FJ BENJAMIN

ANNUAL REPORT 2015/16

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CORPORATE PROFILE

With a rich heritage dating back to 1959, SGX-listed F J Benjamin Holdings Ltd is an industry leader in brand building and management, and development of retail and distribution networks for international luxury and lifestyle brands across Asia. Headquartered in Singapore and listed on the Singapore Exchange since November 1996, F J Benjamin has offices in five cities, manages over 20 iconic brands and operates 226 stores.

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

LUXURY AND LIFESTYLE FASHION RETAILING AND DISTRIBUTION

F J Benjamin exclusively retails and distributes brands such as Banana Republic, Céline, Gap, Givenchy, Goyard, Guess, La Senza, Loewe, Marc Jacobs, Pretty Ballerinas, Raoul, Sheridan, Superdry, Tom Ford and VNC across various territories.

TIMEPIECE DISTRIBUTION

F J Benjamin exclusively distributes timepiece brands – Alpina, Frédérique Constant, Gc, Guess, Nautica, Superdry and Victorinox Swiss Army across Southeast Asia.

CREATIVE & DESIGN

F J Benjamin's Creative & Design division handles the creation and production of licensed apparel.

CORPORATE DIRECTORY

REGISTERED OFFICE

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

DIRECTORS

Mr Frank Benjamin
Executive Chairman

Mr Keith Tay Ah Kee
Non-Executive Deputy Chairman

Mr Eli Manasseh (Nash) Benjamin
Chief Executive Officer

Mr Douglas Jackie Benjamin
Executive Director

Ms Karen Chong Mee Keng
Executive Director

Mr Ng Hin Lee
Independent Director

Ms Wong Ai Fong
Independent Director

Mr Chew Kwee San
Non-Executive Director

Mr Daniel Ong Jen Yaw
Independent Director

COMPANY SECRETARY

Ms Karen Chong Mee Keng

SHARE REGISTRAR

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

AUDITORS

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

SOLICITORS

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

PRINCIPAL BANKERS

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

EXECUTIVE CHAIRMAN'S REVIEW

Dear Shareholders,

The challenges we had identified in the past years had the most impact on our financial year ended 30 June 2016 (FY16). Our operating environment continued to worsen as the economies of Asia slowed amid wider uncertainties besetting western developed countries including volatile financial markets and the threat of international terrorism.

In our key markets, a combination of factors hurt our sales and margins. China's economic sluggishness had cast a long shadow over the region, and its crackdown on luxury spending, in particular, dented demand for high-end consumer goods. Tourist spending remained subdued even as domestic retail demand turned soft. We were also hit by a double whammy when the strengthening of the US dollar against the Malaysian ringgit and the Indonesian rupiah pushed up our cost of goods sold but the economic downturn and widespread industry discounting prevented us from putting up prices.

In order to ensure sustainability in our business under current market conditions, we bit the bullet and took some hard decisions. During the year under review, we ceased what remained of our timepiece distribution operations in North Asia. We also closed non-performing stores across our key markets including Singapore, Malaysia and Indonesia. As well, we pulled the brakes on the internationalisation of our inhouse brand, Raoul.

The combined restructuring costs contributed to further deterioration in our bottom line. Overall, net loss attributable to shareholders for FY16 widened to $23 million from a loss of $17 million the year before. Group turnover fell 14% to $253.6 million, largely due to the closure of non-performing stores and currency depreciation. Excluding currency translation loss, Group turnover was down 10%.

CONSOLIDATION

We started to consolidate our businesses across the Group in 2014 when we saw dark clouds forming on the horizon. By early this year, we had completed the winding down of our North Asia business. The closure of our fashion retail stores in Southeast Asia took longer than we would have liked as our contractual commitments prevented us from pre-terminating some of our leases without heavy penalties.

We scaled back substantially on Raoul, which we launched more than a decade ago. There were obvious benefits to the Group of creating our own in-house brand, including ownership of intellectual property rights, and freedom to export to the world's fashion capitals. Raoul gained strong editorial support and recognition in the international fashion capitals of New York, Paris and Milan. Unfortunately, the timing of our investments coincided with the business downturn in Asia.

The restructuring measures in FY16 helped reduce operating expenses by 21% or $31.5 million to $118.9 million.

Today, we are a slimmer and sprightlier group and we believe we are in a better position to return to a state of profitability and ensure further growth for the business moving forward. In line with this, we will focus on the following areas: extension of our existing brand portfolio, serving the needs of the millennial generation, developing and executing an omnichannel strategy, and capitalising on the long-term growth of consumer demand in Southeast Asia.

OUTLOOK

While we expect the outlook of the retail industry to remain difficult in the foreseeable future, we do not think that all is gloom and doom. We have always believed and still continue to believe that Southeast Asia will remain a robust engine of growth propelled by a growing middle class and rising consumer affluence.

Despite headwinds facing the sector presently, the foundation of our business and the region remains sound and continues to be backed by strong demographic and macroeconomic fundamentals such as a fast-growing, affluent middle class and steady GDP growth.

APPRECIATION

I would like to thank all our dedicated staff for their hard work and my fellow Board members for their counsel. I also thank our shareholders, customers, banks, and business partners for their unwavering support over the years. While it has been a rough journey, we are nearing the light at the end of the tunnel. Thank you for your faith in our commitment to you.

FRANK BENJAMIN
Executive Chairman
F J Benjamin Holdings Ltd

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders,

For the financial year ended 30 June 2016 (FY16), the Group continued to focus on its restructuring plan, which began in 2014, so as to achieve a leaner and more cost-effective operation. We believe that we are on the right track towards our ultimate goal of restoring the long-term competitiveness of the Group.

At the macro level, difficult trading conditions persisted throughout the region. In Singapore, the retail sector continued to underperform due to declining consumer confidence amid an economic slowdown. In the region, slower growth in the economies of North Asia, particularly China, and the continued depreciation of the Indonesian rupiah and Malaysian ringgit against the US dollar, also had a negative impact on the Group's financial performance. Our margins eroded further as our costs of goods rose faster than our ability to put prices up in a soft market.

Against this challenging operating environment, Group turnover for FY16 contracted to $253.6 million, down 14% from $293.4 million. Excluding currency translation loss, Group turnover fell 10%. Gross margin slipped by two percentage points to 39% due to additional marketing and promotional activities. Group net loss attributable to shareholders totalled $23 million against $17 million in FY15.

During the year under review, our deliberate actions to rightsize the Group were centered on three basic imperatives:-

(a) improving operating productivity,

(b) leveraging our retail network to effectively reach out to our target market by introducing new brands and businesses, and

(c) improving the liquidity of our balance sheet by generating more sales with fewer inventories, and reducing debt.

The loss we sustained in the financial year just passed climaxed three years of losses during which our performance across the region had been buffeted by both external and internal pressures. In FY16, we closed non-performing stores and businesses. One such business is Raoul, our in-house brand. We scaled back its operations substantially and going forward, there will be no new investments or recurring losses. We also closed stores of a franchise brand and are confident that losses will be minimised and this brand may even return to profitability. Losses from the closure of our North Asian operations were also accounted for in FY16.

The Board of Directors has not recommended a dividend payout for FY16.

FINANCIAL REVIEW

The decline in Group revenue in FY16 of $39.8 million was due to (a) closure of non-performing stores, discontinued businesses and cessation of our North Asian operations which previously contributed $31.1 million in sales;

(b) a $10.4 million translation loss from the conversion of Malaysian ringgit to Singapore dollar upon consolidation of Group accounts; and (c) offset by a slight increase in sales from franchise brands. Gross profit margin was 39% against 41% previously. This was attributed mainly to additional promotional and marketing activities carried out in Malaysia.

We continued to manage our operational costs across all business units to improve productivity. The resultant cost savings of $31.5 million helped to lower Group operating expenses to $118.9 million or a decline of 21% from the last financial year. Group operating loss widened to $19.9 million compared to $9.5 million in FY15. Excluding one-time gain from sale of properties and mandatory convertible bonds in FY15, operating loss decreased by 32% from $29.1 million to $19.9 million.

Fashion remained the key contributor, accounting for $212.5 million, a 9% decline from FY15 and contribution from timepieces fell 13% to $51.6 million after excluding currency translation loss.

As part of our efforts to rein in costs, we tightened the management of our inventory. Consequently, inventory fell 26% to $54.8 million, a rate faster than declining sales at 14% in FY16. Net borrowings stood at $31.7 million, against $46.1 million in FY15. Net gearing improved from 54% to 52%. The Group generated positive cash flow of $19.5 million from operating activities in FY16, invested $4.7 million on shop fittings, and repaid bank borrowings and interest expenses of $16.8 million.

RETAIL NETWORK

It was a year of difficult but important decisions. As at 30 June 2016, the Group's retail network comprised 226 stores across the region; with 32 in Singapore, 69 in Malaysia and 125 in Indonesia, taking up in aggregate 406,000 square feet. During FY16 we opened 34 stores and closed 26.

In FY15, it was reported that we had taken proactive action to rationalise our operations. This has continued into FY16 and one of the major moves initiated was the closure of our timepiece wholesale operations in North Asia. The closure of North Asia affected a business, which, at its peak, contributed to more than a fifth of our total turnover. Last year, its share was reduced to three per cent of total turnover as the economic slowdown in Hong Kong and China and a crackdown in spending on luxury goods in China, took a toll on sales.

We will monitor and review the optimal number of stores and the quality of the space leased to ensure we get the best of tenant mix and traffic.

We continue to negotiate better terms with our landlords in the region and are pleased to report that we have received certain rebates from existing leases and improved commercial terms on new lease commitments.

BRAND & PORTFOLIO EXTENSION

We added another sought-after brand to our portfolio in 2016 when we signed with Marc Jacobs. The agreement with Marc Jacobs International, LLC, gives F J Benjamin the rights to open Marc Jacobs stores in Singapore, Malaysia and Indonesia. We will open four stores in the next two years, and they will carry the full range of Marc Jacobs' women's ready-to-wear, shoes, jewellery, bags and accessories.

Among our lifestyle brands, Superdry has continued to deliver topline growth and we expect another boost with the recent opening of a Superdry store at Suntec City in Singapore. We currently operate eight standalone stores, two in Singapore, four in Malaysia and two in Indonesia.

The other half of our mainstay product, timepieces, has also been making significant headway in developing markets. In Indonesia, we were appointed authorised retailer for all Casio brands including their very popular G-Shock range, a market leader in this segment.

During the year, the Group also developed paper products and wipes under the brand Nootrees, which is 100% biodegradable made from bamboo and presently sold in Singapore. We are also testing this product in the US through 220 stores, and will be reviewing the results. From early indications, this eco-friendly product has been well received.

We have also developed a new division called Baby and Travel, and

CHIEF EXECUTIVE OFFICER'S REPORT

took on the agency of BABYZEN, a well-known international brand of baby strollers distributed in our markets. We will be adding more products in the baby/travel segment to be sold through our present distribution channels.

Fashion changes and being in a dynamic marketplace, we are constantly updating our brands portfolio to stay relevant to customers' needs and expectations of the brand experience. Management will continue to diligently scour the fashion world for new labels that will excite our customers in Southeast Asia and keep them coming to our stores.

TARGETING MILLENNIALS

In Singapore, as in the region, there has been a discernible shift in consumer taste and spending habits, especially among the millennials, those born between 1980 and 2000. By 2020, 60% of millennials will live in Asia, and will represent billions of dollars in purchasing power in the coming years. This is a generation that is more educated, technologically advanced, and more racially and culturally diverse than any previous generation. Research has shown that they value experiences over ownership of goods, and are increasingly spending time and money on them: from concerts and social events to athletic pursuits and travel. They rely less on traditional advertising and promotion to inform them on what to spend their money on, and instead are increasingly turning to social media, peers and influencers. As they come into their prime spending years, millennials are set to change the retail landscape. We have been reviewing our brands portfolio and have identified various brands and products, which are better suited for this group.

OMNICHANNEL STRATEGY

Much has been written about the rise of e-commerce and the impending demise of brick-and-mortar businesses. The reality for fashion retail tells a different story. Consumers buying fashion products are, by and large, still visiting stores and online share of fashion remains in low digits. In recent years, however, what is not as well publicised is the growing embrace of omnichannel marketing where retailers seek to offer consumers a more holistic experience by integrating both offline and online channels. This approach means that we can no longer look at physical stores in a binary manner but as a seamless whole, with offline and online channels complementing and feeding off one another. With the recent approval by our principals to develop this platform, we are now planning its implementation.

OUTLOOK

Whilst the outlook remains difficult, we believe we have made the necessary adjustments to our operations, costs etc. to allow us to operate in a more competitive manner.

We will continue to focus on growing our business and while market conditions remain uncertain, we are cautiously optimistic that our restructuring efforts are starting to bear fruits. Looking ahead, we are fully appreciative of the sacred trust our shareholders have placed in us, and we therefore feel an even greater sense of purpose and determination to achieve financial robustness amid the turbulent retail landscape.

APPRECIATION

I would like to thank the Board for their guidance, the management and staff for their commitment and hard work as they journeyed with us through the peaks and troughs of our business. I am also indebted to our principals/partners, bankers, and business associates for their continued support. Lastly, I would like to take the opportunity to thank our shareholders for their patience and support for us in these challenging times.

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

GEOGRAPHICAL PRESENCE

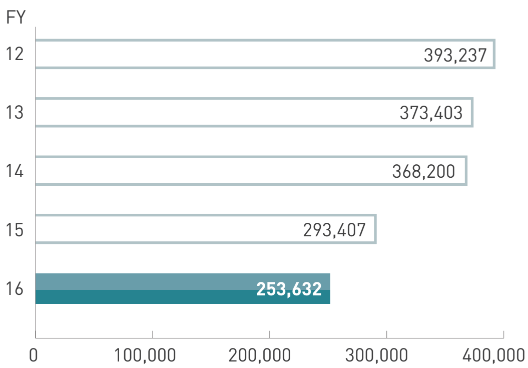
RETAIL FOOTPRINT

	FY 2016	FY 2015
Singapore	32	37
Malaysia	69	69
Indonesia	125	112
Total	**226**	**218**

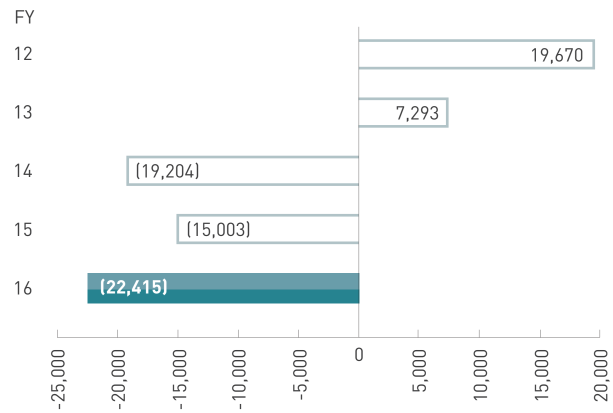
CORPORATE STRUCTURE

GROUP FIVE-YEAR FINANCIAL SUMMARY

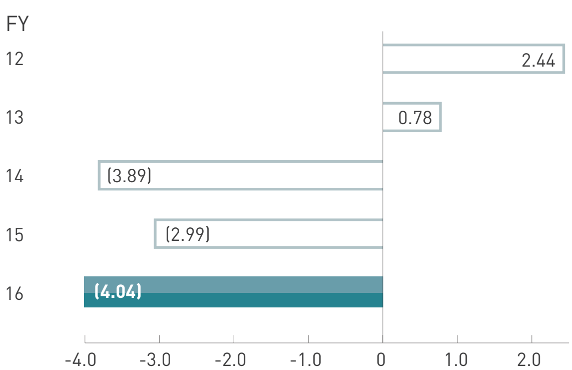
TURNOVER ($'000)



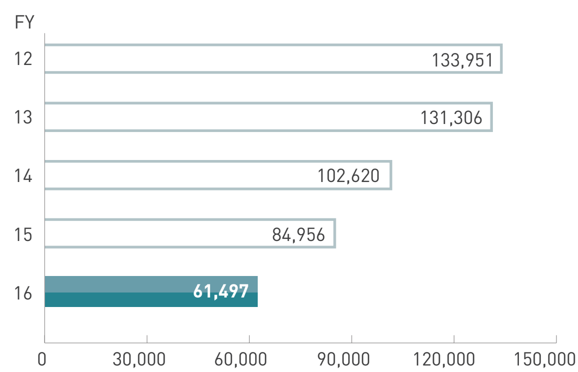
PROFIT/(LOSS) BEFORE TAXATION ($'000)



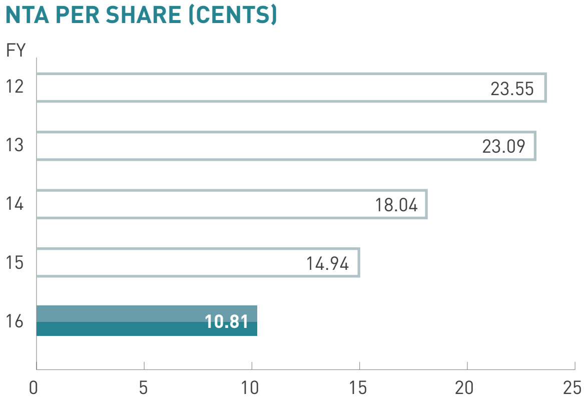
BASIC EARNINGS / (LOSS) PER SHARE (CENTS)



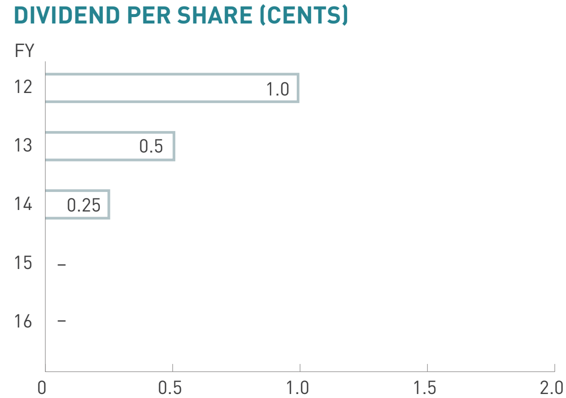
SHAREHOLDERS' EQUITY ($'000)



NTA PER SHARE (CENTS)



DIVIDEND PER SHARE (CENTS)



GROUP FIVE-YEAR FINANCIAL SUMMARY

	2012	2013	2014	2015	2016
	$'000	$'000	$'000	$'000	$'000
PROFIT & LOSS					
Turnover	393,237	373,403	368,200	293,407	**253,632**
Operating Profit / (Loss) before Borrowing Costs	21,757	9,833	(13,946)	(13,932)	**(19,796)**
Borrowing Costs	(2,663)	(3,307)	(3,572)	(3,227)	**(2,507)**
Share of Results of Associates	576	767	(1,686)	2,156	**(112)**
Profit / (Loss) Before Taxation	19,670	7,293	(19,204)	(15,003)	**(22,415)**
Profit / (Loss) After Taxation and Non-controlling Interest	13,898	4,447	(22,102)	(16,988)	**(22,959)**
Basic Earnings / (Loss) Per Share (cents)	2.44	0.78	(3.89)	(2.99)	**(4.04)**
Operating Margin (%)	5.6%	1.9%	-3.4%	-4.7%	**-7.8%**
BALANCE SHEET					
Non-Current Assets	61,920	55,648	50,058	56,217	**45,194**
Net Current Assets	81,942	82,834	62,622	32,158	**16,483**
Shareholders' Equity attributable to equity holders of the Company	133,951	131,306	102,620	84,956	**61,497**
Net Debt	52,108	69,328	80,029	46,064	**31,749**
Return on Equity (%)	10.4%	3.4%	-21.5%	-20.0%	**-37.3%**
Net Debt to Equity	0.39	0.53	0.78	0.54	**0.52**
Net Tangible Assets Per Share (cents)	23.55	23.09	18.04	14.94	**10.81**
Dividend Per Share (cents)	1.00	0.50	0.25	–	**–**

BOARD OF DIRECTORS

MR FRANK BENJAMIN

Date of appointment as Director:
5 June 1973

Date of last re-election:
28 October 2015

Nature of appointment:
Executive

Board committees served on:
Executive Committee (Chairman) and Nominating Committee

Mr Frank Benjamin is the Executive Chairman and founder of F J Benjamin. With more than 50 years of experience in the retail industry, Mr Benjamin formulates the Group's strategy for growth and future expansion. He is also responsible for defining the overall strategy and vision of the Group.

MR KEITH TAY AH KEE

Date of appointment as Director:
1 August 1996

Date of last re-election:
28 October 2015

Nature of appointment:
Independent

Board committees served on:
Executive Committee, Nominating Committee (Chairman) and Remuneration Committee

Mr Keith Tay is the Non-Executive Deputy Chairman of the Group. He was Chairman and Managing Partner of KPMG Peat Marwick from 1984 to 1993.

He sits on the boards of Rotary Engineering Limited and YTL Starhill Global REIT Management Limited. He has recently stepped down from the board of Singapore International Chamber of Commerce and that of Stirling Coleman Capital Ltd, of which he is co-founder and shareholder. He remains in an advisory capacity.

BOARD OF DIRECTORS

MR ELI MANASSEH (NASH) BENJAMIN

Date of appointment as Director:
26 July 1973

Date of last re-election:
31 October 2013

Nature of appointment:
Executive

Board committees served on:
Executive Committee

Mr Eli Manasseh (Nash) Benjamin is the Chief Executive Officer of the Group, and has been with F J Benjamin since 1968. He has over 40 years of experience in the fashion retail and timepiece distribution businesses. He is involved in the formulation of long-term corporate strategies and policies of the Group, maintains a close relationship with all the Group's principals and oversees the business development arm of the Group.

In 2007, Mr Nash Benjamin was awarded the Ernst & Young Entrepreneur of the Year Award in the Lifestyle category. He also won the Chief Executive Officer Award (market cap. below S$300 million) in 2009 at the Singapore Corporate Awards.

MR DOUGLAS BENJAMIN

Date of appointment as Director:
3 November 2000

Date of last re-election:
20 October 2014

Nature of appointment:
Executive

Board committees served on:
Executive Committee

With F J Benjamin since 1989, Mr Douglas Benjamin is the Chief Operating Officer of the Group. He works closely with Nash Benjamin to coordinate the Group's activities.

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

He sits on the board of trustees for the KK Hospital & Health Endowment Fund.

MS KAREN CHONG MEE KENG

Date of appointment as Director:
1 April 2005

Date of last re-election:
20 October 2014

Nature of appointment:
Executive

Board committees served on:
Executive Committee

Ms Karen Chong is the Chief Financial Officer and Company Secretary of the Group. She has been with the Group since 1997. She is a Fellow of CPA Australia, Association of Chartered Certified Accountants and a Fellow member of the Institute of Singapore Chartered Accountants. Prior to joining the Group, she was with a public accounting firm for several years and had accumulated more than 30 years of financial and operational experience in the local and overseas retail industry.

MR NG HIN LEE

Date of appointment as Director:
11 July 2014

Date of last re-election:
20 October 2014

Nature of appointment:
Independent

Board committees served on:
Audit Committee (Chairman)

Mr Ng Hin Lee has more than 30 years of financial experience and is a Fellow member of the Institute of Singapore Chartered Accountants. Prior to joining the Group, he was the Chief Financial Officer of Singapore Post Limited, Advanced Systems Automation Limited and Gul Technologies Singapore Limited where he was also the co-founder, Executive Director and member of the Audit Committee and Investment Committee. He currently sits on the boards of two non-listed companies.

BOARD OF DIRECTORS

MS WONG AI FONG

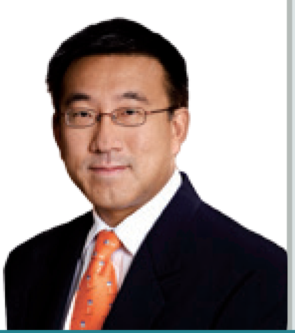
Date of appointment as Director:
3 November 2000

Date of last re-election:
25 October 2012

Nature of appointment:
Independent

Board committees served on:
Audit Committee and Remuneration Committee (Chairman)

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



MR CHEW KWEE SAN

Date of appointment as Director:
3 November 2008

Date of last re-election:
28 October 2015

Nature of appointment:
Non-Executive

Board committees served on:
Audit Committee and Remuneration Committee

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

MR DANIEL ONG JEN YAW

Date of appointment as Director:
30 November 2011

Date of last re-election:
28 October 2015

Nature of appointment:
Independent

Board committees served on:
Audit Committee and Nominating Committee

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

SENIOR MANAGEMENT

SINGAPORE

Ian Lim
Chief Executive Officer
F J Benjamin (Singapore) Pte Ltd

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

Odile Benjamin
Creative Director
Fashion Dynamics Singapore Pte Ltd

Mrs Odile Benjamin joined the Group in 1993 and heads the Creative & Design division.

Samuel Benjamin
Director – Luxury Fashions and Timepieces

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

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

Ben Benjamin
Director – Corporate Strategy & Business Development
F J Benjamin Holdings Ltd

Mr Ben Benjamin joined the Group in 2005 and was responsible for the overall business operations of the Group's luxury brands as well as the development and identification of new brands for the luxury fashion division.

Mr Benjamin oversees the corporate strategy and business development for the Group.

Winnie Ke
Assistant General Manager-Timepieces

Ms Winnie Ke joined the Group in 2015 and is responsible for the timepiece business in Singapore overseeing the overall operations, sales, brand building and growth of the distribution network.

MALAYSIA

Oon Lai Yeoh
Chief Executive Officer
F J Benjamin (M) Sdn. Bhd. and subsidiaries

Mr Yeoh Oon Lai joined the Group in 2012 with more than 10 years of experience in fashion retailing. He is responsible for the operations of F J Benjamin (M) Sdn. Bhd. and its subsidiaries.

Goretta Yeoh
Chief Financial Officer
F J Benjamin (M) Sdn. Bhd. and subsidiaries

Ms Goretta Yeoh has worked with the Company for more then 20 years and oversees the financial functions of the Group's entities in Malaysia.

Yap Fui Leng
Assistant General Manager
F J Benjamin (M) Sdn. Bhd. and subsidiaries

Ms Yap Fui Leng has worked 13 years with the Company and has a wealth of experience in the fashion retail industry. She heads the luxury business in Malaysia.

CÉLINE

Since the arrival of Phoebe Philo in 2008, Céline has renewed a reputation for creating exciting ready-to-wear, bags and footwear. At Céline, both innovation and timelessness are prized. The clear and sophisticated Céline style is instantly recognisable. It makes a confident and coherent statement across everything from the collections themselves to Céline's visual identity more broadly including typography, advertising campaigns and retail environment. A quietly revolutionary wish to move fashion forward is central to Céline's vision. That is equal only to the aim to provide women with a considerate, consistent and discreetly luxurious wardrobe that may be built upon each season. Céline is a luxury French fashion house headquartered in Paris, with a global reach across all markets and product categories.

Founded in 1952 by Hubert de Givenchy, Givenchy is an international luxury house known for its haute couture, ready-to-wear and accessories collections for men and women. Since 2005, Riccardo Tisci has been the creative director of women's haute couture, men's ready-to-wear and accessories. Twisting the codes of the house – cool chic, sobriety, femininity and aristocratic elegance – Riccardo Tisci adds dark romanticism and sensuality. He creates a silhouette combining pure lines with a graphic structure. True to the house's creative heritage and spirit, Riccardo Tisci brings the name of Givenchy into today's world while ushering it into the future.

GOYARD
233, RUE SAINT HONORÉ
PARIS

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

Under Francois's son Edmond, La Maison Goyard became the luggage-maker of the international set. As proof of its prestige, aristocratic families would have their Goyard luggage marked with their own coat of arms.

In 1998, Jean-Michel Signoles, an entrepreneur who created French children's clothing brand Chipie, bought over the 150-year old label from descendants of its original founders. He introduced new colours – such as white, blue and green, to brighten Goyard's traditional collection of dark colours.

Goyard is known for its hard-sided trunks and tote bags with its signature hand-painted chevron motif, which has been its definitive emblem since 1892. It is also renowned for monogramming its durable, lightweight bags with the initials of their customers upon request. Goyard's waterproof luggage bags are constructed from lightweight poplar and strong birch, with nickel hardware and leather trim. The fabric is made of linen, cotton and hemp woven together, and carefully treated in a painstaking manual process in its workshop at Carcassonne, France. The same workshop continues to produce special made-to-order bespoke pieces.

The brand has since grown to expand its repertoire beyond trunks, and today produces a collection of bags and small leather goods alongside its classic trunk range.

The Goyard boutique in Singapore opened in December 2013 at Ngee Ann City shopping centre.

LOEWE

Today, LOEWE approaches 170 years as one of the world's major luxury houses, defined by the modernity of its past, an unwavering confidence in the present, and a firm look forward. Craftsmanship, progress and unequalled expertise with leather, LOEWE's founding pillars are reconfigured with a timely awareness evident in desirable and functional products across multiple categories, including ready-to-wear, accessories, home and lifestyle.

Spain was where LOEWE was born and remains the brand's home. While its current landscape contains elements from places near and far and the Spanish legacy is expressed in modern ways, the heart of LOEWE still beats in Madrid, where all of its world-renowned leather goods continue to be manufactured.

Jonathan Anderson is LOEWE's creative director. Anderson was born in 1984 in Northern Ireland. After graduating from the London College of Fashion in 2005, he established himself as one of the most acclaimed talents in the industry.

Under Anderson, LOEWE started a new chapter, presenting itself to the world more multi-faceted and dynamic than ever.

Anderson's first ready-to-wear collections for LOEWE were presented in 2014.

Streamlined, ultrasoft renditions of the famous Amazona and Flamenco are among the most coveted bags available at the world's leading stores today, while the Puzzle, a completely new bag design by Anderson, his first for the house, adds a novel character to LOEWE's range of iconic accessories, pairing of-the-moment functionality and aesthetics with ingenious construction and incredible softness.

MARC JACOBS

Marc Jacobs International was founded in 1984 by Marc Jacobs and Robert Duffy. The brand now includes women's and men's ready-to-wear and accessories, a children's line called Little Marc Jacobs, as well as multiple award winning fragrances.

In Singapore, Marc Jacobs is located at Paragon, and will open in Takashimaya Shopping Centre in March 2017. A boutique in Kuala Lumpur is scheduled to open in November 2016 at KLCC, as well as one in Jakarta in March 2017.

TOM FORD

The TOM FORD boutique in Singapore opened on 29 April 2014 at The Shoppes at Marina Bay Sands. Beautifully outfitted in the monochrome palettes of pale gray and deep brown tones and accented with chrome and glass, visitors are able to shop in an elegant and private environment which surrounds them in an atmosphere of exclusivity and refined comfort. Modelled after the brand's New York flagship, it carries a complete range of TOM FORD men's and women's ready-to-wear and accessories, eyewear, fragrance, beauty and fine jewellery.

In March 2015, made-to-measure service was introduced for the first time in Singapore. Inspired by the sartorial traditions of English and Italian tailoring and created using the centuries-old craftsmanship of Italy, each private appointment with the made-to-measure specialist offers a complete world of deeply personalised luxury, reinvented for the discerning gentleman. The made-to-measure specialist visits Singapore two to three times a year; the client's suiting appointment with the specialist takes up to 90 minutes.

BANANA REPUBLIC

EST. 1978 | SAN FRANCISCO

To kick off the year, Banana Republic took the opportunity to celebrate the nation's birthday across Singapore, Malaysia and Indonesia with specially curated promotions to encourage customer engagement in the month of August.

During the holiday season, the brand spread joy through a referral promotion that served to reward customers and their friends when they shopped in-store in Singapore and Malaysia. In Singapore, the brand partnered with leading Chinese magazine, NUYOU, to commemorate its festive issue on "25 Men We Love" by running a comprehensive 360 campaign from pre-event social media contest, in-store shopping event to post-event advertising elements.

In Spring 2016, Banana Republic launched a new range of women's pants to meet the everyday needs of customers. To help customers find their perfect fit, targeted promotions with complimentary fitting sessions were run in-store across Singapore, Malaysia and Indonesia. At the same time, magazine partnership continued to take place with Her World in Singapore and Malaysia to educate customers on how to transform their closets with versatile quality pieces from the brand.

For the very first time, Banana Republic entered into Summer 2016 with a limited edition Ramadan collection that was introduced to customers with relevant promotions across Singapore, Malaysia and Indonesia.

"1969 New Generation" was the main creative force in Spring 2016 that gave a new spin on optimism and coolness by pairing powerful Americana moments with a message on free style. In the quest to celebrate the brand's heritage in denim and music, Gap partnered with creative collective, EATMEPOPTART, to successfully execute a 360 campaign from social media contest, in-store denim customisation activity to off-site finale party, which managed to put Gap in the spotlight amongst millennial customers in Singapore. At the same time, babyGap joined forces with Mr. Men and Little Miss to release a limited edition collection featuring beloved characters from the iconic children's books penned by British author, Roger Hargreaves. Specifically, this partnership also saw two new specially created characters, Mr. Gap and Little Miss Gap, who were based on the founders of Gap, Don and Doris Fisher. To tie back to this capsule collection, parents were rallied to take part in social media contests across Singapore and Indonesia to post their favourite moments from their children and win attractive prizes. In Malaysia, an in-store shopping event with easy-to-participate activities was run for parents and their children to shop the collection.

Last but not least, Gap kicked off Summer 2016 with a curated collection for Ramadan across GapKids and babyGap. To help celebrate this occasion with the Muslim customers in Malaysia and Indonesia, several interesting traffic driving activities were piloted for in-store engagement.

GUESS

Established in 1981 by the Marciano brothers, GUESS began as a jeans company and has since successfully grown into a global lifestyle brand. Today GUESS continues to design, market, distribute and house a lifestyle collection of contemporary apparel, denim, handbags, watches, footwear and accessories.

Throughout the decades, GUESS made its presence known by portraying unforgettable, innovative and iconic campaigns that have made the brand a household name. GUESS became a symbol of a young, sexy and adventurous lifestyle. GUESS is also notorious in molding unknown faces into famous models.

Today, with a long standing partnership between F J Benjamin and GUESS Inc., the retail footprint of GUESS has far extended from a single modest store at Wisma Atria in Singapore dated back in May 1991, to a total of 95 stores across Singapore, Malaysia and Indonesia.

In March 2016, GUESS Singapore relocated its store premise at The Shoppes at Marina Bay Sands to introduce a new contemporary store concept. The new C 5.1 concept GUESS boutique stamping from approximately 3,300 square feet was the first one-of-the-kind launched worldwide. Shortly after, in May 2016, Malaysia had also introduced the equivalent boutique concept at the Suria KLCC shopping mall.

The new layout celebrates the GUESS heritage through stunning imagery while emphasising visual merchandising and product displays. White shelving along the walls hosts the brand's fashion-forward clothing, while a curated assortment of handbags and shoes are featured throughout the store, and accessories are displayed in a sleek central display. To further enhance the customer experience, the store features fully-accessorised 'must-have' looks, with the iconic world-renowned GUESS logo making every style instantly recognisable.

In the new financial year, the Group will continue to enhance the brand and refresh key stores in the region with the introduction of its latest retail concept.

GUESS ACCESSORY

With a comprehensive collection of watches, bags, shoes, jewellery, sunglasses and perfume, the Guess Accessory Store (GAS) concept has established itself as a leader in providing one-stop fashion accessories services to the customer.

The Guess Accessory Store continues to reinvent itself and refresh its store concept product offerings to complete the lifestyle needs of an aspirational young adult.

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

THE GLOBAL DESTINATION FOR THE SEXIEST FASHION LINGERIE AT A GREAT VALUE

La Senza offers women a unique shopping experience with the trendiest lingerie presented in a fun and sexy environment: featuring bras, panties and playfully sexy lingerie.

Since the first store was opened in 2003, La Senza has maintained a focused vision of trendy, affordable lingerie for our international party girl. The La Senza brand name has become synonymous with high emotion, fast fashion and affordability.

Currently, La Senza owns and operates 125 stores throughout Canada, and 262 stores through its franchise-operated stores in more than 27 countries around the world. In the fall of 2016, La Senza will expand to the U.S. with four store openings.

As at June 30 2016, the Group operated a total of 29 stores, five in Singapore, 12 in Malaysia and 12 in Indonesia.

La Senza

PrettyBallerinas

Pretty Ballerinas is a Spanish footwear brand known for its ballerina-style shoes under the Mascaro family, which is a prestigious Spanish shoemaker hugely popular in Spain and abroad. Mascaro was initially founded in Ferreries, Menorca in 1918 as a workshop making handmade ballet slippers.

Today, Pretty Ballerinas has evolved and become a favourite amongst celebrities over the world. The footwear is ethically sourced and handmade in the island of Menorca, Spain. Every season, a huge array of styles and colours would be introduced for customers to shop for.

Supermodels such as Kate Moss, Claudia Schiffer and Elle Macpherson have been seen wearing Pretty Ballerinas. Other celebrities photographed wearing Pretty Ballerinas include Angelina Jolie, Katherine Heigl, Kelly Osbourne, Kylie Minogue and Lily Allen.

極度乾燥(しなさい) Superdry.

Superdry is a global lifestyle brand designed for attitude, not age. Inspired by Japanese graphics and vintage Americana, it fuses incredible tailoring, high-quality fabrics and intricate detailing to create future classics. Born after an inspirational trip to Tokyo in 2003, the brand was established by Julian Dunkerton and James Holder. The journey of becoming a global lifestyle brand is a true British fashion success story with a DNA synonymous with premium quality, world-leading hand-drawn graphics and British tailored cuts. Such iconic distinctiveness has gained the brand exclusive appeal as well as an international celebrity following.

Launched to fill a gap in the market, Superdry has upheld its reputation for innovation. The initial collection of five t-shirts, including the Osaka 6 worn by David Beckham, has grown into seasonal collections for men and women comprising thousands of items and over 500 distinctive logos. Additional ranges such as Snow, Accessories, Fragrance and Sport have truly transformed Superdry into an aspirational lifestyle brand. It's not just about producing a great-looking tee or hoodie; it's about capturing the brand's heritage and values in every unique design, creating products that are bespoke and that can be worn year after year.

Opening its flagship store on London's Regent Street at the end of 2011, Superdry earned its place among the great British retail brands. In the same year, the collaboration with contemporary tailor Timothy Everest showcased at the first ever London Collections: Men. Womenswear followed suit in 2013 with a collection of four iconic jackets. A collaboration with Golden Globe-winning actor Idris Elba launched in AW15 with a 24-hour collection for men. The star will be launching his second collection with the brand for SS16. Superdry Sport for Women launched in 2015 featuring high-performance fabrics and on-trend colours, with Superdry Sport for Men set to launch this year.

Now sold in more than 100 countries worldwide, Superdry has true global reach. Collections of depth and style are sold via more than 400 global retail points, from Europe and Asia to the US and Canada. With exciting Global expansion planned with bold collections pushing the brand forward each season, Superdry's status as one of the world's most innovative aspirational lifestyle brand will continue to soar.

VNC

VNC was among the first Malaysian brands to push the boundaries in footwear by introducing hot off the runway styles to mass market at incredibly affordable prices.

Although VNC's main focus is on footwear and carrywear, the accessories line nicely completes the brand to target women of all age groups.

There are currently 10 stores in Jakarta, Surabaya and Yogyakarta. By 2017, the brand will be expanding to Bali, Bandung and Medan.

Sheridan was founded in 1967 by Claudio Alcorso, who paved the way for the Australian textile and creative industries with his pioneering spirit. As a boy working in the family textile business in Rome, he acquired a knowledge and love of textiles and brought an inherent understanding of the importance of quality and craftsmanship to Australia that would act as the foundation of this new business. The finest materials and highest quality testing standards ensured each product was crafted to last. This creative and quality driven legacy still remains woven throughout Sheridan today.

Claudio Alcorso sought to bring art into the home, combining the inspirational with everyday living in a uniquely Australian way. Claudio's passion to "bring creative thought and beauty into everyday things of life" continually inspires the unique textile designs.

Well known and loved in Australia as well as around the world, the Sheridan Collection is available in selected stores across Southeast Asia. F J Benjamin has, for more than 20 years, exclusively distributed Sheridan bedlinen. As at June 30 2016, the points-of-sale in Southeast Asia included Singapore, Malaysia, Philippines and Indonesia.

Alpina
1883 GENEVE

Alpina, famous for its red triangle signature, is a fine watch manufacturer based in Geneva, Switzerland. Founded in 1883, Alpina's watchmaking history spans more than 130 years.

From the very beginning, as far back as 1883, Alpina has been associated with horological innovation. Whether it was their innovative way of creating an excellent working environment, or through the introduction of new quality control criteria before anyone else, Alpina has always sought ways to improve how things are done.

A true pioneer of the Swiss watchmaking industry, Alpina has been the source of numerous innovations, patents and calibers. With the birth of its legendary Alpina 4 in 1938, Alpina invented the concept of the sport watch, as we know it today. Faithful to its long tradition of creating mechanical calibers, Alpina manufactures from its Geneva manufacturing facility, four movements in-house.

Alpina's mission is to design and engineer luxury sports watches that operate with the greatest precision and reliability possible in the most demanding sporting environments, like the Alps. Today, the ideals and innovation upon which Alpina was founded on are still alive in their Geneva manufacture.

Bell & Ross
TIME INSTRUMENTS

"Because he wants to reach for stars and explore the ocean depths, because he lives out his passions to the full, man has always measured himself against time. To turn a few seconds into a moment of eternity"
– A phrase that epitomises the drive behind Bell & Ross in their endeavor to create exceptional watches.

Bruno Belamich, the Artistic Director and Carlos Rosillo, the CEO, are the founders of Bell & Ross. Its headquarters is in France and its distribution network stretches over 42 countries around the world covering Europe, America and Asia.

Bruno Belamich distinctly defines the basis of a Bell & Ross watch as he says "The aesthetics of our watches stem from a principle that is dear to all designers: function determines form." Designed so that each function is optimised and to ensure that the essential is never compromised by the superfluous, Bell & Ross watches are, above all, authentic. A Bell & Ross timepiece is created based on four crucial elements i.e. readability, performance, precision and water-resistance.

The Group operates the Bell & Ross boutiques in Singapore, Malaysia and Indonesia.

Swiss watchmaker Frédérique Constant is known for its classical and refined timepieces of exceptional value. Its clean lines and classic appearance are the hallmarks of every watch within the Classics Collection. Other attributes include reliability and durability. Every timepiece within the Classics Collection has been engineered to the most exacting standards.

Frédérique Constant's concept of providing accessible luxury timepieces stays true to the tradition of providing luxury items for an owner's personal satisfaction.

At the 2016 Baselworld, the brand announced its new global charity ambassador Gwyneth Paltrow. Strongly involved in charity work, Gwyneth Paltrow and Frédérique Constant are supporting DonorsChoose with a new international charity advertising campaign. The Oscar-winning actress and the Delight Automatic are a match made in heaven. With her natural elegance and her touching beauty, Gwyneth Paltrow embodies perfectly the Classics Delight Collection – classical, elegant and feminine.

FREDERIQUE CONSTANT
GENEVE

CASIO

In April 2016, our associate company PT. Gilang Agung Persada was appointed as one of CASIO's retailers in Indonesia. Our main focus is to develop CASIO's presence in the modern retail environment, including CASIO Boutiques, CASIO Kiosks as well as in watch retail stores and department stores. In addition, together with CASIO's principal, we will further develop CASIO's brand image in Indonesia.

GUESS

GUESS Watches presents a fashionable and restored take on boho chic and masculine strides in this luxurious collection of serene, sky blues and dark browns for a classic accompaniment every time.

For her, this luminous look of GUESS Watches' newest pieces embraces the lighter side of the denim-friendly blue hue. The colour combination takes flight with a polished silver case encrusted with crystals and a light blue, textured multifunctional dial. The complementing chambray glitter strap completes the look making this a must have accessory this season for every GUESS girl.

For him, this seasons-inspired sport luxe styles features combinations of polished brown hues and blue silicone with textured multifunction dials. Perfect for the men on the move, these styles are subtle yet striking, coming together to create show-stopping styles for the season.

Gc

SMART LUXURY™

Gc is distributed in 70 countries worldwide including its own network of boutiques. Gc offers a unique combination of expressive European design, full of attention to detail, and prestige materials to fashion-savvy quality-seeking clientele. All timepieces are equipped with a Swiss precision movement. Gc customers are proud of their fashionable choice and for many GUESS aficionados, Gc offers them a way to move into the Swiss-made world whilst keeping close to the brand they love.

NAUTICA

Founded in 1983, Nautica is a leading water-inspired global lifestyle brand with apparel for men, women and children, accessories and a complete home collection. Nautica products are classics that are rich in performance, colour and authentic style.

The brand's nautical heritage of love and respect for water, everywhere, everyday, is reflected in every aspect of its brand categories. Quality products are crafted with integrity and are enhanced with performance capabilities.

Over the past three decades, Nautica has become one of the most important and most recognised American brands throughout the world. For its signature nautical flag collection, the NCT 16 Flag offers a classic twist to a sporty style. This new flag watch, like its predecessors, features nautical flag icons as the hour markers on the dial. Each flag corresponds to a letter of the alphabet spelling out "Nautica Sport". Utilising a Japanese chronograph movement and set in a sleek 44mm stainless steel case, the watch has a pop of colour on the pusher at 2 o'clock to add to its unique, masculine style.

極度乾燥(しなさい) Superdry. watches

The Superdry brand, inspired by the founders Julian Dunkerton and James Holder, is at the heart of the business. Superdry is an innovative British premium lifestyle brand with global appeal. It's accessible to everyone. It's a democratic brand. Our customer is not defined by age but by attitude. It has wide appeal, capturing elements of "urban" and "streetwear" designs with subtle combinations of vintage Americana, Japanese imagery and British tailoring, all with strong attention to detail.

Superdry has already attained international recognition and enjoys celebrity-generated publicity from the likes of Idris Elba, David Beckham, Zac Efron and Helena Christensen, to name but a few.

The Superdry Urban Floral Watch features the iconic Vintage Superdry logo branded face, three hand quartz movement, silicone strap with a stainless steel buckle fastening and a printed floral design. The case of the Urban watch also features the logo in relief on the side.

VICTORINOX SWISS ARMY

Victorinox Swiss Army has been producing precision instruments that stand the test of time since 1989. Each one is crafted and designed to strike the perfect balance between performance and timeless elegance. By the time one puts a Victorinox watch on his wrist, it would have already passed over 100 quality control tests; the wearer can count on it under any circumstance.

The I.N.O.X. Professional Diver is an ISO 6425 certified diving watch that combines the strength of I.N.O.X. with the features divers count on. The unidirectional rotating bezel features a count-up scale so you'll always know where you stand, and the new bright yellow colour option ensures that visibility stays high even at the murkiest depths.

WATCH ZONE

Watchzone is a multi-brand retail store that houses some of the world's most popular Swiss-made and lifestyle timepieces, a one-stop shopping destination for brands such as Gc, Victorinox Swiss Army, GUESS Watches, CASIO, Nautica, Calvin Klein, Tissot, Rado and Mido. It is currently available in prominent malls and shopping centres at major cities all around Indonesia, including Jakarta, Surabaya, Bandung and Medan. Selected Watchzone outlets also provide maintenance and repair services, offering customers the ultimate convenience.

WATCH engine

Watch Engine is another multi-brand retail store that offers fashionable lifestyle watches for our young and dynamic customers. This urban store concept offers a huge collection of international lifestyle watch brands including GUESS Watches, Gc, Victorinox Swiss Army, Calvin Klein, Nautica, Superdry Watches, Kenzo, Karen Millen and Ben Sherman.

NooTrees

It's cool to care

At NooTrees, we pride ourselves in designing and producing the most environmentally safe and sustainable consumer product possible.

NooTrees Pte Ltd is focused on providing world class bamboo-based, 100% sustainable and 100% biodegradable products for both consumers and businesses alike.

More than 27,000 trees are cut down just to make toilet paper each day. That is enough toilet paper to wrap around the equator over 118 times a day, every day. We think this needs to stop. Not only because of the environmental impact it causes today, but for the long term sustainability of the earth for the future.

BABYZEN™

BABYZEN™ was founded in Provence, France, by a group of five Frenchmen, with the common goal of creating a new generation of strollers designed to fit the lifestyle of today's urban parents.

From its launch in 2010, BABYZEN's strategy was to present products in premium points-of-sale in the largest number of big cities throughout the world. BABYZEN products are sold in more than 60 countries on the five continents.

Born in 2012, the YOYO stroller is the urban stroller for parents on the move. It is lighter, extremely compact and is even certified by airlines as a carry-on luggage.

The new YOYO+, launched early 2016, brings even more features to the stroller. Arriving just at the right moment to shake up the market again, YOYO+ is tomorrow's stroller today.

F J Benjamin Group was appointed sole distributor for the brand in 2015 for Singapore, Malaysia and Indonesia.

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 2012 (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. 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 is also provided at management level to facilitate operational efficiency.

To facilitate effective management, certain functions have been delegated to various Board Committees, 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 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	2	1	1	NA	NA	NA	NA
Keith Tay Ah Kee	4	4	3	3	1	1	1	1	NA	NA
Eli Manasseh (Nash) Benjamin	4	4	3	3	NA	NA	NA	NA	NA	NA
Douglas Benjamin	4	4	3	2	NA	NA	NA	NA	NA	NA
Karen Chong	4	4	3	3	NA	NA	NA	NA	NA	NA
Ng Hin Lee	4	4	NA	NA	NA	NA	NA	NA	4	4
Wong Ai Fong	4	4	NA	NA	NA	NA	1	1	4	4
Chew Kwee San	4	4	NA	NA	NA	NA	1	1	4	4
Daniel Ong Jen Yaw	4	3	NA	NA	1	–*	NA	NA	4	3

* Overseas. Director was unable to return in time due to a last minute emergency matter that required his urgent attention.

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. The Company informs Board members from time to time of changes in relevant regulatory and accounting standards requirements. Directors are provided with opportunities for continuing education or briefings in areas such as directors' duties and responsibilities, changes to regulations and accounting standards and industry-related matters, so as to be updated on matters that affect or may enhance their performance as Board or Board Committee members. In addition, Directors are invited from time to time to attend professional programmes for Directors conducted by the Singapore Institute of Directors and other relevant bodies. The Company has an on-going training budget for the Directors to fund their participation at industry conferences and seminars, and their attendance at any training programme in connection with their duties as directors.

CORPORATE GOVERNANCE REPORT

Board Composition and Balance – Principle 2

As at the end of the financial year, the Board comprises nine Directors, four 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 has determined that Mr Keith Tay be considered independent notwithstanding that he has served on the Board for more than nine years as he has consistently exercised strong independent judgement in the best interests of the Company in the discharge of his Director's duties in the Board and Board Committees. Mr Keith Tay has no association with the Management that could compromise his independence.

The Board has also determined that Ms Wong Ai Fong be considered independent notwithstanding that she has served on the Board for more than nine years as she has continued to demonstrate strong independence in character and judgement in which she has discharged her responsibilities as a Director in the Board and Board Committees. Ms Wong Ai Fong has no association with the Management that could compromise her independence.

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

Chairman and Chief Executive Officer – Principle 3

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

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

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

The Group believes that the appointment of a lead independent director for ease of contact by shareholders is unnecessary as the respective Independent Directors are well-known personages in their fields of expertise and they have demonstrated high commitment in their role as Directors and have ensured that there is a good balance of power and authority.

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.

CORPORATE GOVERNANCE REPORT

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

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

Changes to regulations are closely monitored by the Management and the Directors are briefed during the Board meetings on changes which have an important bearing on the Company or the Directors' disclosure obligations.

NOMINATING COMMITTEE (NC)

The NC is chaired by Mr Keith Tay and its members are Mr Frank Benjamin and Mr Daniel Ong. With the exception of Mr Frank Benjamin, the other two are Independent Directors.

Board Membership – Principle 4

In accordance with the Constitution, 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 review the Board structure, size, composition and independence;

(b) to make recommendations to the Board on all Board appointments and re-appointments, including making recommendations on the composition of the Board;

(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 review training and professional development programs for the Directors;

(e) to determine independence of each Director; and

(f) 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 Board believes that each Director should personally determine the demands of his/her competing directorships and obligations and assess how much time is available to serve on the Board effectively. Accordingly, the Board has reviewed and is satisfied with the time commitment of the Directors and has not made a determination of the maximum number of board representations a Director may hold.

The NC is responsible for the selection, appointment and reappointment of Directors.

(a) The NC carries out a review of the Board composition at least annually as well as on each occasion that an existing Director gives notice of his/her intention to retire or resign.

CORPORATE GOVERNANCE REPORT

(b) The NC identifies suitable candidates for appointment to the Board after considering the skills required in the Board to achieve the Group's strategic and operational objectives.

(c) All Directors must submit themselves for re-appointment at regular intervals of at least once every three years. Article 102 of the Company's Constitution provides that one-third of the Directors shall retire from office by rotation and be subject to re-appointment at the Company's AGM.

(d) The NC takes into consideration the Directors' contribution and performance in its deliberations on the re-appointment of existing Directors. The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board committees as well as the quality of intervention and special contribution.

The profile and information of the Directors as at the date of this report are set out on pages 13 to 16 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 Ms Wong Ai Fong and its members are Mr Keith Tay and Mr Chew Kwee San. All the Directors are Non-executive Directors. With the exception of Mr Chew Kwee San, the other two Directors are Independent Directors.

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

The remuneration package comprises a fixed component and a variable component. The fixed component is in the form of a basic salary while the variable component is in the form of a performance bonus which is linked to the Group and individual performance.

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

No remuneration consultants were engaged by the Company in the financial year ended 30 June 2016.

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**
Executive Directors					
$500,000 to $749,999					
Mr Eli Manasseh Benjamin	–	97%	–	3%	100%
Mr Douglas Benjamin	–	92%	–	8%	100%
			–		
$250,000 to $499,999					
Mr Frank Benjamin	–	92%	–	8%	100%
Ms Karen Chong	–	95%	–	5%	100%
Non-Executive Directors					
Below $250,000					
Mr Keith Tay	100%	–	–	–	100%
Mr Ng Hin Lee	100%	–	–	–	100%
Ms Wong Ai Fong	100%	–	–	–	100%
Mr Chew Kwee San	100%	–	–	–	100%
Mr Daniel Ong	100%	–	–	–	100%

At the last AGM, shareholders has approved payment of additional directors' fees of S$12,000 for the financial year ended 30 June 2015. However, no payment was made as the Directors have indicated their intention to waive receipts of these fees.

CORPORATE GOVERNANCE REPORT

Total amount paid as Directors' Fees for the financial year ended 30 June 2016 was S$325,000 despite shareholders' approval for payment of directors' fees up to S$425,000 at the last AGM held on 28 October 2015.

The top five key management personnel of the Group who are not Directors of the Company and whose remunerations fall within the following band are as follows:

Range of Remuneration	No. of Executives
$250,000 to $499,999	5
Total	$1,583,776

The Board is of the view that disclosure of the remuneration details of each director and key management personnel as recommended by the Code will reveal commercially-sensitive information to competitors. Given the highly competitive talent market in the niche industry, it is in the best interests of the Group that specific details of the remuneration of each director and key management personnel be kept confidential.

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

Relationship	Basic Salary and allowance	Variable Performance Bonus	Benefit-in-kind	Total
$300,000 to $349,999				
Samuel Benjamin Son of Chairman	91%	–	9%	100%
$250,000 to $299,999				
Odile Benjamin Wife of Executive Director, Douglas Jackie Benjamin	97%	–	3%	100%
Mavis Benjamin Wife of Chairman	93%	–	7%	100%
$100,000 to $149,999				
Ben-Judah Benjamin* Son of Chairman	97%	–	3%	100%

* On 50% work week.

AUDIT COMMITTEE (AC)

Accountability and Audit – Principles 10 and 12

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 comprises Mr Ng Hin Lee (Chairman), Ms Wong Ai Fong ,Mr Chew Kwee San and Mr Daniel Ong. With the exception of Mr Chew Kwee San, the other three Directors are Independent Directors.

CORPORATE GOVERNANCE REPORT

The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities, with the members, including the Chairman, having accounting or related financial management expertise and experience. The members of the AC keep abreast of relevant changes to accounting standards and issues which have a direct impact on the financial statements, through regular updates from the External Auditor or other professionals.

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

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

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

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

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

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

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

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

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

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

The AC also reviewed the adequacy of the whistle blowing policy instituted by the Company through which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective of such policy is to ensure that arrangements are in place for independent investigation of such matters and for appropriate follow-up actions. The AC confirms that no reports have been received under the policy.

In FY2016, a total of four AC meetings were held. The AC also held one meeting with the External Auditors and the Internal Auditor without the presence of the Management, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors.

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

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. Fees of $404,000 were paid to the External Auditor of the Group during the year for audit and non-audit services. Of this, fees for non-audit services amounted to $121,000.

CORPORATE GOVERNANCE REPORT

Risk Management and Internal Controls – Principle 11

The Board, with the assistance from the Executive and Audit Committees, is responsible for the governance of risk by ensuring that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Group has established and implemented a risk management framework for the identification, assessment, monitoring and reporting of significant risks. The Board oversees the Management in the formulation, update and maintenance of an adequate and effective risk management framework, while the AC reviews the adequacy and effectiveness of the risk management and internal control systems, including financial, operational, compliance and information technology controls, on an annual basis.

The Group maintains a risk register which identifies the material risks faced by the Group and the internal controls in place to manage or mitigate those risks. The risk register is updated by the business and corporate executive heads in the Group regularly and the AC reviews the risk register on a half yearly basis. The Internal Audit function takes into consideration the risks identified and assessed in the register and prepares the audit plan. The audit plan is approved by the AC. The Internal Audit function reports all audit findings and recommendations to the AC on a quarterly basis and follows up on all recommendations to ensure timely remediation of audit issues.

While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal 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 the internal controls, the Board has had regard to the risks which the business is exposed to and the costs of protecting against such risks.

The Board has received assurance from the CEO and the CFO during the meetings of the Board and Audit Committees that:

(1) the financial records have been properly maintained and the financial statements for the year ended 30 June 2016 give a true and fair view of the Company's operations and finances; and

(2) the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Based on the internal controls established and maintained by the Group, work performed by the Internal Auditors, External Auditors' report on their financial audit, reviews performed by management, various Board Committees and the Board, as well as the assurance received from the CEO and the CFO, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls addressing financial, operational, compliance and information technology risks were adequate as at 30 June 2016.

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. The AC approves the hiring, removal and evaluation of the Internal Auditor.

CORPORATE GOVERNANCE REPORT

His responsibilities include the review of the effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls and risk management.

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

EXECUTIVE COMMITTEE (EC)

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

SHAREHOLDERS

Shareholder rights – Principle 14
Communication With Shareholders – Principle 15

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.

Dividend policy

The Board aims to declare and pay annual dividend. In considering the level of dividend payments, the Board takes into account various factors including:

- the level of available cash;
- the return on equity and retained earnings; and
- the projected levels of capital expenditure and other investment plans.

Encourage Greater Shareholders' Participation – Principle 16

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 Constitution permit a member entitled to attend and vote to appoint up to two proxies to attend and vote on his or her behalf. The Company's Constitution 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. Voting at the annual general meeting will be by way of poll. Announcement on the poll results (showing the number of votes cast for and against each resolution and the respective percentages) will be released after the meeting via SGXNet.

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 2016, there were no material interested person transactions entered into.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The Directors 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 2016.

OPINION OF THE DIRECTORS

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on the 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.

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 Ng Hin Lee	–	Independent Director
Ms Wong Ai Fong	–	Independent Director
Mr Chew Kwee San	–	Non-Executive Director
Mr Daniel Ong Jen Yaw	–	Independent Director

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Holdings registered in the name of Director or nominee			Holdings in which a Director is deemed to have an interest		
Name of Director	At 1.7.2015	At 30.6.2016	At 21.7.2016	At 1.7.2015	At 30.6.2016	At 21.7.2016
Ordinary shares						
Mr Frank Benjamin	39,191,000	39,191,000	39,191,000	–	–	–
Mr Keith Tay Ah Kee	256,000	256,000	256,000	–	–	–
Mr Eli Manasseh Benjamin	24,310,050	24,310,050	24,310,050	–	–	–
Mr Douglas Jackie Benjamin	120,000	120,000	120,000	10,000	10,000	10,000
Ms Wong Ai Fong	35,000	35,000	35,000	–	–	–

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

DIRECTORS' 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.

DIRECTORS' STATEMENT

AUDIT COMMITTEE

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

Mr Ng Hin Lee (Chairman)
Ms Wong Ai Fong
Mr Chew Kwee San
Mr Daniel Ong Jen Yaw

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 auditors. 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.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

Eli Manasseh Benjamin
Director

Karen Chong Mee Keng
Director

Singapore
26 September 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of F J Benjamin Holdings Ltd

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of F J Benjamin Holdings Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 53 to 113, which comprise the balance sheets of the Group and the Company as at 30 June 2016, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's 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 about 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 judgment, 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 of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

To the Members of F J Benjamin Holdings Ltd

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

26 September 2016

CONSOLIDATED INCOME STATEMENT

for the financial year ended 30 June 2016

(In Singapore Dollars)

	Note	Group 2016 $'000	Group 2015 $'000
Revenue	5	253,632	293,407
Other income, net	6	800	18,848
Interest income		299	217
		254,731	312,472
Costs and expenses			
Cost of goods sold		(155,776)	(171,568)
Staff costs	7	(36,267)	(46,606)
Rental of premises		(42,773)	(55,635)
Advertising and promotion		(5,988)	(8,970)
Depreciation of property, furniture, fixtures and equipment	12	(5,821)	(8,196)
Other operating expenses		(28,035)	(30,954)
Total costs and expenses	8	(274,660)	(321,929)
Operating loss		(19,929)	(9,457)
Interest expense	9	(2,507)	(3,227)
		(22,436)	(12,684)
Loss on disposal of subsidiary		–	(1,127)
Foreign exchange gain/(loss), net		133	(3,348)
Share of results of associates, net of tax		(112)	2,156
Loss before taxation from continuing operations		(22,415)	(15,003)
Taxation	10	(544)	(629)
Net loss for the financial year		(22,959)	(15,632)
Loss attributable to:			
Equity holders of the Company		(22,959)	(16,988)
Non-controlling interests		–	1,356
		(22,959)	(15,632)
Loss per share attributable to equity holders of the Company	11		
Basic (cents)		(4.04)	(2.99)
Diluted (cents)		(4.04)	(2.99)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 30 June 2016

(In Singapore Dollars)

	Group	
	2016 $'000	2015 $'000
Loss for the year	(22,959)	(15,632)
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(500)	651
Total comprehensive loss for the year	(23,459)	(14,981)
Total comprehensive loss attributable to:		
Equity holders of the Company	(23,459)	(16,242)
Non-controlling interests	–	1,261
	(23,459)	(14,981)

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

BALANCE SHEETS

as at 30 June 2016

(In Singapore Dollars)	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current assets					
Property, furniture, fixtures and equipment	12	12,819	15,080	49	242
Subsidiaries	13	–	–	21,141	80,851
Investment in associates	14	516	3,138	–	–
Mandatory convertible bonds	15	29,862	29,862	–	–
Other receivables	16	1,069	1,631	–	–
Deferred tax assets	25	928	1,006	–	–
Loan to related party of associate	26	–	5,500	–	–
		45,194	56,217	21,190	81,093
Current assets					
Inventories	17	54,808	74,257	–	–
Investment securities	18	167	1,642	–	–
Trade debtors	19	20,603	31,838	–	–
Other debtors	20	15,012	16,036	39,863	31,536
Loan to related party of associate	26	5,500	–	–	–
Prepayments and advances		716	2,070	51	28
Tax recoverable		1,099	3,025	–	–
Cash on hand and at banks	30	3,446	5,555	125	3,545
		101,351	134,423	40,039	35,109
Current liabilities					
Trade and other creditors	21	49,785	51,366	2,172	1,840
Finance lease creditors	22	146	171	146	137
Bank borrowings	23	34,937	50,685	–	–
Provision for taxation		–	43	–	–
		84,868	102,265	2,318	1,977
Net current assets		16,483	32,158	37,721	33,132
Non-current liabilities					
Finance lease creditors	22	112	263	112	253
Bank borrowings	23	–	500	–	–
Other liabilities	24	28	2,616	–	–
Deferred tax liabilities	25	40	40	–	–
		180	3,419	112	253
Net assets		61,497	84,956	58,799	113,972
Equity attributable to equity holders of the Company					
Share capital	27	165,447	165,447	165,447	165,447
Foreign currency translation reserve	28	(26,767)	(26,267)	–	–
Accumulated losses		(77,183)	(54,224)	(106,648)	(51,475)
		61,497	84,956	58,799	113,972
Non-controlling interests	29	–	–	–	–
Total equity		61,497	84,956	58,799	113,972

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 2016

(In Singapore Dollars)

	Note	Attributable to equity holders of the Company				
		Share Capital $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Non-controlling interests $'000	Total equity $'000
Group						
At 1 July 2015		165,447	(26,267)	(54,224)	–	84,956
Loss for the year		–	–	(22,959)	–	(22,959)
Other comprehensive loss						
Foreign currency translation		–	(500)	–	–	(500)
Total comprehensive loss for the financial year		–	(500)	(22,959)	–	(23,459)
At 30 June 2016		165,447	(26,767)	(77,183)	–	61,497
At 1 July 2014		165,447	(27,013)	(35,814)	(766)	101,854
Loss for the year		–	–	(16,988)	1,356	(15,632)
Other comprehensive gain/(loss)						
Foreign currency translation		–	746	–	(95)	651
Total comprehensive loss for the financial year		–	746	(16,988)	1,261	(14,981)
Changes in ownership interests in subsidiaries						
Acquisition of non-controlling interests without a change in control		–	–	–	(124)	(124)
Disposal of subsidiary		–	–	–	(371)	(371)
Total changes in ownership interests in subsidiaries		–	–	–	(495)	(495)
Dividends paid on ordinary shares, representing total contributions by and distributions to equity holders	39	–	–	(1,422)	–	(1,422)
At 30 June 2015		165,447	(26,267)	(54,224)	–	84,956

Included in the Group's accumulated losses are certain profits of approximately S$7,000 (2015: S$7,000), which was set aside by the Group's Chinese subsidiary when it generated profits. The said profits are restricted in use as required by the relevant laws and regulations of the People's Republic of China.

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2016

(In Singapore Dollars)

	Note	Share capital $'000	(Accumulated losses) / Retained earnings $'000	Total equity $'000
Company				
At 1 July 2015		165,447	(51,475)	113,972
Loss for the year, representing total comprehensive loss for the financial year		–	(55,173)	(55,173)
At 30 June 2016		165,447	(106,648)	58,799
At 1 July 2014		165,447	3,725	169,172
Loss for the year, representing total comprehensive loss for the financial year		–	(53,778)	(53,778)
Dividends paid on ordinary shares, representing total contributions by and distributions to equity holders	39	–	(1,422)	(1,422)
At 30 June 2015		165,447	(51,475)	113,972

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 2016

(In Singapore Dollars)	Group	
	2016	**2015**
	$'000	**$'000**
Cash flow from operating activities:		
Loss before taxation	(22,415)	(15,003)
Adjustments for:		
Depreciation of property, furniture, fixtures and equipment	5,821	8,196
Share of results of associates, net of tax	112	(2,156)
Currency realignment	49	384
Loss on disposal of subsidiary	–	1,127
Gain on dissolution of associated company	(103)	–
Loss on disposal of furniture, fixtures and equipment	39	698
Gain on disposal of leasehold properties	–	(7,631)
Gain on acquisition of non-controlling interests	–	(124)
Investment income	–	(558)
Interest income	(299)	(217)
Interest expense	2,507	3,227
Gain on sale of mandatory convertible bonds	–	(12,023)
Loss on sale of investment securities	176	–
Fair value loss on investment securities	–	1,250
Provision for impairment of fixed assets and early termination cost for non-performing stores	–	810
Provision for restructuring costs	717	2,333
Allowance for inventory obsolescence and inventories written off, net	315	3,257
Allowance for doubtful debts and bad debts written off	94	103
Operating loss before reinvestment in working capital	(12,987)	(16,327)
Decrease in debtors	13,026	3,257
Decrease in prepayments and advances	1,354	1,032
Decrease in inventories	19,134	12,499
Decrease in creditors	(2,181)	(8,970)
Cash flow from/(used in) operations	18,346	(8,509)
Income tax refunded/(paid)	1,189	(2,234)
Net cash from/(used in) operating activities	19,535	(10,743)
Cash flow from investing activities:		
Purchase of furniture, fixtures and equipment	(4,678)	(4,491)
Proceeds from disposal of property, furniture, fixtures and equipment	553	19,569
Proceeds from sale of mandatory convertible bonds	–	21,977
Loan repayment received from related party of associate	–	11,000
Purchase of investment securities	–	(168)
Net cash outflow on disposal of subsidiary	–	(316)
Proceeds from sale of investment securities, net	1,299	–
Interest received	–	749
Net cash (used in)/from investing activities	(2,826)	48,320

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 2016

(In Singapore Dollars)

	Group	
	2016	2015
	$'000	$'000
Cash flow from financing activities:		
Repayment of bank borrowings	(15,784)	(36,583)
Proceeds from bank borrowings	1,704	4,908
Repayment of obligations under finance leases	(176)	(168)
Interest paid	(2,507)	(3,227)
Dividends paid to shareholders	–	(1,422)
Net cash used in financing activities	(16,763)	(36,492)
Net (decrease)/increase in cash and cash equivalents	(54)	1,085
Cash and cash equivalents at beginning of financial year	(5,887)	(7,488)
Net effect of exchange rate changes on opening cash and cash equivalents	113	516
Cash and cash equivalents at end of financial year (Note 30)	(5,828)	(5,887)

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

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

1. CORPORATE INFORMATION

F J Benjamin Holdings Ltd (the "Company") is a limited liability 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 have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2015.

The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 114 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 16 and FRS 41 Agriculture – Bearer Plants	1 January 2016
Amendments to FRS 27 Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Improvements to FRSs (November 2014)	
Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
(a) Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
(b) Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
(c) Amendments to FRS 19 Employee Benefits	1 January 2016
Amendments to FRS 1 Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 7 Disclosure Initiative	1 January 2017
Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018
FRS 116 Leases	1 January 2019
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Except for FRS 115, FRS 109 and FRS 116, the Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115, FRS 109 and FRS 116 are described below:

<u>FRS 115 Revenue from Contracts with Customers</u>

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investments at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

FRS 116 Leases

FRS 116 reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on statement of financial position to reflect the rights to used leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items.

The lease liability is initially measured as the present value of future lease payments with adjustments for any prepaid rents, lease incentives received and initial direct costs incurred. In subsequent periods, the lease liability is accounted for similarly to a financial liability using effective interest method. The right-of-use asset is accounted for similarly to a purchased asset and depreciated or amortised.

FRS 116 is effective for annual periods beginning on or after 1 January 2019. The Group is currently assessing the impact of FRS 116 and plans to adopt the standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations

a) Basis of consolidation

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

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

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

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

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

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

b) Business combinations

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (continued)

b) Business combinations (continued)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

a) Transactions and balances

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 rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency (continued)

b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.7 Property, furniture, fixtures and equipment

All items of property, furniture, fixtures and equipment are initially recorded at cost. Subsequent to recognition, property, furniture, fixtures and equipment are measured at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold buildings	–	Over the lease terms of 50 years
Furniture and fittings	–	10 years
Electrical installation and office equipment	–	6 to 7 years
Motor vehicles	–	5 years
Data processing equipment	–	3 years
Leasehold improvements	–	3 to 6 years

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.8 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 an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of non-financial assets (continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal 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 or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 Subsidiaries

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.10 Associates and joint ventures

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Associates and joint ventures (continued)

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

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

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

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

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

2.11 Financial instruments

a) Financial assets

Initial recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial instruments (continued)

a) Financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

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

ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, as well as through the amortisation process.

iii) Available-for-sale financial assets

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

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

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

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial instruments (continued)

a) Financial assets (continued)

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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 had been recognised in other comprehensive income is recognised in profit or loss.

b) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of financial assets

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

a) Financial assets carried at amortised cost

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

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

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

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

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

b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of financial assets (continued)

c) Available-for-sale financial assets

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

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

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

2.13 Cash and cash equivalents

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

2.14 Inventories

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

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) 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 the amount of the obligation can be estimated reliably.

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

2.16 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grant shall be recognised in profit or loss on a systematic basis over the periods which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as "Other income".

2.17 Financial guarantees

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

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

2.18 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 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 defined contribution 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 are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

c) Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for termination benefits is recognised at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognises related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employment benefits, short-term employee benefits, or other long-term employee benefits.

2.20 Leases

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Leases (continued)

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

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

a) Sale of goods

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

b) Interest income

Interest income is recognised using the effective interest method.

c) Dividend income

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

d) Market support and administrative service income

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

e) Project referral fee income

Project referral fee income is recognised upon successful completion of project.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Taxes

a) Current income tax

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

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

b) Deferred tax

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Taxes (continued)

b) Deferred tax (continued)

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

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

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

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.

2.23 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.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

2.25 Segment reporting

For management reporting purposes, the Group's businesses are generally segmented by its channel of distribution and geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

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

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

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Income tax

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

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

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Deferred tax assets	928	1,006	–	–
Tax recoverable	1,099	3,025	–	–
Provision for taxation	–	43	–	–
Deferred tax liabilities	40	40	–	–

NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty

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

(i) Estimated useful life of property, furniture, fixtures and equipment

The cost of leasehold improvements is depreciated over the lease terms of the tenanted area between 3 to 6 years and leasehold buildings are depreciated over its leasehold period of 50 years. The other furniture, fixtures and equipment is depreciated over the common life expectancies. Changes in the expected level of usage could impact the economic useful life and residual values of these assets, therefore future depreciation charges could be revised.

The carrying amounts of the Group's and Company's property, furniture, fixtures and equipment at 30 June 2016 were approximately $12,819,000 (2015: $15,080,000) and $49,000 (2015: $242,000) respectively.

(ii) Assessment of impairment of property, furniture, fixtures and equipment, investment in subsidiaries and investment in associates

The Group and Company assesses whether there are indicators of impairment for property, furniture, fixtures and equipment, investment in subsidiaries, and investment in associates at each reporting date. These assets are tested for impairment where there are indications that the carrying amounts may not be recoverable. This requires an estimation of the value in use of the assets. Estimating the value in use requires the Group and Company to make an estimate of the future cash flow from assets and also to determine appropriate discount rates to calculate the present value of this cash flow.

The carrying amounts of the Group's and Company's property, furniture, fixtures and equipment at 30 June 2016 were approximately $12,819,000 (2015: $15,080,000) and $49,000 (2015: $242,000) respectively. The carrying amounts of the Company's investment in subsidiaries and of the Group's investment in associates at 30 June 2016 was approximately $9,654,000 (2015: $68,087,000) and $516,000 (2015: $3,138,000) respectively.

(iii) Allowance for inventory obsolescence and net realisable value

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 2016 was approximately $54,808,000 (2015: $74,257,000).

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

4. GROUP COMPANIES

The subsidiaries as at 30 June are:

	Name of company [country of incorporation]	Principal activities	Cost 2016 $'000	Cost 2015 $'000	Percentage of equity interest 2016 %	Percentage of equity interest 2015 %
	Held by the Company					
~	Fashion Dynamics International Pte Ltd [Singapore]	Investment holding company	3,000	3,000	100	100
~	F. J. B. Investment Pte Ltd [Singapore]	Investment holding company	^	^	100	100
~	F J Benjamin Concepts Pte Ltd [Singapore]	Investment holding company	60	60	100	100
~	F J Benjamin Ideas Pte Ltd [Singapore]	Investment holding company	3,000	3,000	100	100
#	F J Benjamin (M) Sdn. Bhd. [Malaysia]	Importers, distributors and retailers of consumer fashion wear, accessories and timepieces	8,516	8,516	100	100
@	F J Benjamin (H.K.) Limited [Hong Kong]	Importers, exporters, distributors, retailers of timepieces and consumer fashion accessories	58,612	58,612	100	100
+	BMI (Hong Kong) Limited [Hong Kong]	Dormant	1,119	1,119	100	100
@	Ferro Designs Limited [Hong Kong]	Investment holding company	19	19	100	100
@	F J Benjamin (Taiwan) Ltd [Taiwan]	Importers, distributors and retailers of timepieces	3,909	3,909	100	100
+	FJ Benjamin (Aust) Pty Ltd [Australia]	Dormant	21,434	21,434	100	100
@*	F J Benjamin Concepts (Thailand) Ltd [Thailand]	Dormant	243	243	100	100
			99,912	99,912		

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

4. GROUP COMPANIES (CONTINUED)

	Name of company [country of incorporation]	Principal activities	Percentage of equity interest 2016 %	2015 %
	Held through subsidiaries			
~	Nootrees Pte Ltd [Singapore]	Import and distribution of sustainable and biodegradable consumer products	100	100
~	F J Benjamin Lifestyle Pte. Ltd. [Singapore]	Importers, exporters, distributors and retailers of consumer fashion wear, accessories and home furnishings	100	100
~	F J Benjamin (Singapore) Pte Ltd [Singapore]	Importers, exporters, licensees, distributors and retailers of consumer fashion wear, accessories and timepieces	100	100
~	Fashion Dynamics Singapore Pte Ltd [Singapore]	Importers, exporters, licensees, distributors and retailers of consumer fashion wear, accessories and timepieces	100	100
#	F J Benjamin Lifestyle Sdn. Bhd. [Malaysia]	Importers, exporters, distributors and retailers of consumer fashion wear, accessories and timepieces	100	100
#	F J Benjamin Luxury Timepieces Sdn. Bhd. [Malaysia]	Dormant	100	100
@	Fashion Dynamics HK Ltd [Hong Kong]	Sourcing activities	100	100
@	Fashion Dynamics (Shenzhen) Co. Ltd. [People's Republic of China]	Sourcing activities	100	100
@	F J Benjamin (Shanghai) Co., Ltd [People's Republic of China]	Importers and distributors of consumer fashion wear and timepieces	100	100
+	F. J. Benjamin Fashions (U.S.) Inc. [United States]	Distributors and retailers of consumer fashion wear and accessories	100	100
+	F J Benjamin Italy S.R.L. [Italy]	Promoters, marketers and retailer of fashion apparel and accessories	100	100
+	PT Meteor Prima Sejati [Indonesia]	Importers, exporters and distributors of consumer fashion wear and accessories	100	100

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

4. GROUP COMPANIES (CONTINUED)

~ Audited by Ernst & Young LLP, Singapore.
# Audited by member firms of Ernst & Young Global in the respective countries.
+ Not required to be audited by the laws of its country of incorporation. These foreign subsidiaries are not considered significant as defined under Clause 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.
* The preference shares held by the subsidiary have been transferred to the Company during the financial year ended 30 June 2015 (Note 29).
^ Cost of investment is two Singapore dollars.
@ Audited by other auditors.

5. REVENUE

Revenue of the Group represents the invoiced value of sale of goods to external customers.

6. OTHER INCOME, NET

	Group	
	2016	**2015**
	$'000	**$'000**
Market support and administrative service income (Note 37)	605	606
Project referral fee income	–	1,143
Investment income	–	558
Gain on sale of mandatory convertible bonds	–	12,023
Loss on disposal of investment securities	(176)	–
Fair value loss on investment securities	–	(1,250)
Gain on acquisition of non-controlling interests	–	124
Gain on dissolution of associated company	103	–
Government grants *	752	607
Gain on disposal of leasehold properties	–	7,631
Loss on disposal of furniture, fixtures and equipment	(39)	(698)
Write back of payables and accruals	157	865
Sample sales income	201	122
Restructuring cost	(717)	(2,333)
Provision for impairment of fixed assets and early termination cost for non-performing stores	–	(810)
Others	(86)	260
	800	18,848

* Comprise mainly grant income received by the Group under Wage Credit Scheme and Temporary Credit Scheme.

7. STAFF COSTS

	Group	
	2016	**2015**
	$'000	**$'000**
Salaries and bonuses	26,738	34,876
Provident fund contributions	3,808	4,997
Other short-term benefits	5,721	6,733
	36,267	46,606

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

8. TOTAL COSTS AND EXPENSES

	Group 2016 $'000	Group 2015 $'000
The following items have been included in arriving at total costs and expenses:		
Audit fees:		
– Auditors of the Company	283	304
– Other auditors	66	97
Non-audit fees:		
– Auditors of the Company	121	192
– Other auditors	15	17
(Write-back)/allowance for inventory obsolescence, net (Note 17)	(657)	1,824
Inventories written down (Note 17)	972	1,433
Allowance for doubtful debts, net	14	103
Bad debts written off	80	–
Rental of equipment	324	639
Outlet related expenses	4,604	5,217
Transportation and accommodation expenses	1,829	2,459
Utilities	1,221	1,893
Freight, warehousing, handling and shipping costs	6,219 *	1,766
Royalties	986	465
Discounts allowed	544	1,196
Professional and legal fees	2,720	3,138
Samples/Repairs of stocks	708	1,269
Repair and maintenance	1,066	1,366

* Included fees paid to third party warehousing and logistic provider during financial year ended 30 June 2016.

9. INTEREST EXPENSE

	Group 2016 $'000	Group 2015 $'000
Interest expense on:		
– Bank borrowings	2,494	3,207
– Finance leases	13	20
	2,507	3,227

NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

10. TAXATION

	Group 2016 $'000	Group 2015 $'000
<u>Major components of income tax expense</u>		
The major components of income tax expense for financial years ended 30 June are:		
Current income tax:		
– Current tax	446	940
– Under/(over) provision in respect of prior years	72	(96)
Deferred income tax:		
– Movements in temporary differences	17	(408)
– Under provision in respect of prior years	9	193
Income tax expense recognised in profit or loss	544	629

<u>Relationship between tax expense and accounting loss</u>

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 30 June 2016 and 2015 is as follows:

	Group 2016 $'000	Group 2015 $'000
Loss before share of results of associates and before taxation	(22,303)	(17,159)
Tax at the domestic rates applicable to profits in the countries where the Group operates	(4,695)	(3,023)
Adjustments:		
Income not subjected to tax	(408)	(3,218)
Expenses not deductible for tax purposes	2,189	3,247
Deferred tax assets not recognised	3,377	3,526
Under provision in respect of prior years	81	97
Income tax expense recognised in profit or loss	544	629

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

As at 30 June 2016, certain subsidiaries had unutilised tax losses of approximately $93.7 million (2015: $77.0 million) available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax assets are recognised due to uncertainty of their recoverability. The use of these unutilised tax losses are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

11. LOSS PER SHARE

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

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

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

	Group	
	2016	2015
	$'000	$'000
Net loss for the financial year attributable to equity holders used in the computations of basic and diluted loss per share	(22,959)	(16,988)
	'000	'000
Weighted average number of ordinary shares for basic and diluted loss per share computation	568,710	568,710

12. PROPERTY, FURNITURE, FIXTURES AND EQUIPMENT

Group	Furniture and Fittings $'000	Electrical Installation and Office Equipment $'000	Motor Vehicles $'000	Data Processing Equipment $'000	Leasehold Improvements $'000	Leasehold Building $'000	Total $'000
Cost							
At 1 July 2014	3,936	4,299	2,417	4,538	51,708	10,758	77,656
Currency realignment	(32)	(145)	(21)	(48)	(1,551)	670	(1,127)
Additions	50	239	–	193	4,009	–	4,491
Disposal of subsidiary	(43)	(27)	–	(34)	(34)	–	(138)
Disposals	(278)	(456)	–	(514)	(7,748)	(11,428)	(20,424)
At 30 June 2015 and 1 July 2015	3,633	3,910	2,396	4,135	46,384	–	60,458
Currency realignment	(7)	(112)	(15)	(64)	(1,147)	–	(1,345)
Additions	904	215	–	91	3,468	–	4,678
Disposals	(203)	(442)	(205)	(604)	(7,094)	–	(8,548)
At 30 June 2016	4,327	3,571	2,176	3,558	41,611	–	55,243

NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

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

Group	Furniture and Fittings $'000	Electrical Installation and Office Equipment $'000	Motor Vehicles $'000	Data Processing Equipment $'000	Leasehold Improvements $'000	Leasehold Building $'000	Total $'000
Accumulated depreciation and impairment loss							
At 1 July 2014	2,348	2,955	1,839	3,918	32,627	3,372	47,059
Currency realignment	(2)	(93)	(20)	(45)	(1,023)	205	(978)
Charge for the financial year	798	364	313	401	6,114	206	8,196
Impairment loss	19	–	–	–	791	–	810
Disposal of subsidiary	(24)	(20)	–	(7)	(15)	–	(66)
Disposals	(258)	(278)	–	(445)	(4,879)	(3,783)	(9,643)
At 30 June 2015 and 1 July 2015	2,881	2,928	2,132	3,822	33,615	–	45,378
Currency realignment	(3)	(77)	(14)	(62)	(790)	–	(946)
Charge for the financial year	652	271	219	234	4,445	–	5,821
Disposals	(126)	(345)	(178)	(588)	(6,592)	–	(7,829)
At 30 June 2016	3,404	2,777	2,159	3,406	30,678	–	42,424
Net carrying amount							
At 30 June 2016	923	794	17	152	10,933	–	12,819
At 30 June 2015	752	982	264	313	12,769	–	15,080

During the financial year ended 30 June 2015, the Group recognised an impairment loss of $810,000 on leasehold improvements to bring their carrying values to their recoverable values. Their recoverable amounts were based on the value in use of the leasehold improvements. No impairment loss was recognised for the financial year ended 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

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

Company	Furniture and Fittings $'000	Electrical Installation and Office Equipment $'000	Motor Vehicles $'000	Data Processing Equipment $'000	Leasehold Improvements $'000	Total $'000
Cost						
At 1 July 2014	138	390	1,162	34	2,520	4,244
Additions	1	–	–	–	32	33
At 30 June 2015 and 1 July 2015	139	390	1,162	34	2,552	4,277
Additions	–	5	–	–	–	5
At 30 June 2016	139	395	1,162	34	2,552	4,282
Accumulated depreciation and impairment loss						
At 1 July 2014	85	384	748	32	2,520	3,769
Charge for the financial year	6	2	232	2	24	266
At 30 June 2015 and 1 July 2015	91	386	980	34	2,544	4,035
Charge for the financial year	6	2	182	–	8	198
At 30 June 2016	97	388	1,162	34	2,552	4,233
Net carrying amount						
At 30 June 2016	42	7	–	–	–	49
At 30 June 2015	48	4	182	–	8	242

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Net carrying amount includes furniture, fixtures and equipment under finance leases:				
Motor vehicles	–	182	–	182

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

Assets pledged as security

There were no assets pledged as security for bank facilities as at 30 June 2016 and 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

13. SUBSIDIARIES

	Company 2016 $'000	Company 2015 $'000
Investment in subsidiaries:		
Unquoted shares, at cost	99,912	99,912
Impairment losses	(90,258)	(31,825)
	9,654	68,087
Receivables from subsidiaries:		
Loans receivable, unsecured	22,641	21,975
Other receivables	47,987	48,401
Accrual for financial undertakings	(3,319)	(3,319)
	67,309	67,057
Allowance for doubtful debts	(55,822)	(54,293)
	11,487	12,764
	21,141	80,851
Movement in allowance account:		
At 1 July	54,293	57,650
Allowance for the financial year	1,649	1,864
Reversal of allowance in the prior years	(120)	(203)
Reclassification (Note 20)	–	(5,018)
At 30 June	55,822	54,293

Details of the subsidiaries are set out at Note 4. During the year, management performed an impairment test for its investment in subsidiaries. The Company recognised impairment loss of $58,433,000 (2015: $2,260,000) in the year to write down the investment in subsidiaries to their recoverable amount.

The loans receivable have no fixed terms of repayment and are not expected to be repaid within one year. The loans receivable bear interest at 4.0% (2015: 4.0%) per annum. The other receivables are non-trade related, unsecured, non-interest bearing, with no fixed terms of repayment and repayable only when the cash flow of the subsidiaries permit.

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

The Company has undertaken not to recall amounts receivable from certain subsidiaries amounting to $45,938,000 (2015: $43,965,000) 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 2016

14. INVESTMENT IN ASSOCIATES

	Group 2016 $'000	Group 2015 $'000
PT Gilang Agung Persada and its subsidiary	516	658
Other associates	–	2,480
	516	3,138

The significant associate relates to a 50% (2015: 50%) interest in an Indonesia-incorporated company, PT Gilang Agung Persada and its subsidiary, 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.

During the year, a 50%-owned Singapore-incorporated associated company, which has been dormant since prior years, was struck off. The effects of dissolution of associated company were:

	2016 $'000
Cost of investment	4,000
Impairment losses	(1,520)
	2,480
Amount due to associate (Note 24)	(2,583)
Gain on dissolution of associated company	103

The summarised aggregated financial information of PT Gilang Agung Persada and its subsidiary, based on its financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	2016 $'000	2015 $'000
Summarised balance sheet		
Current assets	82,946	79,895
Non-current assets	13,509	11,683
Total assets	96,455	91,578
Current liabilities	57,875	53,791
Non-current liabilities	37,548	37,138
Total liabilities	95,423	90,929
Net assets	1,032	649
Proportion of Group's ownership	50%	50%
Group's share of net assets	516	325
Other adjustments	–	333
Carrying amount of the investment	516	658
Summarised statement of comprehensive income		
Revenue	104,734	108,768
(Loss)/Profit after tax, which represents total comprehensive income	(224)	3,335

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14. INVESTMENT IN ASSOCIATES (CONTINUED)

The activities of PT Gilang Agung Persada and its subsidiary are strategic to the Group's activities. No dividends were received from PT Gilang Agung Persada and its subsidiary during the financial years ended 30 June 2016 and 30 June 2015.

Aggregate information about the Group's investments in associates that are not individually material is as follows:

	2016 $'000	2015 $'000
Loss after tax, which represents total comprehensive income	–	(10)

15. MANDATORY CONVERTIBLE BONDS

	Group	
	2016 $'000	2015 $'000
Principal bond component, representing investment in associate	29,862	24,490
Interest receivable component	–	5,372
	29,862	29,862

On 24 July 2014, the Group entered into an agreement with its Indonesian associate to subscribe for $39.9 million of mandatory convertible bonds issued by the associate. Consideration was satisfied by the offsetting of trade and other debts due from that associate. On 11 August 2014, $10.0 million of these bonds were sold to Indonesian investors, PT Saratoga Investama Sedaya Tbk and its co-investors for an aggregate consideration of US$18.0 million. As at 30 June 2016, the Group holds $29.9 million of these bonds, which are entirely denominated in Indonesian Rupiah.

The mandatory convertible bonds bear interest at 8% per annum up to the date of conversion. The bonds shall be converted to shares of the associate at the earlier of (i) the initial public offering of the associate; or (ii) 30 June 2018 or such other date as may be agreed.

During the year, the Indonesian associate issued a revision to the terms relating to the interest to be paid on the mandatory convertible bonds, stating that with effect from 1 July 2015, all interest arising shall accrue and accumulate until the date of conversion or redemption of the bonds. On the conversion date, all accrued interest shall be converted into principal and such principal shall be paid on such date by way of an issuance of the underlying shares of the associate. As a result, the interest receivable component has been reclassified to form part of the Group's investment in associate.

16. OTHER RECEIVABLES

	Group	
	2016 $'000	2015 $'000
Loan receivable from third party, unsecured	–	260
Sales tax refunds receivable	1,069	1,371
	1,069	1,631

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16. OTHER RECEIVABLES (CONTINUED)

The loan receivable from third party was non-interest bearing and had no fixed terms of repayment. The amount was fully repaid during the current financial year.

The sales tax refunds receivable is non-interest bearing and is repayable in two to three years. These balances are to be settled in cash.

17. INVENTORIES

	Group	
	2016	2015
	$'000	$'000
Trading stocks:		
On hand	46,826	62,433
On consignment	1,941	3,906
In transit	4,723	5,854
Work-in-progress	1,318	2,064
Total inventories at lower of cost and net realisable value	54,808	74,257
Inventories recognised as an expense in cost of sales	152,978	168,509
(Write-back)/allowance for inventory obsolescence charged to the income statement, net	(657)	1,824
Inventories written down charged to the income statement	972	1,433

18. INVESTMENT SECURITIES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Current				
Held for trading financial assets				
– Quoted equity investments	–	1,474	–	–
Available-for-sale financial assets				
– Unquoted equity investments, at cost	167	168	–	–
	167	1,642	–	–
Non-current				
Available-for-sale financial assets				
– Unquoted equity investments, at cost	2,246	2,246	2,760	2,760
Impairment losses	(2,246)	(2,246)	(2,760)	(2,760)
	–	–	–	–
Market value:				
Quoted equity investments	–	1,474	–	–

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19. TRADE DEBTORS

	Group	
	2016	**2015**
	$'000	**$'000**
External trade debtors	5,227	5,959
Trade debts due from associate	15,376	25,879
	20,603	31,838
Allowance for doubtful debts charged to the income statement	20	103

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

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

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

	Group	
	Individually impaired	
	2016	**2015**
	$'000	**$'000**
Trade debtors – nominal amounts	128	110
Allowance for impairment	(128)	(110)
	–	–
Movement in allowance accounts:		
At 1 July	110	7
Allowance for the financial year	20	103
Exchange differences	(2)	–
At 30 June	128	110

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

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20. OTHER DEBTORS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Other receivables	3,546	4,369	–	52
Deposits	3,936	4,638	92	92
Due from subsidiaries	–	–	39,690	31,329
Due from associates	7,530	7,029	81	63
	15,012	16,036	39,863	31,536

Other receivables and amounts due from associates are non-trade related, non-interest bearing, unsecured and are generally on 60 to 90 days' terms.

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

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

	Group		Company	
	Individually impaired		Individually impaired	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Other receivables – nominal amounts	573	1,125	52,338	58,165
Allowance for impairment	(573)	(1,125)	(52,338)	(58,165)
	–	–	–	–
Movement in allowance accounts:				
At 1 July	1,125	1,188	58,165	–
Allowance/(Reversal of allowance) for the financial year	(6)	–	(5,827)	53,147
Utilised	(546)	–	–	–
Reclassification (Note 13)	–	–	–	5,018
Exchange differences	–	(63)	–	–
At 30 June	573	1,125	52,338	58,165

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

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21. TRADE AND OTHER CREDITORS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Trade creditors	32,480	32,012	–	–
Accruals	9,485	11,606	937	663
Sundry creditors	7,541	7,318	173	138
Derivative financial liabilities	17	11	–	–
Due to subsidiaries	–	–	1,062	1,039
Due to associates	262	419	–	–
	49,785	51,366	2,172	1,840

Trade creditors and sundry creditors are non-interest bearing and are generally on 30 to 150 days' terms.

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

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

22. FINANCE LEASE CREDITORS

The Group has entered into various finance lease facilities for its motor vehicles. These leases expire over the next two years and are secured by a charge over the leased assets (Note 12). The average discount rates implicit in the leases range from 1.9% to 2.5% (2015: 1.9% to 4.8%) per annum. Lease terms include purchase options but do not contain restrictions concerning payments of dividends, additional debt or further leasing.

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Present value of minimum lease payments are as follows:				
Not later than one year	146	171	146	137
Later than one year but not later than five years	112	263	112	253
Total present value of minimum lease payments	258	434	258	390
Future minimum lease repayments are as follows:				
Not later than one year	153	184	153	149
Later than one year but not later than five years	114	271	114	261
Total future minimum lease payments	267	455	267	410
Amount representing interest	(9)	(21)	(9)	(20)
	258	434	258	390

NOTES TO THE FINANCIAL STATEMENTS
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23. BANK BORROWINGS

	Group	
	2016	2015
	$'000	$'000
Current		
Bank overdrafts (Note 30)	9,274	11,442
Trust receipts and bills payable	22,163	31,782
Term loans	500	2,000
Short term loans	3,000	5,461
	34,937	50,685
Non-current		
Term loans	–	500

Corporate guarantees are given by the Company amounting to approximately $121,392,000 (2015: $156,856,000) for facilities granted to certain subsidiaries and associates.

Short term loans and bank overdrafts
The short term loans bear interest at rates that ranged from 4.18% to 4.94% (2015: 2.10% to 4.18%) per annum during the financial year. The bank overdrafts bear interest at rates that ranged from 4.10% to 9.10% (2015: 4.25% to 8.10%) per annum during the financial year.

Trust receipts and bills payable
The trust receipts and bills payable bear interest at rates that ranged from 1.95% to 6.75% (2015: 1.88% to 6.57%) per annum during the financial year.

Term loans
As at 30 June 2016, the term loan comprises the last quarterly instalment of an SGD loan with fixed interest rate at 3.53% per annum.

The Group's credit facilities are subject to certain terms and conditions, including compliance with debt covenants. During the year, the Group obtained waivers from the lenders from having to comply with one of these covenants.

24. OTHER LIABILITIES

As at 30 June 2015, other liabilities included an advance of $2,583,000 from an associate. The advance was non-interest bearing and had no fixed terms of repayment. The associate has been struck off during the financial year and consequently the advance was settled by way of an offset against the cost of investment in the associate. The effects of dissolution of the associate has been disclosed in Note 14.

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25. DEFERRED TAXATION

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Depreciation	–	–	–	(397)
Provisions	–	–	–	159
Other	(40)	(40)	–	–
	(40)	(40)		
Deferred tax assets				
Provisions	701	891	140	(147)
Depreciation	(18)	(46)	(28)	170
Unutilised tax losses	245	161	(86)	–
	928	1,006	26	(215)

Unrecognised temporary differences relating to investments in subsidiaries and associate

At the end of the reporting period, no deferred tax liability (2015: nil) has been recognised for taxes that would be payable on the undistributed earnings and unremitted interest income of certain of the Group's investments as:

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

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

Such temporary differences for which no deferred tax liabilities have been recognised aggregate to $19,787,000 (2015: $18,847,000). The deferred tax liability is estimated to be $2,465,000 (2015: $2,324,000).

Tax consequences of proposed dividends in prior year

There were no income tax consequences attached to the dividends to the shareholders proposed by the Company in the prior year but not recognised as a liability in the financial statements.

26. LOAN TO RELATED PARTY OF ASSOCIATE

The loan to related party of associate is secured by shares in the associate, bears interest at 4.0% per annum and is repayable in 2016. The loan is to be settled in cash.

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27. SHARE CAPITAL

	Group and Company			
	2016	2016	2015	2015
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
Ordinary shares issued and fully paid				
At 1 July and 30 June	568,710	165,447	568,710	165,447

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

28. FOREIGN CURRENCY TRANSLATION RESERVE

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

29. NON-CONTROLLING INTERESTS

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

These preference shares were acquired by the Company during the financial year ended 30 June 2015 at no consideration.

30. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Cash on hand and at banks	3,446	5,555	125	3,545

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

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

	Group	
	2016	2015
	$'000	$'000
Cash on hand and at banks	3,446	5,555
Bank overdrafts (Note 23)	(9,274)	(11,442)
	(5,828)	(5,887)

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31. 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.

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

Credit risk

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

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

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

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

– $121,392,000 (2015: $156,856,000) relating to corporate guarantees 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 end of the reporting periods but not impaired is as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Within 30 days	4,165	3,899	7	–
31 to 60 days	2,731	2,136	–	–
61 to 90 days	1,438	1,166	7	2
More than 90 days	14,244	26,666	67	58
	22,578	33,867	81	60

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

The Group has (i) an approximately 75% (2015: 81%) of the trade receivables due from an associate in Indonesia and (ii) an approximately 13% (2015: 8%) of the financial assets due from a related party of an associate in Indonesia.

NOTES TO THE FINANCIAL STATEMENTS

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

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

Interest rate risk

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

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

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

	Group			
	Basis points 2016	Basis points 2015	Increase in loss before tax 2016 $'000	Increase in loss before tax 2015 $'000
Singapore dollar borrowings	75	75	(117)	(190)
Malaysian dollar borrowings	75	75	(78)	(116)

Liquidity risk

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

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

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

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31. 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
Group				
2016				
Financial assets:				
Investment securities	167	–	–	167
Other receivables	–	1,069	–	1,069
Loan to related party of associate	6,087	–	–	6,087
Trade debtors	20,603	–	–	20,603
Other debtors	14,462	–	–	14,462
Cash on hand and at banks	3,446	–	–	3,446
Total undiscounted financial assets	44,765	1,069	–	45,834
Financial liabilities:				
Trade and other creditors	49,768	–	–	49,768
Derivative financial liabilities	17	–	–	17
Finance lease creditors	153	114	–	267
Bank borrowings	36,528	–	–	36,528
Other liabilities	–	–	28	28
Total undiscounted financial liabilities	86,466	114	28	86,608
Total net undiscounted financial assets/(liabilities)	(41,701)	955	(28)	(40,774)
2015				
Financial assets:				
Mandatory convertible bonds	–	7,149	–	7,149
Investment securities	1,642	–	–	1,642
Other receivables	–	1,371	260	1,631
Loan to related party of associate	–	5,757	–	5,757
Trade debtors	31,838	–	–	31,838
Other debtors	15,579	–	–	15,579
Cash on hand and at banks	5,555	–	–	5,555
Total undiscounted financial assets	54,614	14,277	260	69,151
Financial liabilities:				
Trade and other creditors	51,355	–	–	51,355
Derivative financial liabilities	11	–	–	11
Finance lease creditors	184	271	–	455
Bank borrowings	52,975	504	–	53,479
Other liabilities	–	–	2,616	2,616
Total undiscounted financial liabilities	104,525	775	2,616	107,916
Total net undiscounted financial assets/(liabilities)	(49,911)	13,502	(2,356)	(38,765)

NOTES TO THE FINANCIAL STATEMENTS
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31. 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				
2016				
Financial assets:				
Subsidiaries	–	–	14,806	14,806
Other debtors	39,863	–	–	39,863
Cash on hand and at banks	125	–	–	125
Total undiscounted financial assets	39,988	–	14,806	54,794
Financial liabilities:				
Trade and other payables	2,172	–	–	2,172
Finance lease creditors	153	114	–	267
Total undiscounted financial liabilities	2,325	114	–	2,439
Total net undiscounted financial assets/(liabilities)	37,663	(114)	14,806	52,355
2015				
Financial assets:				
Subsidiaries	–	–	16,083	16,083
Other debtors	31,536	–	–	31,536
Cash on hand and at banks	3,545	–	–	3,545
Total undiscounted financial assets	35,081	–	16,083	51,164
Financial liabilities:				
Trade and other payables	1,840	–	–	1,840
Finance lease creditors	149	261	–	410
Total undiscounted financial liabilities	1,989	261	–	2,250
Total net undiscounted financial assets/(liabilities)	33,092	(261)	16,083	48,914

NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency exchange risk

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

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

	USD $'000	CHF $'000	EURO $'000	SGD $'000	THB $'000	HKD $'000
Group						
2016						
Trade and other receivables	13,516	16	786	14,491	5,484	–
Trade and other payables	28,126	572	3,338	29	–	9,156
(Net borrowings) / net cash	(4,222)	45	(3,925)	–	–	–
2015						
Trade and other receivables	16,741	471	3,029	881	5,712	–
Trade and other payables	26,809	2,476	2,506	24,111	25	7,120
(Net borrowings) / net cash	(3,139)	(377)	(3,749)	2	–	–

	AUD $'000	THB $'000	RM $'000	HKD $'000	EURO $'000
Company					
2016					
Other receivables	2,879	4,590	11	26,089	49
2015					
Other receivables	2,955	4,769	12	26,030	50

NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency exchange risk (continued)

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

	2016		2015	
	Changes	**Loss before tax (increase)/decrease $'000**	**Changes**	**Loss before tax (increase)/decrease $'000**
USD	+5%	(942)	+5%	(660)
CHF	+5%	(26)	+5%	(119)
EURO	+5%	(324)	+5%	(161)
SGD	+5%	723	+5%	(1,161)
THB	+5%	274	+5%	284
HKD	+5%	(458)	+5%	(356)

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

32. FINANCIAL INSTRUMENTS

Carrying value of assets and liabilities

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

	Group		Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Loans and receivables				
Subsidiaries	–	–	14,806	16,083
Mandatory convertible bonds	–	5,372	–	–
Loan to related party of associate	5,500	5,500	–	–
Other receivables	–	260	–	–
Trade debtors	20,603	31,838	–	–
Other debtors	15,012	15,579	39,863	31,536
Cash on hand and at banks	3,446	5,555	125	3,545
	44,561	64,104	54,794	51,164
Held for trading financial assets				
Investment securities	–	1,474	–	–

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Carrying value of assets and liabilities (continued)

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Available-for-sale financial assets				
Investment securities	167	168	–	–
Financial liabilities carried at fair value through profit and loss				
Derivative financial liabilities	17	11	–	–
Financial liabilities measured at amortised cost				
Trade and other creditors	49,768	51,355	2,172	1,840
Finance lease creditors	258	434	258	390
Bank borrowings	34,937	51,185	–	–
Other liabilities	28	2,616	–	–
	84,991	105,590	2,430	2,230

Fair value of assets and liabilities

A. *Fair Value Hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS

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32. FINANCIAL INSTRUMENTS (CONTINUED)

B. Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2016			
	Fair value measurements at the end of the reporting period using:			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Liabilities measured at fair value				
Financial liabilities:				
Financial liabilities carried at fair value through profit or loss				
Derivative financial liabilities	–	17	–	17
Financial liabilities as at 30 June 2016	–	17	–	17

NOTES TO THE FINANCIAL STATEMENTS

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32. FINANCIAL INSTRUMENTS (CONTINUED)

B. Assets and liabilities measured at fair value (continued)

	Group 2015			
	Fair value measurements at the end of the reporting period using:			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Assets measured at fair value				
Financial assets:				
Held for trading financial assets				
Investment securities (quoted)	1,474	–	–	1,474
Financial assets as at 30 June 2015	1,474	–	–	1,474
Liabilities measured at fair value				
Financial liabilities:				
Financial liabilities carried at fair value through profit or loss				
Derivative financial liabilities	–	11	–	11
Financial liabilities as at 30 June 2015	–	11	–	11

There have been no transfers between Level 1 and Level 2 during the financial years ended 2016 and 2015.

C. Level 2 fair value measurements

Derivative financial liabilities (forward currency contracts) are valued by reference to current forward exchange rates for contracts with similar maturity profiles.

D. Assets and liabilities that are not carried at fair value and whose carrying amounts approximate fair values

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

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

32. FINANCIAL INSTRUMENTS (CONTINUED)

E. Assets and liabilities whose fair values are not determinable

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

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

Fair value information has not been disclosed for the Group's investments in equity securities that are carried at cost because fair value cannot be measured reliably using valuation techniques. These equity securities represent ordinary shares in companies that are not quoted on any market and do not have any comparable industry peer that is listed. The Group does not intend to dispose of these investments in the foreseeable future.

33. SEGMENT INFORMATION

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

33. SEGMENT INFORMATION (CONTINUED)

Business segments

	Ongoing Retail $'000	Distribution $'000	Export $'000	Corporate and Others $'000	Elimination S'000	Group $'000
2016						
Sales to external consumers	167,195	28,429	58,008	–	–	253,632
Intersegment sales	–	2,713	6,451	–	(9,164)	–
Segment revenue	167,195	31,142	64,459	–	(9,164)	253,632
Segment results	(7,752)	(9,797)	2,772	(4,601)		(19,378)
Restructuring costs						(717)
Interest income						299
Interest expense						(2,507)
Share of results of associates, net of tax						(112)
Loss before taxation						(22,415)
Taxation						(544)
Net loss for the financial year						(22,959)
2015						
Sales to external consumers	193,361	39,998	60,048	–	–	293,407
Intersegment sales	–	6,017	8,530	–	(14,547)	–
Segment revenue	193,361	46,015	68,578	–	(14,547)	293,407
Segment results	(3,594)	(4,659)	2,003	(4,439)		(10,689)
Restructuring costs						(2,333)
Interest income						217
Interest expense						(3,227)
Share of results of associates, net of tax						2,156
Loss on disposal of subsidiary						(1,127)
Loss before taxation						(15,003)
Taxation						(629)
Net loss for the financial year						(15,632)

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

33. SEGMENT INFORMATION (CONTINUED)

Business segments (continued)

	Ongoing Retail $'000	Distribution $'000	Export $'000	Corporate and Others $'000	Group $'000
2016					
Segment assets	93,380	17,924	19,927	7,271	138,502
Investment in associates	–	–	–	516	516
	93,380	17,924	19,927	7,787	139,018
Unallocated assets					7,527
Total assets					146,545
Segment liabilities	37,359	5,263	15,019	1,418	59,059
Unallocated liabilities					25,989
Total liabilities					85,048
Capital expenditure	4,638	34	1	5	4,678
Depreciation	5,110	367	146	198	5,821
2015					
Segment assets	110,955	33,944	20,537	12,275	177,711
Investment in associates	–	–	–	3,138	3,138
	110,955	33,944	20,537	15,413	180,849
Unallocated assets					9,791
Total assets					190,640
Segment liabilities	41,203	7,913	12,826	866	62,808
Unallocated liabilities					42,876
Total liabilities					105,684
Capital expenditure	4,206	242	10	33	4,491
Depreciation	6,539	720	465	472	8,196

NOTES TO THE FINANCIAL STATEMENTS
30 June 2016

33. SEGMENT INFORMATION (CONTINUED)

Business segments (continued)

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

	2016 $'000	2015 $'000
Unallocated assets		
Loan to related party of associate	5,500	5,500
Other receivables	–	260
Deferred tax assets	928	1,006
Tax recoverable	1,099	3,025
	7,527	9,791
Unallocated liabilities		
Finance lease creditors	258	434
Bank borrowings (excluding bank overdrafts)	25,663	39,743
Provision for taxation	–	43
Other liabilities	28	2,616
Deferred tax liabilities	40	40
	25,989	42,876

Geographical segments

Revenue, non-current assets and capital expenditure information based on geographical location of customers and assets respectively are as follows:

	Southeast Asia $'000	North Asia $'000	Other $'000	Group $'000
2016				
Turnover	245,203	4,195	4,234	253,632
Other geographical information:				
Non-current assets	44,847	26	321	45,194
Capital expenditure	4,646	18	14	4,678
2015				
Turnover	274,288	9,763	9,356	293,407
Other geographical information:				
Non-current assets	55,583	233	401	56,217
Capital expenditure	4,259	210	22	4,491

NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

34. OPERATING LEASES

The Group has various operating lease agreements for retail outlets, office premises and office equipment. The leases expire at various dates till 2022 and contain provisions for rental adjustments, renewal options, as well as commitments for additional lease payments when turnover of certain retail outlets exceeds pre-determinable levels. There was turnover rent of $1,827,000 (2015: $1,901,000) recognised as an expense during the period. Lease terms do not contain restrictions concerning payments of dividends, additional debt or further leasing. Future minimum lease payments for all leases with initial or remaining terms of one year or more are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Within one year	36,619	36,438
Between one year to five years	59,653	48,882
Later than five years	611	1,215
	96,883	86,535

35. CONTINGENT LIABILITIES, UNSECURED

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

The accrual for financial undertaking is disclosed in Note 13.

36. COMMITMENTS

As at 30 June 2016, the Group has entered into several licensing and distribution agreements with its principals. These agreements stipulate certain levels of purchases and advertising expenditure in accordance with the agreed terms and conditions.

As at 30 June 2016, the Group has outstanding forward contracts with settlement dates within the next one year of USD 1,207,000 (2015: USD 1,953,000).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

37. RELATED PARTY TRANSACTIONS DISCLOSURE

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

	2016 $'000	2015 $'000
Sale of goods to associate	55,492	55,190
Market support and administrative service income from associate	605	606
Directors' fees		
– Directors of the Company	325	325
Remuneration of key management personnel comprising short-term employee benefits:		
– Directors of the Company	2,090	2,158
– Other Directors of subsidiaries	1,885	2,565
– Non Directors	272	274
	4,247	4,997

Provident fund contributions of $129,000 (2015: $147,000) are included in remuneration of key management personnel.

38. CAPITAL MANAGEMENT

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

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in objectives, policies or processes during the financial years ended 30 June 2016 and 30 June 2015.

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2016

38. CAPITAL MANAGEMENT (CONTINUED)

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

	Group 2016 $'000	Group 2015 $'000
Bank borrowings	34,937	51,185
Finance lease creditors	258	434
Less: cash on hand and at banks	(3,446)	(5,555)
Net debt	31,749	46,064
Equity attributable to equity holders of the Company	61,497	84,956
Net loss attributable to equity holders of the Company for the financial year	(22,959)	(16,988)
Gearing ratio	51.6%	54.2%
Return on equity	-37.3%	-20.0%

39. DIVIDENDS

	Group and Company 2016 $'000	Group and Company 2015 $'000
Paid during the financial year:		
First and final dividend (one-tier tax exempt) for financial year 2015: nil (2014: 0.25 cent) per ordinary share	–	1,422

40. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 30 June 2016 were authorised for issue in accordance with a resolution of the Directors dated 26 September 2016.

STATISTICS OF SHAREHOLDINGS

As at 16 September 2016

SHARE CAPITAL

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

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	36	0.79	1,627	0.00
100 – 1,000	800	17.52	783,781	0.14
1,001 – 10,000	2,095	45.88	11,486,971	2.02
10,001 – 1,000,000	1,606	35.17	105,903,638	18.62
1,000,001 AND ABOVE	29	0.64	450,533,840	79.22
TOTAL	**4,566**	**100.00**	**568,709,857**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	99,685,600	17.53
2	LIM ENG HOCK	65,000,000	11.43
3	RAFFLES INVESTMENTS LIMITED	62,280,000	10.95
4	BENJAMIN FRANK	39,191,000	6.89
5	UOB KAY HIAN PRIVATE LIMITED	36,037,000	6.34
6	WESTERN PROPERTIES PTE LTD	28,050,000	4.93
7	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	19,419,950	3.41
8	SSP INNOVATIONS PTE LTD	19,264,000	3.39
9	BENJAMIN ELI MANASSEH *	17,310,050	3.04
10	CITIBANK NOMINEES SINGAPORE PTE LTD	10,299,700	1.81
11	RAFFLES NOMINEES (PTE) LIMITED	9,377,300	1.65
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	7,870,040	1.38
13	LIM YEW HOE	6,399,000	1.13
14	DB NOMINEES (SINGAPORE) PTE LTD	4,419,000	0.78
15	OCBC SECURITIES PRIVATE LIMITED	3,583,000	0.63
16	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,599,080	0.46
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,534,000	0.45
18	TH STRATEGIC INVESTMENTS PTE LTD	2,300,000	0.40
19	CHANG SEE HIANG	2,100,000	0.37
20	TAN HUANG TSIN	1,983,000	0.35
	TOTAL	**439,701,720**	**77.32**

* Excludes 7,000,000 shares held in a nominee's name.

STATISTICS OF SHAREHOLDINGS

As at 16 September 2016

SUBSTANTIAL SHAREHOLDERS AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		DIRECT INTEREST	%	DEEMED INTEREST	%
1.	Lim Eng Hock	65,000,000	11.43	35,641,000	6.27
2.	Segulah Pte Ltd @	91,937,900	16.17	–	–
3.	Raffles Investments Limited #	62,280,000	10.95	–	–
4.	Frank Benjamin	39,191,000	6.89	–	–
5.	Temasek Holdings (Private) Ltd @	–	–	91,937,900	16.17
6.	DBS Trustee Limited @	–	–	91,937,900	16.17
7.	DBS Group Holdings Limited @	–	–	91,937,900	16.17
8.	DBS Bank Ltd. @	–	–	91,937,900	16.17
9.	Aequitas Pte Ltd #	–	–	62,280,000	10.95
10.	Kambau Pte Ltd #	–	–	62,280,000	10.95
11.	Siong Lim Private Limited #	–	–	62,280,000	10.95
12.	Tecity Pte Ltd #	–	–	62,280,000	10.95
13.	Dr Tan Kheng Lian #	–	–	62,280,000	10.95
14.	Mavis Benjamin, Mrs	–	–	39,191,000	6.89

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

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

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on the information available to the Company, as at 16 September 2016, approximately 43.90% of the Company's shares were held in the hands of the public. Hence, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of F J Benjamin Holdings Ltd ("the Company") will be held at Lavender Room, Orchard Hotel Singapore, 442 Orchard Road, Singapore 238879 on Thursday, 27 October 2016 at 11.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 30 June 2016 together with the Auditor's Report thereon. **(Resolution 1)**

2. To re-elect the following directors who will be retiring by rotation under Article 102 of the Constitution of the Company:

   (i) Mr Frank Benjamin **(Resolution 2)**
   (ii) Mr Keith Tay Ah Kee
   (iii) Ms Wong Ai Fong

3. To approve the sum of up to S$230,000 to be paid as directors' fees for the year ending 30 June 2017 (FY2016: up to S$425,000). **(Resolution 3)**

4. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the directors to fix their remuneration. **(Resolution 4)**

5. 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:

6. **Authority to issue shares**

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

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of any instruments made or granted pursuant to this Resolution) shall not exceed 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 that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) any new shares arising from the conversion or exercise of any instruments or convertible securities;

(b) any new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the listing rules of the SGX-ST as may for the time being be applicable (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(Resolution 5)

7. **Renewal of Share Purchase Mandate**

That:

(a) for the purposes of the Companies Act, the exercise by the Directors of the Company of all powers of the Company to purchase or otherwise acquire shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

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

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

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

(c) in this Ordinary Resolution:

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

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

where:

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

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he/she may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution. **(Resolution 6)**

By Order of the Board

Karen Chong Mee Keng
Company Secretary

Singapore, 12 October 2016

EXPLANATORY NOTES:

Mr Keith Tay Ah Kee and Ms Wong Ai Fong who will be retiring by rotation under Article 102 of the Constitution of the Company, have indicated that they would not seek for re-election as Directors of the Company at this Annual General Meeting.

Ordinary Resolution 2 is to re-elect Mr Frank Benjamin who was previously re-appointed to hold office until this Annual General Meeting pursuant to Section 153(6) of the Companies Act, Chapter 50, which was then in force will be retiring by rotation under Article 102 of the Constitution of the Company. Mr Frank Benjamin will, upon re-election as a Director of the Company, remain as Chairman of the Executive Committee and a member of the Nominating Committee and will be considered non-independent.

Ordinary Resolution 5 is to empower the directors 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.

NOTICE OF ANNUAL GENERAL MEETING

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

Ordinary Resolution 6 is to renew the mandate to allow the Company to purchase or otherwise acquire (whether by way of market purchases or off-market purchases) shares on the terms of the Share Purchase Mandate as set out in the attached letter to shareholders of the Company (the "Letter"). The authority conferred by the shareholders of the Company will continue in force until (i) the date of the next Annual General Meeting of the Company, (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, or (iii) 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 earliest, unless previously revoked or varied by the Company in a general meeting.

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

An illustration of the financial impact of the share purchases by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group for the financial year ended 30 June 2016 is set out in the Letter.

NOTES:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "Meeting").

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. A proxy need not be a member of the Company.

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, Science Park II, Singapore 117684 not less than forty-eight (48) hours before the time appointed for the holding of the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SHARE PURCHASE MANDATE

F J BENJAMIN HOLDINGS LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 197301125N)

Board of Directors:
Frank Benjamin, *Executive Chairman*
Keith Tay Ah Kee, *Non-Executive Deputy Chairman*
Eli Manasseh (Nash) Benjamin, *Chief Executive Officer*
Douglas Jackie Benjamin, *Executive Director*
Karen Chong Mee Keng, *Executive Director*
Ng Hin Lee, *Independent Director*
Wong Ai Fong, *Independent Director*
Chew Kwee San, *Non-Executive Director*
Daniel Ong Jen Yaw, *Independent Director*

Registered Office:
10 Science Park Road
#04-01 The Alpha
Singapore Science Park II
Singapore 117684

12 October 2016

To: The Shareholders of F J Benjamin Holdings Ltd

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

Dear Sir/Madam

1. INTRODUCTION

1.1 AGM

We refer to (a) the notice of annual general meeting of the Company ("**AGM**") dated 12 October 2016 (the "**Notice of AGM**") convening the AGM to be held on 27 October 2016 (the "**2016 AGM**"), and (b) the ordinary resolution number 6 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 2016 AGM.

1.3 SGX-ST

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

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2 THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 The Share Purchase Mandate

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

It is also a requirement that a company which wishes to purchase or acquire its own shares should obtain approval of its shareholders to do so at a general meeting. At the extraordinary general meeting of the Company ("**EGM**") held on 29 October 2007, Shareholders approved a Share Purchase Mandate (as defined herein) to allow the Company to purchase or otherwise acquire its issued Shares (as defined herein). The Share Purchase Mandate was subsequently renewed at the AGMs of the Company in each subsequent year, including the AGM held on 28 October 2015 (the "**2015 AGM**"). The rationale for, the authority and limitations on, and the financial effects of, the renewal of the mandate at the 2015 AGM (the "**2015 Share Purchase Mandate**") were set out in the Company's Letter to Shareholders dated 13 October 2015.

The authority conferred pursuant to the 2015 Share Purchase Mandate may be exercised by the Directors at any time during the period commencing from the date of the 2015 AGM and expiring on the date (a) when the next AGM of the Company is held or required by law to be held, (b) the date on which the purchases or acquisitions of Shares pursuant to the 2015 Share Purchase Mandate are carried out to the full extent mandated or (c) the date on which the authority conferred by the 2015 Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting, whichever is earliest.

Accordingly, the Directors are seeking the approval of Shareholders for the renewal of the Share Purchase Mandate at the 2016 AGM.

2.2 Rationale for Proposed Renewal of the Share Purchase Mandate

The approval of the proposed renewal of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake share purchases or acquisitions up to the 8% limit described in paragraph 2.3(a) below, at any time during the period when the Share Purchase Mandate is in force.

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

(a) in managing the business of the Group, the management will strive to increase Shareholders' value by improving, *inter alia*, the return on equity ("ROE") of the Company. In addition to growth and expansion of the business, share purchases may be considered as one of the ways through which the ROE of the Company may be enhanced;

(b) in line with international practice, the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds, which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner;

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

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

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the said 8% limit during the duration referred to in paragraph 2.3(b) below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 8% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/ or Shareholders and in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that, after a purchase or acquisition of Shares pursuant to the Share Purchase Mandate, the number of Shares remaining in the hands of the public will not fail 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 2016 AGM, are similar in terms to those previously approved by Shareholders at the 2015 AGM, and for the benefit of Shareholders, are summarised below:

(a) Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 8% of the total number of Shares (ascertained as at the date of the 2016 AGM at which the renewal of the Share Purchase Mandate is approved). Any Shares which are held as treasury shares will be disregarded for purposes of computing the 8% limit.

For illustrative purposes only, on the basis of 568,709,857 Shares in issue as at the Latest Practicable Date (as defined herein) and assuming no further Shares are issued on or prior to the date of the 2016 AGM, not more than 45,496,789 Shares (representing approximately 8% of the total number of Shares as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate during the duration referred to in paragraph 2.3(b) below.

(b) Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2016 AGM, at which the renewal of the Share Purchase Mandate is approved, up to:

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

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

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

whichever is the earliest.

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

(c) Manner of Purchases or Acquisitions of Shares

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

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

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

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

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

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

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

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

(1) the terms and conditions of the offer;

(2) the period and procedures for acceptances;

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

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

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

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

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

(d) Maximum Purchase Price

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

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

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

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

For the above purposes:

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

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

2.4 Status of Purchased Shares

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

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2.5 Treasury Shares

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

(a) Maximum Holdings

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

(b) Voting and Other Rights

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

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

(c) Disposal and Cancellation

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

(i) sell the treasury shares for cash;

(ii) transfer the treasury shares for the purposes of or pursuant to any share scheme whether for employees, directors or other persons;

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

(iv) cancel the treasury shares; or

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

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

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

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

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(iii) reduce the amount of its share capital and profits proportionately where the Shares were purchased out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled. Shares which are cancelled will be automatically delisted, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following such cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are cancelled and not held as treasury shares.

Under Rule 704(28) of the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, 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, and the value of the treasury shares used in each such usage.

2.6 Reporting Requirements

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

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

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

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

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

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

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2.7 Source of Funds

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

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

2.8 Financial Effects

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

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

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration 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. Where the purchase or acquisition of Shares is paid out of the Company's profits or capital, the total amount of consideration paid by the Company shall include any expenses (including brokerage or commission) incurred directly in such purchase or acquisition of Shares.

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.

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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 2016 are based on the assumptions set out below:

(a) based on 568,709,857 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are held by the Company as treasury shares on or prior to the date of the 2016 AGM, not more than 45,496,789 Shares (representing approximately 8% of the total number of issued Shares of the Company as at that date) may be purchased by the Company pursuant to the proposed Share Purchase Mandate,

(b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 45,496,789 Shares at the Maximum Price of S$0.050 for a Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 45,496,789 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S$2.28 million; and

(c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 45,496,789 Shares at the Maximum Price of S$0.057 for a Share (being the price equivalent to 20% above the average of the closing market prices of the Shares on the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 45,496,789 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S$2.59 million.

For illustrative purposes only, and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that (i) the purchase or acquisition of Shares is financed by internal sources of funds and external borrowings; (ii) the Share Purchase Mandate had been effective on 30 June 2016; and (iii) the Company had purchased or acquired 45,496,789 Shares (representing approximately 8% of the total number of issued Shares of the Company at the Latest Practicable Date) on 30 June 2016, the financial effects of the purchase or acquisition of 45,496,789 Shares by the Company pursuant to the Share Purchase Mandate:

(i) by way of purchases made entirely out of capital and held as treasury shares; and

(ii) by way of purchases made entirely out of capital and cancelled,

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on the audited financial accounts of the Company and the Group for the financial year ended 30 June 2016 are set out below:

(1) Purchases made entirely 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 2016				
Issued capital and reserves	61,497	61,497	58,799	58,799
Treasury shares	–	(2,275)	–	(2,275)
Total shareholders' equity	61,497	59,222	58,799	56,524
NTA	61,497	59,222	58,799	56,524
Loss after taxation and minority interest	(22,959)	(22,959)	(55,173)	(55,173)
Net debt	31,749	34,024	133	258
Number of Shares ('000)	568,710	568,710	568,710	568,710
Financial Ratios				
NTA per Share (cents)	10.81	10.41	10.34	9.94
Gross debt gearing (%)	57.23	59.43	0.44	0.46
Net debt gearing (%)	51.63	57.45	0.23	0.46
Current ratio (times)	1.19	1.17	17.27	16.29
Loss before interest, tax, depreciation and amortisation divided by interest expenses (times)	(5.74)	(5.74)	(4,226)	(4,226)
Basic (LPS) (cents)				
(before exceptional items)	(4.04)	(4.04)	(0.18)	(0.18)
(after exceptional items)	(4.04)	(4.04)	(9.70)	(9.70)
ROE (%)	(37.33)	(38.77)	(93.83)	(97.61)

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(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 2016				
Issued capital and reserves	61,497	61,497	58,799	58,799
Treasury shares	–	(2,593)	–	(2,593)
Total shareholders' equity	61,497	58,904	58,799	56,206
NTA	61,497	58,904	58,799	56,206
Loss after taxation and minority interest	(22,959)	(22,959)	(55,173)	(55,173)
Net debt	31,749	34,342	133	258
Number of Shares ('000)	568,710	568,710	568,710	568,710
Financial Ratios				
NTA per Share (cents)	10.81	10.36	10.34	9.88
Gross debt gearing (%)	57.23	59.75	0.44	0.46
Net debt gearing (%)	51.63	58.30	0.23	0.46
Current ratio (times)	1.19	1.16	17.27	16.15
Loss before interest, tax, depreciation and amortisation divided by interest expenses (times)	(5.74)	(5.74)	(4,226)	(4,226)
Basic (LPS) (cents)				
(before exceptional items)	(4.04)	(4.04)	(0.18)	(0.18)
(after exceptional items)	(4.04)	(4.04)	(9.70)	(9.70)
ROE (%)	(37.33)	(38.98)	(93.83)	(98.16)

(2) Purchases made entirely out of capital and cancelled

(A) ***Market Purchases***

	Group		Company	
	Before Share Purchase S$'000	**After Share Purchase S$'000**	**Before Share Purchase S$'000**	**After Share Purchase S$'000**
As at 30 June 2016				
Issued capital and reserves / Total shareholders' equity	61,497	59,222	58,799	56,524
NTA	61,497	59,222	58,799	56,524
Loss after taxation and minority interest	(22,959)	(22,959)	(55,173)	(55,173)
Net debt	31,749	34,024	133	258
Number of Shares ('000)	568,710	523,213	568,710	523,213
Financial Ratios				
NTA per Share (cents)	10.81	11.32	10.34	10.80
Gross debt gearing (%)	57.23	59.43	0.44	0.46
Net debt gearing (%)	51.63	57.45	0.23	0.46
Current ratio (times)	1.19	1.17	17.27	16.29
Loss before interest, tax, depreciation and amortisation divided by interest expenses (times)	(5.74)	(5.74)	(4,226)	(4,226)
Basic (LPS) (cents)				
(before exceptional items)	(4.04)	(4.39)	(0.18)	(0.20)
(after exceptional items)	(4.04)	(4.39)	(9.70)	(10.55)
ROE (%)	(37.33)	(38.77)	(93.83)	(97.61)

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(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 2016				
Issued capital and reserves / Total shareholders' equity	61,497	58,904	58,799	56,206
NTA	61,497	58,904	58,799	56,206
Loss after taxation and minority interest	(22,959)	(22,959)	(55,173)	(55,173)
Net debt	31,749	34,342	133	258
Number of Shares ('000)	568,710	523,213	568,710	523,213
Financial Ratios				
NTA per Share (cents)	10.81	11.26	10.34	10.74
Gross debt gearing (%)	57.23	59.75	0.44	0.46
Net debt gearing (%)	51.63	58.30	0.23	0.46
Current ratio (times)	1.19	1.16	17.27	16.15
Loss before interest, tax, depreciation and amortisation divided by interest expenses (times)	(5.74)	(5.74)	(4,226)	(4,226)
Basic (LPS) (cents)				
(before exceptional items)	(4.04)	(4.39)	(0.18)	(0.20)
(after exceptional items)	(4.04)	(4.39)	(9.70)	(10.55)
ROE (%)	(37.33)	(38.98)	(93.83)	(98.16)

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

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

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.

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(a) Obligation to make a Take-over Offer

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

(b) Persons Acting in Concert

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

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

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

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

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

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

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

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

(vii) partners; and

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

SHARE PURCHASE MANDATE

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

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

(c) Effect of Rule 14 and Appendix 2

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

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

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

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

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

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

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

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

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

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

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

SHARE PURCHASE MANDATE

2.10 Listing Rules

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

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

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

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

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, approximately 249,680,407 Shares, representing 43.90% of the issued Shares, are in the hands of the public. Assuming that the Company purchases its Shares from the public through Market Purchases up to the full 8% limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 204,183,618 Shares, representing 39.02% of the reduced issued share capital of the Company. Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 8% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

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

2.11 Previous Share Purchases

The Company has not entered into transactions to acquire any Shares pursuant to the 2015 Share Purchase Mandate in the 12 months immediately preceding the Latest Practicable Date.

SHARE PURCHASE MANDATE

2 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

2.1 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:

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

Notes:

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

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

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

2.2 Substantial Shareholders' Interests

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

	Number of Shares		Total Percentage
Directors	**Direct Interest**	**Deemed Interest**	**Interest (%)**
Lim Eng Hock[4]	65,000,000	35,641,000	17.70
Segulah Pte Ltd	91,937,900	–	16.17
Temasek Holdings (Private) Ltd [5]	–	91,937,900	16.17
DBS Trustee Limited[5]	–	91,937,900	16.17
DBS Group Holdings Limited[5]	–	91,937,900	16.17
DBS Bank Ltd. [5]	–	91,937,900	16.17
Raffles Investments Limited	62,280,000	–	10.95
Aequitas Pte Ltd[6]	–	62,280,000	10.95
Kambau Pte Ltd[6]	–	62,280,000	10.95
Siong Lim Private Limited[6]	–	62,280,000	10.95
Tecity Pte Ltd[6]	–	62,280,000	10.95
Dr Tan Kheng Lian[6]	–	62,280,000	10.95
Mavis Benjamin[7]	–	39,191,000	6.89

Notes:

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

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

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

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

SHARE PURCHASE MANDATE

3 ANNUAL GENERAL MEETING

The 2016 AGM of the Company, notice of which is set out in pages 116 to 121 of the 2016 Annual Report, will be held on 27 October 2016 at 11.00 am 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.

4 DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of ordinary resolution number 6, being the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate as set out in the Notice of AGM.

5 RESPONSIBILITY STATEMENT

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

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

6 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 2016 AGM:

(a) the Constitution; and

(b) the 2016 Annual Report.

Yours faithfully
For and on behalf of the Board of Directors of
FJ 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:

"**2015 AGM**"	:	The annual general meeting of the Company held on 28 October 2015
"**2015 Share Purchase Mandate**"	:	The Share Purchase Mandate renewed at the 2015 AGM
"**2016 AGM**"	:	The annual general meeting of the Company to be held on 27 October 2016
"**2016 Annual Repor**t"	:	The annual report of the Company for the financial year ended 30 June 2016
"**AGM**"	:	The annual general meeting of the Company
"**Board of Directors**"	:	The board of Directors of the Company
"**CDP**"	:	The Central Depository (Pte) Limited
"**Companies Act**"	:	The Companies Act (Chapter 50 of Singapore)
"**Company**"	:	F J Benjamin Holdings Ltd
"**Constitution**"	:	The constitution of the Company
"**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 2016, 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
"LPS"	:	Loss per share
"**Market Day**"	:	A day on which the SGX-ST is open for trading in securities
"**Market Purchase**"	:	Shall have the meaning ascribed to it in paragraph 2.3(c)(i)
"**Maximum Price**"	:	Shall have the meaning ascribed to it in paragraph 2.3(d)
"**Notice of AGM**"	:	The notice of the 2016 AGM
"**NTA**"	:	Net tangible assets
"**Off-Market Purchase**"	:	Shall have the meaning ascribed to it in paragraph 2.3(c)(ii)
"**ROE**"	:	Return on equity

SHARE PURCHASE MANDATE

"**Securities and Futures Act**"	:	The Securities and Futures Act (Chapter 289 of Singapore)
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Registered holders for the time being of the Shares (other than CDP), or in the case of depositors, depositors who have Shares entered against their name in the Depository Register
"**Shares**"	:	Ordinary shares in the share capital of the Company
"**Share Purchase Mandate**"	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in the Letter as well as the rules and regulations set forth in the Companies Act and the Listing Rules
"**Subsidiary**"	:	A company which is for the time being a subsidiary of the Company as defined by Section 5 of the Companies Act
"**Substantial Shareholder**"	:	Shall have the meaning ascribed to it in the Companies Act
"**Take-over Code**"	:	The Singapore Code on Take-overs and Mergers
"**S$**" and "**cents**"	:	Singapore dollars and cents, respectively
"**%**"	:	Percentage or per centum

The terms "**depositor**", "**depository Register**" and ",**depository agent**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures 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, the Securities and Futures Act or any statutory modification thereof and used in this Letter shall have the meaning assigned to it under the Companies Act, the Securities and Futures Act or any statutory modification thereof, as the case may be.

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

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

F J BENJAMIN HOLDINGS LTD
(Company Registration No.: 197301125N)
(Incorporated In The Republic of Singapore)

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. 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.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ______________________________

of ______________________________

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

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Lavender Room, Orchard Hotel Singapore, 442 Orchard Road, Singapore 238879 on Thursday, 27 October 2016 at 11.00 a.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, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	Number of Votes For[1]	Number of Votes Against [1]
1	Directors' Statement and Audited Financial Statements for the year ended 30 June 2016		
2	Re-election of Mr Frank Benjamin as a Director		
3	Approval of a sum of up to S$230,000 to be paid as directors' fees for the year ending 30 June 2017		
4	Re-appointment of Messrs Ernst & Young LLP as Auditors of the Company		
5	Authority to issue shares		
6	Renewal of Share Purchase Mandate		

[1] *If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ______________ day of ______________ 2016

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

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

*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 81SF of the Securities and Futures Act, Chapter 289), 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. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. 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.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Science Park Road, #04-01, The Alpha Science Park II, Singapore 117684 not less than 48 hours not less than forty-eight (48) hours before the time appointed for the Meeting.

7. 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.

8. 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.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 October 2016.

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 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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F J Benjamin Lifestyle Pte. Ltd.
Fashion Dyamics Singapore Pte Ltd
Nootrees Pte Ltd
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