	2007
			\$'000	\$'000
Singapore dollar	200	150	470	200
Malaysian dollar	50	150	100	170
US dollar	200	150	120	110

Liquidity risk

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

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	1 year or less	1 to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000
Group				
2008				
Trade and other payables	70,229	–	–	70,229
Finance lease creditors	115	635	26	776
Bank borrowings	52,904	1,017	–	53,921
	123,248	1,652	26	124,926
2007				
Trade and other payables	64,931	–	–	64,931
Finance lease creditors	105	514	29	648
Bank borrowings	35,085	–	–	35,085
	100,121	514	29	100,664

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

33. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Company				
2008				
Trade and other payables	11,521	–	–	11,521
Finance lease creditors	51	477	26	554
	<u>11,572</u>	<u>477</u>	<u>26</u>	<u>12,075</u>
2007				
Trade and other payables	12,491	–	–	12,491
Finance lease creditors	48	389	29	466
	<u>12,539</u>	<u>389</u>	<u>29</u>	<u>12,957</u>

Currency exchange risk

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

The table below summarised the Group's and Company's exposure to the foreign currencies balance at balance sheet dates.

	USD \$'000	CHF \$'000	Euro \$'000	SGD \$'000	Thb \$'000	HK\$ \$'000
Group						
2008						
Trade and other receivables	693	365	4	858	5,357	–
Trade and other payables	24,342	17,966	3,229	44,143	–	3,691
Net borrowings / (net cash)	6,062	2,607	887	(3)	–	–
2007						
Trade and other receivables	4,106	–	87	783	3,523	–
Trade and other payables	32,220	5,909	1,398	69,062	16	5,460
Net borrowings / (net cash)	6,639	(243)	913	(3)	–	–

33. Financial risk management objectives and policies (continued)

Currency exchange risk (continued)

	A\$ \$'000	Thb \$'000	RM \$'000
Company			
2008			
Other receivables	3,771	4,871	3,541
2007			
Other receivables	2,553	3,678	–

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

	2008		2007	
	Changes	Profit before tax \$'000	Changes	Profit before tax \$'000
USD	+11%	(3,268)	+4%	(1,362)
CHF	+7%	(1,415)	+3%	(170)
Euro	+4%	(164)	+2%	(45)
SGD	+11%	(4,761)	+4%	(2,731)
Thb	+9%	482	+7%	245
HK\$	+11%	(406)	+4%	(218)

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

34. Financial instruments

Carrying value

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

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Loans and receivables				
Subsidiaries	–	–	46,931	48,760
Other receivables	1,979	1,954	–	–
Trade debtors	64,859	52,717	–	–
Tax recoverable	1,132	1,314	–	–
Other debtors	21,194	22,064	46,038	21,813
Cash on hand and at banks	24,163	96,130	11,471	91,196
	<u>113,327</u>	<u>174,179</u>	<u>104,440</u>	<u>161,769</u>
Available-for-sale assets				
Other investments	264	322	264	322
Financial liabilities measured at amortised cost				
Trade and other creditors	67,646	62,348	11,521	12,491
Finance lease creditors	675	570	478	402
Bank borrowings	53,383	34,714	–	–
Other liabilities	2,583	2,583	–	–
	<u>124,287</u>	<u>100,215</u>	<u>11,999</u>	<u>12,893</u>

34. Financial instruments (continued)

Fair value

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments carried at fair value

The Group and Company carry other investments that are classified as available for sale financial assets at their fair values as required by FRS 39.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of all current financial assets, financial liabilities and all bank borrowings reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently. Fair value is determined directly by reference to their published market bid price at the balance sheet date.

Financial instruments whose fair value not determinable

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

35. Segment information

The following tables present revenue and profit information regarding the business segments for the financial years ended 30 June 2007 and 2008 and certain asset and liability information regarding the business segments as at 30 June 2007 and 2008.

Business segments

	Ongoing Retail \$'000	Distribution \$'000	Export \$'000	MU Retail \$'000	Corporate and Others \$'000	Group \$'000
2008						
Sales to external consumers	162,400	109,730	70,257	–	–	342,387
Intersegment sales	–	37,247	10,489	–	–	47,736
Segment revenue	<u>162,400</u>	<u>146,977</u>	<u>80,746</u>	<u>–</u>	<u>–</u>	<u>390,123</u>
Segment results	<u>(4,086)</u>	<u>22,988</u>	<u>5,077</u>	<u>–</u>	<u>(8,033)</u>	15,946
Exceptional items, net						105
Bank interest income						1,219
Interest expense						(1,716)
Investment income						9
Share of results of associates, net of tax						<u>2,785</u>
Profit before taxation						18,348
Taxation						<u>(3,544)</u>
Net profit for the financial year						<u>14,804</u>
2007						
Sales to external consumers	111,768	95,376	50,461	13	–	257,618
Intersegment sales	–	24,572	8,446	–	–	33,018
Segment revenue	<u>111,768</u>	<u>119,948</u>	<u>58,907</u>	<u>13</u>	<u>–</u>	<u>290,636</u>
Segment results	<u>4,990</u>	<u>18,080</u>	<u>5,709</u>	<u>(478)</u>	<u>(8,350)</u>	19,951
Exceptional items, net						3,839
Amortised interest on loan to an associate						112
Gain on early settlement of loan to an associate						415
Bank interest income						1,161
Interest expense						(1,893)
Share of results of associates, net of tax						<u>2,500</u>
Profit before taxation						26,085
Taxation						<u>(4,617)</u>
Net profit for the financial year						<u>21,468</u>

35. Segment information (continued)

Business segments (continued)

	Ongoing Retail \$'000	Distribution \$'000	Export \$'000	MU Retail \$'000	Corporate and Others \$'000	Group \$'000
2008						
Segment assets	92,069	71,145	38,359	–	54,025	255,598
Unallocated assets						10,648
Total assets						266,246
Segment liabilities	37,348	24,964	17,267	–	2,669	82,248
Unallocated liabilities						44,859
Total liabilities						127,107
Capital expenditure	10,600	1,751	871	–	3,304	16,526
Depreciation	5,843	923	839	–	1,096	8,701
Reversal of impairment loss on investment properties, net	–	–	–	–	(1,092)	(1,092)
2007						
Segment assets	77,307	52,793	27,908	1,104	135,949	295,061
Unallocated assets						8,660
Total assets						303,721
Segment liabilities	31,373	18,304	11,952	1,056	4,222	66,907
Unallocated liabilities						38,200
Total liabilities						105,107
Capital expenditure	9,605	1,147	739	–	454	11,945
Depreciation	2,661	984	512	–	1,055	5,212
Reversal of impairment loss on investment properties	–	–	–	–	(1,212)	(1,212)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

35. Segment information (continued)

Geographical segments

The following table presents revenue information regarding geographical segments for the financial years ended 30 June 2007 and 2008 and certain asset information regarding geographical segments as at 30 June 2007 and 2008.

	Southeast Asia \$'000	North Asia \$'000	Other \$'000	Group \$'000
2008				
Turnover	289,809	46,864	5,714	342,387
Other geographical information:				
Assets	207,750	53,829	4,667	266,246
Capital expenditure	15,855	256	415	16,526
2007				
Turnover	215,961	37,514	4,143	257,618
Other geographical information:				
Assets	251,103	48,669	3,949	303,721
Capital expenditure	11,592	153	200	11,945

36. Operating leases

The Group has various operating lease agreements for retail outlets, office premises and office equipment. The leases expire at various dates till 2015 and contain provisions for rental adjustments, as well as commitments for additional lease payments when turnover of certain retail outlets exceeds pre-determinable levels. Lease terms do not contain restrictions concerning payments of dividends, additional debt or further leasing. Future minimum lease payments for all leases with initial or remaining terms of one year or more are as follows: -

	Group	
	2008	2007
	\$'000	\$'000
Within one year	32,927	24,306
Between one year to five years	62,708	48,009
Later than five years	4,982	7,046
	<u>100,617</u>	<u>79,361</u>

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	
	2008	2007
	\$'000	\$'000
Within one year	608	582
Between one year to five years	225	260
	<u>833</u>	<u>842</u>

37. Contingent liabilities, unsecured

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Contingent liabilities not provided for in the financial statements: -				
Banker guarantees in lieu of rental deposits	7,574	5,559	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

38. Commitments

As at 30 June 2008, the Group has entered into several licensing and distribution agreements with its principals. Under the agreements, the Group is committed to certain levels of purchases and advertising expenditure in accordance with the agreed terms and conditions. The Group has substantially met these purchase and advertising commitments.

As at 30 June 2008, the Group has outstanding forward contracts with settlement dates within the next one year of Swiss Franc 670,000, US dollar 132,000 and Euro 38,000 (2007: nil).

39. Related party disclosure

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

	2008	2007
	\$'000	\$'000
Sale of goods to an associate	59,713	42,792
Market support and administrative service income from an associate	3,520	3,333
Rental income from an associate	–	531
Royalty received from an associate	–	66
Purchase of goods from an associate	95	–
Impairment loss on debts due from an associate	546	–
Directors' fees		
- Directors of the Company	280	250
- Other directors of subsidiaries	5	20
	<hr/>	<hr/>
Remuneration of key management personnel:		
- Directors of the Company	3,750	4,736
- Other directors of subsidiaries	2,600	2,535
- Non directors	485	299
	<hr/>	<hr/>
	6,835	7,570

Provident fund contributions of \$169,000 (2007: \$183,000) are included in remuneration of key management personnel.

40. Capital management

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

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in objectives, policies or processes during the financial years ended 30 June 2008 and 30 June 2007.

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

	Group	
	2008 \$'000	2007 \$'000
Bank borrowings	53,383	34,714
Finance lease	675	570
Less cash on hand and at banks	(24,163)	(96,130)
Net debt / (net cash)	29,895	(60,846)
Equity attributable to equity holders of the Company	139,015	198,490
Net profit for the financial year	14,804	21,468
Gearing ratio	0.22	Not meaningful
Return on equity	10.65%	10.82%

NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

41. Dividends

	Group and Company	
	2008	2007
	\$'000	\$'000
Paid during the financial year:		
Final dividend for financial year 2007: 1.00 cent less tax of 18% (2006: 2.40 cents less tax of 20%) per ordinary share	4,663	6,588
Special dividend for financial year 2007: 1.00 cent less tax of 18% (2007: nil) per ordinary share	4,663	–
Interim exempt (one-tier) dividend of 0.90 cent (2007: 1.50 cents less tax of 18%) per ordinary share	5,119	5,391
	<u>14,445</u>	<u>11,979</u>
Proposed but not recognised as a liability as at 30 June:		
Final exempt (one-tier) dividend for financial year 2008: 1.10 cents (2007: 1.00 cent less tax of 18%) per ordinary share	6,256	4,663
Special dividend for financial year 2008: nil (2007: 1.00 cent less tax of 18%) per ordinary share	–	4,663
	<u>6,256</u>	<u>9,326</u>

42. Subsequent events

After the balance sheet date, the investment in an associate (St James Holdings Ltd - formerly known as JK Technology Group Limited), whose principal activities comprise the operating of cafes and entertainment outlets is transferred from an associate to a subsidiary of the Group. The effective interest in St James Holdings Ltd has also reduced from 30.4% to 20.9% through the enlargement of its share capital.

43. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2008 were authorised for issue in accordance with a resolution of the Directors dated 26 September 2008.

STATISTICS OF SHAREHOLDINGS

as at 16 September 2008

Class of shares: Ordinary shares
Voting rights: One vote per share

There is no treasury shares held in the issued capital of the Company.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	63	1.41	5,155	0.00
1,000 - 10,000	3,199	71.71	13,540,902	2.38
10,001 - 1,000,000	1,175	26.34	57,542,782	10.12
1,000,001 AND ABOVE	24	0.54	497,621,018	87.50
TOTAL	4,461	100.00	568,709,857	100.00

TWENTY LARGEST SHAREHOLDERS

NAME	NO. OF SHARES	%
1 DBS Nominees Pte Ltd	121,461,900	21.36
2 Raffles Investments Limited	62,280,000	10.95
3 HSBC (Singapore) Nominees Pte Ltd	46,829,336	8.23
4 Citibank Nominees Singapore Pte Ltd	44,859,492	7.89
5 Hong Leong Finance Nominees Pte Ltd	40,165,000	7.06
6 Raffles Nominees Pte Ltd	30,384,000	5.34
7 United Overseas Bank Nominees Pte Ltd	25,184,040	4.43
8 Mayban Nominees (S) Pte Ltd	25,020,000	4.40
9 SSP Innovations Pte Ltd	19,964,000	3.51
10 Merrill Lynch (Singapore) Pte Ltd	12,921,000	2.27
11 Eli Manasseh Benjamin *	11,487,050	2.02
12 Morgan Stanley Asia (Singapore) Securities Pte Ltd	10,794,000	1.90
13 Kestrel Capital (Hong Kong) Limited	9,312,000	1.64
14 UOB Kay Hian Pte Ltd	7,267,000	1.28
15 DBSN Services Pte Ltd	5,522,000	0.97
16 DBS Vickers Securities (S) Pte Ltd	4,192,000	0.74
17 Phillip Securities Pte Ltd	3,500,000	0.62
18 DB Nominees (S) Pte Ltd	3,449,000	0.60
19 Thian Yim Pheng	3,215,000	0.56
20 Kim Eng Securities Pte. Ltd.	2,601,120	0.46
TOTAL	490,407,938	86.23

* Excludes 12,000,000 shares held by nominees

STATISTICS OF SHAREHOLDINGS

16 September 2008

SUBSTANTIAL SHAREHOLDERS AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest	%	Deemed Interest	%
1. Lim Eng Hock	-	-	94,276,000	16.58
2. Segulah Pte Ltd @	91,937,900	16.17	-	-
3. Raffles Investments Limited #	62,280,000	10.95	-	-
4. Temasek Holdings (Private) Ltd @	-	-	91,937,900	16.17
5. DBS Trustee Limited @	-	-	91,937,900	16.17
6. DBS Group Holdings Limited @	-	-	91,937,900	16.17
7. DBS Bank Ltd. @	-	-	91,937,900	16.17
8. Aequitas Pte Ltd #	-	-	62,280,000	10.95
9. Kambau Pte Ltd #	-	-	62,280,000	10.95
10. Siong Lim Private Limited #	-	-	62,280,000	10.95
11. Tecity Pte Ltd #	-	-	62,280,000	10.95
12. Dr Tan Kheng Lian #	-	-	62,280,000	10.95
13. Aberdeen Asset Management Asia Limited	-	-	39,844,000	7.01
14. Aberdeen Asset Management PLC and its subsidiaries	-	-	39,844,000	7.01
15. Frank Benjamin	-	-	37,191,000	6.54
16. Mavis Benjamin, Mrs	-	-	37,191,000	6.54

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

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

Percentage of Shareholdings in Public's hands

Based on the information available to the Company, as at 16 September 2008, approximately 38% of the Company's shares were held in the hands of the public. Hence, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

F J BENJAMIN HOLDINGS LTD
(Co. Reg. No. 197301125N)
(Incorporated in 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 Thursday, 30 October 2008 at **2.30 p.m.** for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 30 June 2008 together with the Auditors' Report thereon. (Resolution 1)
2. To declare a final dividend of 1.10 cents per ordinary share one-tier tax exempt for the year ended 30 June 2008 (2007: final dividend of 1.00 cent per ordinary share less income tax and a special dividend of 1.00 cent per ordinary share less income tax). (Resolution 2)
3. To re-elect the following Directors retiring by rotation pursuant to Article 102 of the Company's Articles of Association:

Mr Keith Tay Ah Kee	(Resolution 3)
Mr Reggie Thein	(Resolution 4)
Ms Karen Chong Mee Keng	(Resolution 5)

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

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

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

4. To note the retirement of Mr Timothy Chia Chee Ming, a Director of the Company, who is retiring in accordance with Article 102 of the Company's Articles of Association. Mr Chia had indicated that he does not wish to seek re-election at this Annual General Meeting.
5. To pass the following Ordinary Resolutions pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act*"):
 - a) To appoint Mr Joseph Grimberg, a director retiring under Section 153(6) of the Companies Act, to hold office from the date of this Annual General Meeting until the next Annual General Meeting. (Resolution 6)
[See Explanatory Note (i)]
Mr Joseph Grimberg will, upon re-appointment as a Director of the Company, remain Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee and will be considered independent.
 - b) To appoint Mr Frank Benjamin, a director retiring under Section 153(6) of the Companies Act, to hold office from the date of this Annual General Meeting until the next Annual General Meeting. (Resolution 7)
[See Explanatory Note (i)]
Mr Frank Benjamin will, upon re-appointment as a Director of the Company, remain a member of the Nominating Committee and Executive Committee and will be considered non-independent.

NOTICE OF ANNUAL GENERAL MEETING

6. To approve the payment of Directors' Fees of S\$280,000 for the year ending 30 June 2009 to be paid quarterly in arrears. (2008: S\$280,000). (Resolution 8)
7. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 9)
8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

9. Authority to issue shares up to 50 per centum (50%) of the issued shares in the capital of the Company

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

- (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

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

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.
[See Explanatory Note (ii)] (Resolution 10)

10. Renewal of Share Purchase Mandate

That:

- (a) for the purposes of the Companies Act, the exercise by the Directors of the Company of all powers of the Company to purchase or otherwise acquire shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (i) market purchase(s) ("Market Purchase"), transacted on the SGX-ST through the ready market, through one or more duly licensed stock brokers appointed by the Company for that purpose; and/or
 - (ii) off-market purchase(s) ("Off-Market Purchase") effected pursuant to an equal access scheme, as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all conditions prescribed by the Companies Act;

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

- (b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earlier of:
- (i) the date the next Annual General Meeting of the Company is held or required by law to be held; or
 - (ii) the date on which the purchases or acquisitions of shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earlier;

- (c) in this Ordinary Resolution:

"Maximum Limit" means the number of issued shares representing 10% of the total number of issued shares as at the date of the passing of this Ordinary Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued shares shall be taken to be the amount of the issued shares as altered (excluding any treasury shares that may be held by the Company from time to time);

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

NOTICE OF ANNUAL GENERAL MEETING

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

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (hereinafter defined); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

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

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

[See Explanatory Note (iii)]

(Resolution 11)

By Order of the Board

Karen Chong Mee Keng
Dilhan Pillay Sandrasegara
Joint Company Secretaries

Singapore, 13 October 2008

Explanatory Notes:

- (i) The effect of the Ordinary Resolutions 6 and 7 proposed in item 5 above, is to appoint directors who are over 70 years of age.
- (ii) The Ordinary Resolution 10 in item 9 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders.

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

- (iii) The Ordinary Resolution 11 proposed in item 10 above, if passed, will empower the Directors of the Company to exercise all powers of the Company to purchase or otherwise acquire (whether by way of market purchases or off-market purchases) shares on the terms of the mandate (the "Share Purchase Mandate") set out in the attached letter to Shareholders (the "Letter"). The authority conferred by Shareholders will continue in force until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, unless previously revoked or varied at a general meeting.

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

An illustration of the financial impact of the share purchases by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group for the financial year ended 30 June 2008, is set out in the Letter.

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 10 Science Park Road #04-01, The Alpha, Singapore Science Park II, Singapore 117684 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

SHARE PURCHASE MANDATE

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

Board of Directors:

Frank Benjamin
 Keith Tay Ah Kee
 Eli Manasseh Benjamin
 Douglas Jackie Benjamin
 Karen Chong Mee Keng
 Joseph Grimberg
 Reggie Thein
 Wong Ai Fong
 Timothy Chia Chee Ming
 Chew Gek Khim

Registered Office:

10 Science Park Road
 #04-01 The Alpha
 Singapore 117684

13 October 2008

To: The Shareholders of F J Benjamin Holdings Ltd

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

Dear Sir/Madam

1 INTRODUCTION

1.1 AGM

We refer to (a) the notice of AGM of the Company dated 13 October 2008 (the "Notice of AGM") convening the AGM to be held on 30 October 2008 (the "2008 AGM"), and (b) the ordinary resolution number 11 under the heading "Special Business" set out in the Notice of AGM.

1.2 Letter

The purpose of this Letter is to provide Shareholders with information relating to the proposed renewal of the Share Purchase Mandate, details of which are set out in paragraph 2 of this Letter and to seek their approval in relation thereto at the AGM.

1.3 SGX-ST

The SGX-ST assumes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

2 THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 The Share Purchase Mandate

At the EGM held on 29 October 2007 (the "2007 EGM"), the Shareholders had approved a mandate to allow the Company to purchase or otherwise acquire its issued Shares (the "2007 Share Purchase Mandate"). The rationale for, the authority and limitations on, and the financial effects of, the 2007 Share Purchase Mandate were set out in the Company's circular to Shareholders dated 5 October 2007 (the "2007 Circular").

The authority conferred pursuant to the 2007 Share Purchase Mandate may be exercised by the Directors at any time during the period commencing from the date of the 2007 EGM and expiring on the date when the next AGM of the Company is held, or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

Accordingly, the Directors shall seek the approval of the Shareholders for the renewal of the Share Purchase Mandate at the 2008 AGM.

2.2 Rationale for Proposed Renewal of the Share Purchase Mandate

The approval of the proposed renewal of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake share purchases or acquisitions up to the 10% limit described in paragraph 2.3.1 below at any time, during the period when the Share Purchase Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

- 2.2.1 In managing the business of the Group, the management will strive to increase Shareholders' value by improving, *inter alia*, the ROE of the Company. In addition to growth and expansion of the business, share purchases may be considered as one of the ways through which the ROE of the Company may be enhanced.
- 2.2.2 In line with international practice, the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds, which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner.
- 2.2.3 Share purchase programmes help to buffer short-term share price volatility.
- 2.2.4 The Share Purchase Mandate will provide the Company the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the said 10% limit during the duration referred to in paragraph 2.3.1 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate would be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Purchase Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

2.3 Authority and Limits on the Share Purchase Mandate

The authority and limitations placed on the share purchases by the Company under the proposed Share Purchase Mandate, if renewed at the forthcoming 2008 AGM, are similar in terms to those previously approved by Shareholders at the 2007 EGM, and for the benefit of Shareholders, are summarised below:

2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of Shares (ascertained as at the date of the 2008 AGM at which the renewal of the Share Purchase Mandate is approved). Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

SHARE PURCHASE MANDATE

For illustrative purposes only, on the basis of 568,709,857 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the 2008 AGM, not more than 56,870,985 Shares (representing 10% of the total number of Shares as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate during the duration referred to in paragraph 2.3.2 below.

2.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2008 AGM, at which the renewal of the Share Purchase Mandate is approved, up to:

- (a) the date on which the next AGM is held or required by law to be held; or
- (b) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting;

whichever is the earliest.

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

2.3.3 Manner of Purchases or Acquisitions of Shares

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

- (a) market purchase(s) ("**Market Purchase**"), transacted on the SGX-ST through the ready market, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
- (b) off-market purchase(s) ("**Off-Market Purchase**") effected pursuant to an equal access scheme.

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

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

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

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed purchase or acquisition of Shares;
- (4) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (5) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST; and
- (6) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases.

2.3.4 Purchase Price

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

- (a) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

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

For the above purposes:

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

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

SHARE PURCHASE MANDATE

2.4 Status of Purchased Shares

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

2.5 Treasury Shares

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

2.5.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

2.5.2 Voting and Other Rights

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

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

2.5.3 Disposal and Cancellation

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

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

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

2.6 Reporting Requirements

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

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

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

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made, and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

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

2.7 Source of Funds

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

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

2.8 Financial Effects

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

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

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

SHARE PURCHASE MANDATE

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

For illustrative purposes only, the financial effects of the Share Purchase Mandate on the Company and the Group, based on the audited financial accounts of the Group for the financial year ended 30 June 2008 are based on the assumptions set out below:

- (a) based on 568,709,857 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are held by the Company as treasury shares on or prior to the 2008 AGM, not more than 56,870,985 Shares (representing 10% of the total number of issued Shares of the Company as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate;
- (b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 56,870,985 Shares at the Maximum Price of S\$0.32 for one Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 56,870,985 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$18.2 million; and
- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 56,870,985 Shares at the Maximum Price of S\$0.37 for one Share (being the price equivalent to 20% above the average of the closing market prices of the Shares on the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 56,870,985 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$21.0 million.

For illustrative purposes only, and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that (i) the purchase or acquisition of Shares is financed solely by internal sources of funds; (ii) the Share Purchase Mandate had been effective on 30 June 2008; and (iii) the Company had purchased or acquired 56,870,985 Shares (representing 10% of the total number of issued Shares of the Company at the Latest Practicable Date) on 30 June 2008, the financial effects of the purchase or acquisition of 56,870,985 Shares by the Company pursuant to the Share Purchase Mandate:

- (1) by way of purchases made entirely out of capital and held as treasury shares; and
- (2) by way of purchases made entirely out of capital and cancelled.

on the audited financial accounts of the Company and the Group for the financial year ended 30 June 2008 are set out below:

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

(A) Market Purchases

	Group		Company	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
As at 30 June 2008				
Issued capital and reserves	139,015	139,015	165,832	165,832
Treasury shares	-	(18,199)	-	(18,199)
Total shareholders' equity	139,015	120,816	165,832	147,633
NTA	139,139	120,940	165,832	147,633
Profit after taxation and minority interest	14,804	14,804	15,853	15,853
Net debt / (Net cash)	31,893	50,092	(10,993)	7,206
Number of shares ('000)	568,710	568,710	568,710	568,710
Financial Ratios				
NTA per share (cents)	24.47	21.27	29.16	25.96
Gross debt gearing (%)	40.32	46.40	0.29	4.88
Net debt gearing (%)	22.94	41.46	N.A.	4.88
Current ratio (times)	1.68	1.53	4.92	2.49
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	16.05	16.05	613.52	613.52
Basic EPS (cents) (before exceptional items)	2.59	2.59	3.73	3.73
(after exceptional items)	2.61	2.61	2.79	2.79
Return on equity	10.65%	12.25%	9.56%	10.74%

SHARE PURCHASE MANDATE

(B) Off-Market Purchases

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	S\$'000	S\$'000	S\$'000	S\$'000
As at 30 June 2008				
Issued capital and reserves	139,015	139,015	165,832	165,832
Treasury shares	-	(21,042)	-	(21,042)
Total shareholders' equity	139,015	117,973	165,832	144,790
NTA	139,139	118,097	165,832	144,790
Profit after taxation and minority interest	14,804	14,804	15,853	15,853
Net debt / (Net cash)	31,893	52,935	(10,993)	10,049
Number of shares ('000)	568,710	568,710	568,710	568,710
Financial Ratios				
NTA per share (cents)	24.47	20.77	29.16	25.46
Gross debt gearing (%)	40.32	47.52	0.29	6.94
Net debt gearing (%)	22.94	44.87	N.A.	6.94
Current ratio (times)	1.68	1.51	4.92	2.16
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	16.05	16.05	613.52	613.52
Basic EPS (cents) (before exceptional items)	2.59	2.59	3.73	3.73
(after exceptional items)	2.61	2.61	2.79	2.79
Return on equity	10.65%	12.55%	9.56%	10.95%

(2) Purchases made entirely out of capital and cancelled

(A) Market Purchases

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	S\$'000	S\$'000	S\$'000	S\$'000
As at 30 June 2008				
Issued capital and reserves / Total shareholders' equity	139,015	120,816	165,832	147,633
NTA	139,139	120,940	165,832	147,633
Profit after taxation and minority interest	14,804	14,804	15,853	15,853
Net debt / (Net cash)	31,893	50,092	(10,993)	7,206
Number of shares ('000)	568,710	511,839	568,710	511,839
Financial Ratios				
NTA per share (cents)	24.47	23.63	29.16	28.84
Gross debt gearing (%)	40.32	46.40	0.29	4.88
Net debt gearing (%)	22.94	41.46	N.A.	4.88
Current ratio (times)	1.68	1.53	4.92	2.49
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	16.05	16.05	613.52	613.52
Basic EPS (cents)				
(before exceptional items)	2.59	2.59	3.73	3.73
(after exceptional items)	2.61	2.61	2.79	2.79
Return on equity	10.65%	12.25%	9.56%	10.74%

SHARE PURCHASE MANDATE

(B) Off-Market Purchases

	Group		Company	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
As at 30 June 2008				
Issued capital and reserves / Total shareholders' equity	139,015	117,973	165,832	144,790
NTA	139,139	118,097	165,832	144,790
Profit after taxation and minority interest	14,804	14,804	15,853	15,853
Net debt / (Net cash)	31,893	52,935	(10,993)	10,049
Number of shares ('000)	568,710	511,839	568,710	511,839
Financial Ratios				
NTA per share (cents)	24.47	23.07	29.16	28.29
Gross debt gearing (%)	40.32	47.52	0.29	6.94
Net debt gearing (%)	22.94	44.87	N.A.	6.94
Current ratio (times)	1.68	1.51	4.92	2.16
Earnings before interest, tax, depreciation and amortisation divided by interest expenses (times)	16.05	16.05	613.52	613.52
Basic EPS (cents) (before exceptional items)	2.59	2.59	3.73	3.73
(after exceptional items)	2.61	2.61	2.79	2.79
Return on equity	10.65%	12.55%	9.56%	10.95%

Shareholders should note that the financial effects set out above are purely for illustrative purposes only. Although the proposed Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of its issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of its issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

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

2.9 Take-over Implications

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

2.9.1 Obligation to make a Take-over Offer

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

2.9.2 Persons Acting in Concert

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

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

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (e) a financial or other professional adviser, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

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

SHARE PURCHASE MANDATE

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

2.9.3 Effect of Rule 14 and Appendix 2

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

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

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

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

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

Based on substantial shareholding notifications received by the Company under Division 4, Part IV of the Companies Act as at the Latest Practicable Date as set out in paragraph 3.2 below, none of the substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of 10% of its issued Shares as at the Latest Practicable Date.

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

2.10 Listing Rules

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

- (a) one month immediately preceding the announcement of the Company's annual results; and
- (b) two weeks immediately preceding the announcement of the Company's results for each of the first three quarters of its financial year.

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

Based on the register of Directors' shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 218,472,907 Shares, representing 38.42% of the issued Shares, are in the hands of the public. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 161,601,922 Shares, representing 28.42% of the reduced issued share capital of the Company. Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 10% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

2.11 Previous Share Purchases

The Company has not entered into transactions to acquire any Shares pursuant to the 2007 Share Purchase Mandate in the 12 months immediately preceding the Latest Practicable Date.

3 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

3.1 Directors' Interests

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

Director	Number of Shares	
	Direct Interest	Deemed Interest
Frank Benjamin	-	37,191,000
Keith Tay Ah Kee	256,000	-
Eli Manasseh Benjamin	11,487,050	12,300,000
Douglas Jackie Benjamin	120,000	10,000
Karen Chong Mee Keng	-	-
Joseph Grimberg	-	500,000
Reggie Thein	-	-
Wong Ai Fong	35,000	-
Timothy Chia Chee Ming	-	-
Chew Gek Khim	-	-

SHARE PURCHASE MANDATE

3.2 Substantial Shareholders' Interests

The interests of the substantial shareholders of the Company in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

Substantial Shareholder	Number of Shares		Total Percentage Interest (%)
	Direct Interest	Deemed Interest	
Frank Benjamin	-	37,191,000	6.54
Lim Eng Hock	-	94,276,000	16.58
Raffles Investments Limited	62,280,000	-	10.95
Mavis Benjamin, Mrs	-	37,191,000	6.54
Aequitas Pte Ltd	-	62,280,000	10.95
Kambau Pte Ltd	-	62,280,000	10.95
Siong Lim Private Limited	-	62,280,000	10.95
Tecity Pte Ltd	-	62,280,000	10.95
Dr Tan Kheng Lian	-	62,280,000	10.95
Segulah Pte Ltd	91,937,900	-	16.17
Temasek Holdings (Private) Ltd	-	91,937,900	16.17
DBS Trustee Limited	-	91,937,900	16.17
DBS Group Holdings Limited	-	91,937,900	16.17
DBS Bank Ltd.	-	91,937,900	16.17
Aberdeen Asset Management Asia Limited	-	39,844,000	7.01
Aberdeen Asset Management PLC and its subsidiaries	-	39,844,000	7.01

4 ANNUAL GENERAL MEETING

The 2008 AGM of the Company, notice of which is set out in pages 123 to 127 of the 2008 Annual Report, will be held on Thursday 30 October 2008 at Lavender Room, Level 3 Orchard Hotel, 442 Orchard Road, Singapore 238879 at 2.30 p.m. for the purpose of, *inter alia*, considering and if thought fit, passing with or without modifications, the resolution on the renewal of the Share Purchase Mandate as set out in the Notice of AGM.

5 DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interest of the Company. Accordingly, they recommend that Shareholders vote in favour of ordinary resolution number [11], being the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate as set out in the Notice of AGM.

6 RESPONSIBILITY STATEMENT

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Letter and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Letter are fair and accurate and that there are no material facts the omission of which would make any statement in this Letter misleading.

7 DOCUMENTS FOR INSPECTION

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

- (a) the Memorandum and Articles of the Company;
- (b) the 2008 Annual Report; and
- (c) the 2007 Circular.

Yours faithfully

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

Frank Benjamin
Executive Chairman

SHARE PURCHASE MANDATE

SCHEDULE - DEFINITIONS

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

“AGM”	:	The annual general meeting of the Company
“Articles”	:	The Articles of Association of the Company
“Board of Directors”	:	The Board of Directors of the Company
“CDP”	:	The Central Depository (Pte) Ltd
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Company”	:	F J Benjamin Holdings Ltd
“Director”	:	A director of the Company as at the date of this Letter
“EGM”	:	An extraordinary general meeting of the Company
“EPS”	:	Earnings per Share
“Group”	:	The Company, its Subsidiaries and associated companies
“Latest Practicable Date”	:	16 September 2008, being the latest practicable date prior to the printing of this Letter
“Listing Manual”	:	The Listing Manual of the SGX-ST
“Listing Rules”	:	The listing rules of the SGX-ST as set out in the Listing Manual
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Memorandum”	:	The Memorandum of Association of the Company
“NTA”	:	Net tangible assets
“ROE”	:	Return on equity
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

"Shareholders"	:	Registered holders for the time being of the Shares (other than CDP), or in the case of Depositors, Depositors who have Shares entered against their name in the Depository Register
"Shares"	:	Ordinary shares in the share capital of the Company
"Share Purchase Mandate"	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in the Letter as well as the rules and regulations set forth in the Companies Act and the Listing Rules
"Subsidiary"	:	A company which is for the time being a subsidiary of the Company as defined by Section 5 of the Companies Act
"Substantial Shareholder"	:	A person who has an interest or interests in one or more voting Shares in the Company and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all voting Shares of the Company
"Take-over Code"	:	The Singapore Code on Take-overs and Mergers, as amended from time to time
"2008 Annual Report"	:	The Annual Report of the Company for the financial year ended 30 June 2008
"S\$" and "cents"	:	Singapore dollars and cents, respectively
"%"	:	Percentage or percentum

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

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

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

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

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

F J BENJAMIN HOLDINGS LTD

Co. Reg. No. 197301125N
(Incorporated In The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

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

I/We, _____

of _____

being a member/members of F J BENJAMIN HOLDINGS LTD (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Thursday, 30 October 2008 at 2.30 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 2008		
2	Payment of proposed 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-appointment of Mr Joseph Grimberg as a Director		
7	Re-appointment of Mr Frank Benjamin as a Director		
8	Approval of Directors' Fees amounting to S\$280,000 for year ending 30 June 2009		
9	Re-appointment of Messrs Ernst & Young as Auditors		
10	Authority to allot and issue new shares		
11	Renewal of Share Purchase Mandate		

Dated this _____ day of _____ 2008

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

*Delete where inapplicable

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Science Park Road #04-01, The Alpha, Singapore Science Park II, Singapore 117684 not less than 48 hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

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

OPERATIONS DIRECTORY

SINGAPORE

F J Benjamin (Singapore) Pte Ltd
F J Benjamin Lifestyle Pte Ltd
F J Benjamin Concepts Pte Ltd
10 Science Park Road, #04-01 The Alpha,
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Singapore 117684
Tel : (65) 6737 0155
Fax : (65) 6735 9072

MALAYSIA

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F J Benjamin Lifestyle Sdn. Bhd.
F J Benjamin Luxury Timepieces Sdn. Bhd.
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Fax : (60) 3 2031 4405

THAILAND

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TAIWAN

F J Benjamin (Taiwan) Ltd
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AUSTRALIA

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