DEAR SHAREHOLDERS,

Over 47 years, F.J. Benjamin has become synonymous with delivering international brands to customers in Singapore and the region. While doing so, F.J. Benjamin has itself developed formidable brand equity which we intend to further strengthen and develop, reinforcing our position as an industry leader to our customers, our principals, and our investors.

Looking back at the financial year ended June 30, 2006, we are very pleased with several positive developments which I would like to highlight:

- Our regional teams have again put in a strong and steady performance with net earnings of $10.17 million (139% increase YOY) based on a turnover of $187.23 million (29% increase YOY), as further detailed in the CEO’s Report and Operational Review;

- F.J. Benjamin has been appointed Gap Inc.’s first-ever worldwide franchise partner for Gap and Banana Republic in Singapore and Malaysia.

- RAOUŁ, our carefully nurtured house label, inked its first franchise deal in the Middle East.
We seamlessly transitioned from first to second generation leadership within the Group, with Nash Benjamin, my deputy for many years, successfully taking over as CEO;

We welcomed a new strategic investor, Raffles Investment, to our family of investors; and

St James Power Station, the brainchild of entertainment veteran Dennis Foo, will commence operations at end September 2006.

In addition, this year marks our 10th anniversary as a listed company on the Singapore Exchange. I would like to thank all our shareholders for their unstinting support through the years. On that note, we are pleased to return more value to our shareholders, with dividends that have more than doubled, from 1.1 cents per share last year to 2.4 cents per share this year.

Looking ahead, growth prospects in financial year 2006/2007 look bright against the backdrop of an encouraging economic outlook for Singapore and the region. In Singapore, we are well poised to benefit from the retail transformation that has already begun. For example, the rejuvenation of Orchard Road and Marina Bay; increased tourist arrivals and tourist spending; the development of premium retail infrastructure within the Integrated Resorts and the White Site. Regionally, retail environments in Bangkok, Jakarta and Kuala Lumpur continue to be supported by buoyant economies, rising tourism and the introduction of premium retail real estate.

In North Asia and China, rising consumer affluence and spending will allow us to build even greater momentum with our timepiece business. Taken together, this will have a profound impact on the regional retail landscape and will hopefully continue to drive the industry to the next level.

In conclusion, I would like to thank our customers, business partners and shareholders for their support, without which we would not have been able to achieve the strong results which we have. I am also indebted to my fellow Board members for sharing their time, insight and counsel. Last but not least, the management and staff of F J Benjamin for their hard work and dedication. They are living proof that the most important asset in any organisation is its people.
DEAR SHAREHOLDERS,

Stepping into Frank Benjamin’s shoes as I did in May 2006, has been an exciting experience.

Frank has built one of the most enduring brands in the fashion industry in Singapore. The F. J. Benjamin label has longevity and strength in a business that thrives on fads, in a world of constant change and unprecedented complexity. Fads come and go. But Frank understood the sustaining power of brands. Long before brand gurus preached the word, Frank was practicing branding as a business.

Indeed F. J. Benjamin, the company, is built on brands. We are the brand behind the brands. They are our foundation and cornerstone, and have been so since Frank set up the first single-brand store in Singapore with the opening of the Lanvin shop at Hyatt Hotel in 1975.

As the new man at the helm, I inherit a powerful legacy which I’m honoured to continue. I am intent that we build on this legacy of brand building and that we create further ballast for sustainable cash-generative businesses by focusing on our core strengths of fashion, timepieces, licensing and investing in lifestyle concepts.

We see exciting potential in the brands we market and distribute as they are well positioned to meet consumers’ tastes and style preferences.
Our portfolio size and mix did not come by chance. We have learnt valuable lessons from the turbulent years of the Asian financial crisis that had afflicted the region.

One of these lessons is the importance of exercising discipline at both the strategic and operational levels. Discipline in managing costs is vital in our business, and better overall risk management has helped improve our bottom line. Strategically, instead of diffusing management time and resources over many brands with disparate values, we are now focused on a smaller number of scalable labels targeted at the lifestyle needs of our trendy and discerning customers. These brands have the potential of earning high profit, and are capable of delivering increased revenues at lower costs.

In terms of new brands, the power of the Gap and Banana Republic franchise cannot be overstated. Gap is the largest single store operator in the world. They operate more than 3,000 stores and reported fiscal 2005 revenues of US$16 billion. The agreement signed with F J Benjamin Lifestyle in January 2006 is the first-ever Gap franchise awarded by the US company, and we are proud to be their first franchise partner.

Going forward, we have our work cut out for us in the new financial year. First, the launch of Gap stores and development of Marciano (another GUESS Inc. label offering sophisticated apparel and accessories for men and ladies) coupled with organic brand growth from GUESS, La Senza and RAOUL, will see our regional retail footprint increase 74% from 122,500 square feet to 213,000 square feet (and this is without Banana Republic which will only be launched in financial year 2007/2008).

Second, we are on a methodical expansion of RAOUL as well as our timepiece business in Southeast Asia and North Asia, including China. Third, we are well poised to grow our Thai retail and distribution businesses through our Thai subsidiary, which recently commenced operations with the launch of three stores in Bangkok in August – La Senza, RAOUL Men and RAOUL Ladies. Fourth, St James Power Station, Asia’s largest entertainment complex, in which we have 32% equity, will launch at end September 2006. With these initiatives, F J Benjamin is well positioned to build upon initiatives embarked in the prior financial year to achieve another profitable year.

Looking ahead, we see sanguine prospects for the medium and long-term growth for the retail industry in Asia, underpinned by favourable economic, demographic and regulatory changes. The region is enjoying a powerful combination of growing consumption and rising income and countries are making efforts to make their retail environments more vibrant and friendly to foreign investors. Some of the shopping malls that have been built and are being built in China, Thailand, Indonesia and Malaysia, rival the premier shopping centres in more developed cities like Singapore, Hong Kong and Tokyo. The retail landscape in Asia is changing fast and we are committed to ensuring that our regionalisation efforts keep pace with the opportunities that lie ahead.
OPERATIONAL REVIEW

The financial year ended June 30, 2006 has been a solid year for the Group.

During the year under review, we saw across-the-boards growth in our core businesses. The Group’s net profit before tax increased 152% from $5.70 million to $14.38 million. Operating profit after depreciation and amortisation was up 265% to $13.10 million from $3.59 million. Our operating profit margin tripled to 7%, the best since 2003. Our turnover grew by 29% to $187.23 million.

Full year net profit after tax more than doubled to $10.17 million from $4.26 million. Our gross margin rose from 37.5% in financial year 2004/2005 to 41.0% for year 2005/2006.

Capital expenditure increased at a slower rate of 21% from $3.40 million to $4.11 million. At the same time, net debt/equity ratio has fallen to a low 0.14 times. Return on equity and after-tax return on capital also saw significant improvements. These results reflected the benefits we reaped from economies of scale, better brand management, improved sell throughs, improved customer service and inventory management.

During the year under review, GUESS, GUESS Accessory stores carrying handbags and watches, La Senza and RAOUL registered positive growth. These are exciting times for the Group. We will work diligently to execute well as we look forward to another positive year.
CORPORATE STRUCTURE
AS AT 11 SEPTEMBER 2006

F.J. Benjamin Holdings Ltd

SOUTH EAST ASIA

SINGAPORE

100% F.J.B. Investment
100% F.J. Benjamin (Indochina)
100% F.J. Benjamin Concepts
100% Manchester United (S.E.A.)
100% Benmark

THAILAND

49% F.J. Benjamin Concepts (Thailand)
(79% Voting rights)

INDONESIA

PT Meteor Prima Sejati Group of Companies

USA

100% F.J. Benjamin Fashions (U.S.)
100% F.J. Benjamin (Taiwan)

AUSTRALIA

100% F.J. Benjamin (Australia)
61% F.J. Benjamin Concepts (Aust)
61% F.J. Benjamin (Aust) Partnership

NORTH ASIA

HONG KONG

100% F.J. Benjamin (H.K.)
100% Ferro Designs
100% BMI (Hong Kong)

TAIWAN

100% F.J. Benjamin (Taiwan)

MALAYSIA

100% F.J. Benjamin (M)
100% Benmark
100% Manchester United (Malaysia)
100% F.J. Benjamin Lifestyle
50% Devils Bar

48% FJD

Fashion & Corporate Services Division
BMM Timepiece Division
Benmark (Home Furnishing) Division
Creative & Licensing Division

57% The St. James

100% F.J. Benjamin (Singapore)
100% F.J. Benjamin Lifestyle
100% B.M.I
50% Manchester United Food & Beverages (Asia)

51% F.J. Benjamin Concepts (Aust)
51% F.J. Benjamin (Aust) Partnership

50% Manchester United Food & Beverages (Asia)

NOTE: The Corporate Structure is as of 11 September 2006.

Legend:
- Active
- Dormant
- Investment Holdings
CORPORATE DIRECTORY

DIRECTORS
Mr Frank Benjamin Executive Chairman
Mr Keith Tay Ah Kee Non-executive Deputy Chairman
Mr Eli Manassen (Yash) Benjamin Chief Executive Officer
Mr Douglas Jackie Benjamin Executive Director
Ms Karen Chong Mee Keng Executive Director
Mr Joseph Grimberg Independent Director
Mr Reggie Thein Independent Director
Ms Wong Ai Fang Independent Director
Mr Timothy Chia Chee Ming Independent Director (appointed on 1 July 2005)

REGISTERED OFFICE
F J Benjamin Building
6B Orange Grove Road
Singapore 258332
Tel : (65) 6737 0155 Fax : (65) 6733 7398
Email : enquiry@fjb.com.sg
Website : fjbenjamin.com

JOINT COMPANY SECRETARIES
Ms Karen Chong Mee Keng
Mr Dilhan Pillay Sandrasegara

SHARE REGISTRAR
Lim Associates (Pte) Ltd
10 Collyer Quay #19-08 Ocean Building
Singapore 049315

AUDITORS
Ernst & Young
10 Collyer Quay #21-01 Ocean Building
Singapore 049315
Partner: Mr Liew Choon Wei (since financial year 2003)

SOLICITORS
Wong Partnership
One George Street #20-01
Singapore 049145

PRINCIPAL BANKERS
DBS Bank Ltd
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Ltd
Mr Eli Manasseh (Nash) Benjamin
Date of appointment as Director : 26 July 1973
Date of last re-election : 27 October 2004
Nature of appointment : Executive
Board committees served on : Executive Committee (Member since 13 August 2001)
Mr Eli Manasseh (Nash) Benjamin is the Chief Executive Officer of the Group and has been with F J Benjamin since 1968. He has more than 30 years of experience in the fashion retail and timepiece distribution businesses. He succeeded Mr Frank Benjamin as Group CEO on 5 May 2006. 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 as well as oversees the business development arm of the Group.

Mr Keith Tay Ah Kee
Date of appointment as Director : 1 August 1996
Date of last re-election : 28 October 2005
Nature of appointment : Non-executive
Board committees served on : Executive Committee (Member since 13 August 2001)
Remuneration Committee (Member since 25 September 2002)
Mr Keith Tay is the Non-executive Deputy Chairman of the Group. He was Chairman and Managing Partner of KPMG Peat Marwick, from 1994 to 1993. He is the Vice Chairman of the Governing Council of The Singapore Institute of Directors. He also serves on the board of the Singapore International Chamber of Commerce, of which he was Chairman from 1995 to 1997. He is also Chairman of Stirling Coleman Capital Limited and Aviva Limited. He sits on the boards of several public companies, including Singapore Reinsurance Corporation Ltd, Singapore Post Limited and Singapore Power Limited.

Mr Frank Benjamin
Date of appointment as Director : 5 June 1973
Date of last re-election : 28 October 2005
Nature of appointment : Executive
Board committees served on : Executive Committee (Chairman since 13 August 2001)
Nominating Committee (Member since 25 September 2002)
Mr Frank Benjamin is the Executive Chairman and founder of F J Benjamin. He stepped down as Group Chief Executive Officer in April 2006, a position he held since the founding of F J Benjamin in 1959. With more than 40 years of experience in the retail industry, Mr Benjamin continues to play a primary role in defining the overall strategy and vision of the Group and is actively involved in the Group’s relationship with principals and business partners.
Mr Reggie Thein

Date of appointment as Director : 8 July 2002
Date of last re-election : 28 October 2005
Nature of appointment : Independent
Board committees served on : Audit Committee (Member since 30 June 2002 and appointed Chairman since 30 June 2003)
Remuneration Committee (Chairman since 25 September 2002)
Nominating Committee (Chairman since 25 September 2002)

Mr Reggie Thein is a member of the Governing Council of The Singapore Institute of Directors, a Fellow of the Institute of Chartered Accountants in England and Wales, and member of the Institute of Certified Public Accountants of Singapore.


Ms Karen Chong Mee Keng

Date of appointment as Director : 1 April 2005
Date of last re-election : 28 October 2005
Nature of appointment : Executive
Board committee served on : Executive Committee (Member since 1 April 2005)

Ms Karen Chong is the Chief Financial Officer and Joint 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 member of the Institute of Certified Public Accountants of Singapore. Prior to joining the Group, she was with a public accounting firm for several years and has accumulated more than 10 years of financial and operational experience in the local and overseas retail industry.
Ms Wong Ai Fong
Date of appointment as Director: 3 November 2000
Date of last re-election: 13 November 2003
Nature of appointment: Independent
Board committees served on: Audit Committee (Member since 30 September 2002)

Ms Wong Ai Fong is the Director of Communications, Asia Pacific with Nokia Pte Ltd. She was formerly the General Manager of the Singapore Marketing Communications department of the Group between 1994 to 2000. Prior to joining the Group; she had more than 10 years of marketing experience in the financial services, media and entertainment industries.

Mr Timothy Chia Chee Ming
Date of appointment as Director: 1 July 2005
Date of last re-election: 28 October 2005
Nature of appointment: Independent
Board committees served on: None

Mr Timothy Chia is the Chairman of Gracefield Holdings Limited. He is also a member of the Board of Trustees of Singapore Management University. He was the President of PAMA Group Inc. from 1986 to early 2000. He sits on the boards of Banyan Tree Holdings Ltd, Fraser and Neave Limited, Magnecomp Precision Technology Public Co Ltd (Thailand) and Meritz Securities Co. Ltd (Korea).
### GROUP 5-YEAR FINANCIAL SUMMARY

#### PROFIT & LOSS

<table>
<thead>
<tr>
<th>Year</th>
<th>Restated</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Turnover</td>
<td>113,147</td>
<td>105,569</td>
<td>116,573</td>
<td>145,658</td>
<td>187,235</td>
<td></td>
</tr>
<tr>
<td>Operating Profit before Borrowing Costs and Exceptional Items</td>
<td>8,686</td>
<td>1,364</td>
<td>1,919</td>
<td>3,594</td>
<td>13,102</td>
<td></td>
</tr>
<tr>
<td>Borrowing Costs</td>
<td>(3,631)</td>
<td>(1,907)</td>
<td>(1,287)</td>
<td>(1,435)</td>
<td>(1,908)</td>
<td></td>
</tr>
<tr>
<td>Exceptional Items</td>
<td>101</td>
<td>2,122</td>
<td>46</td>
<td>1,456</td>
<td>1,221</td>
<td></td>
</tr>
<tr>
<td>Share of Results of Associates</td>
<td>472</td>
<td>219</td>
<td>1,408</td>
<td>2,081</td>
<td>1,964</td>
<td></td>
</tr>
<tr>
<td>Profit Before Taxation</td>
<td>5,628</td>
<td>1,798</td>
<td>2,086</td>
<td>5,656</td>
<td>14,379</td>
<td></td>
</tr>
<tr>
<td>Profit After Taxation and Minority Interest</td>
<td>3,073</td>
<td>1,470</td>
<td>1,994</td>
<td>4,262</td>
<td>10,171</td>
<td></td>
</tr>
<tr>
<td>Basic Earnings Per Share (cents)</td>
<td>1.21</td>
<td>0.52</td>
<td>0.70</td>
<td>1.50</td>
<td>3.53</td>
<td></td>
</tr>
<tr>
<td>Operating Margin (%)</td>
<td>8%</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
<td>7%</td>
<td></td>
</tr>
</tbody>
</table>

#### BALANCE SHEET

<table>
<thead>
<tr>
<th>Year</th>
<th>Restated</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Non-Current Assets</td>
<td>83,083</td>
<td>81,844</td>
<td>79,503</td>
<td>82,864</td>
<td>84,526</td>
<td></td>
</tr>
<tr>
<td>Net Current Assets</td>
<td>6,386</td>
<td>16,159</td>
<td>17,099</td>
<td>16,019</td>
<td>32,524</td>
<td></td>
</tr>
<tr>
<td>Shareholders’ Equity</td>
<td>48,703</td>
<td>76,956</td>
<td>76,298</td>
<td>77,249</td>
<td>95,716</td>
<td></td>
</tr>
<tr>
<td>Net Debt</td>
<td>55,730</td>
<td>23,057</td>
<td>23,470</td>
<td>24,962</td>
<td>13,283</td>
<td></td>
</tr>
<tr>
<td>Return on Equity (%)</td>
<td>6%</td>
<td>2%</td>
<td>3%</td>
<td>6%</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Net Debt to Equity</td>
<td>1.14</td>
<td>0.30</td>
<td>0.31</td>
<td>0.32</td>
<td>0.14</td>
<td></td>
</tr>
<tr>
<td>Net Tangible Assets Per Share (cents)</td>
<td>17.09</td>
<td>27.00</td>
<td>26.77</td>
<td>27.10</td>
<td>30.53</td>
<td></td>
</tr>
</tbody>
</table>
### Earnings per share

<table>
<thead>
<tr>
<th>Year</th>
<th>Earnings per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>0.10</td>
</tr>
<tr>
<td>2003</td>
<td>0.25</td>
</tr>
<tr>
<td>2004</td>
<td>0.75</td>
</tr>
<tr>
<td>2005</td>
<td>1.10</td>
</tr>
<tr>
<td>2006</td>
<td>1.50</td>
</tr>
</tbody>
</table>

### Dividend per share

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>0.70</td>
</tr>
<tr>
<td>2003</td>
<td>0.52</td>
</tr>
<tr>
<td>2004</td>
<td>0.70</td>
</tr>
<tr>
<td>2005</td>
<td>1.00</td>
</tr>
<tr>
<td>2006</td>
<td>1.21</td>
</tr>
</tbody>
</table>

### Turnover ($'000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>113,147</td>
</tr>
<tr>
<td>2003</td>
<td>105,569</td>
</tr>
<tr>
<td>2004</td>
<td>116,573</td>
</tr>
<tr>
<td>2005</td>
<td>145,658</td>
</tr>
<tr>
<td>2006</td>
<td>187,235</td>
</tr>
</tbody>
</table>
NEW GUESS AND GUESS
ACCESSORY STORES OPEN IN
SINGAPORE, MALAYSIA AND INDONESIA

GUESS

GUESS glamourised denim back in the
early 80s and has since grown into one
of the most successful and well-known US
brands with a commanding international
advertising presence. F J Benjamin
brought in the brand in 1991, and
continues to manage and market it in
various Southeast Asian territories. F J
Benjamin also holds licensing rights for
Baby GUESS and GUESS Kids in various
Asian territories and in the Middle East.

New GUESS and GUESS Accessory stores
were opened in Singapore, Malaysia and
Indonesia. F J Benjamin operates 43 stores
as at June 2006 and will operate 59 stores
in the region by the end of next financial
year.

In November 2005 a ‘Sexy since 1981’ party
was held at Divine Society, Parkview Square
in Singapore, which was attended by the
Co-Chairman of GUESS Inc., Mr. Paul
Marciano and two lovely GUESS models,
Tori Praver and Bree Condon.

During the financial year, F J Benjamin
also acquired sole distributorship rights
for GUESS footwear, and will distribute this
to its network of stores and retailers.

In October 2006, F J Benjamin will launch
the Marciano label in Singapore.
Marciano is another GUESS Inc. brand
offering sophisticated apparel and
accessories for men and women.

GUESS will celebrate its 25th Anniversary
in Singapore holding its ‘One World One
Brand’ conference in January 2007 with
550 delegates from 60 countries
participating.
GUESS HANDBAGS

GUESS handbags have experienced excellent growth during the year in all territories. Their designs are of high quality and are also trend-setting, appealing to the young and fashionable set.

GUESS handbags are distributed through F J Benjamin’s GUESS stores, department stores, duty free and specialty stores.

BABY GUESS AND GUESS KIDS

From Lace to Lace-Ups, Denim to Velvet and Cowboy to Grunge, Baby GUESS and GUESS Kids have them all! F J Benjamin was granted a licence to design, source and manufacture product-to-product and apparel for Baby GUESS and GUESS Kids in 2000. F J Benjamin currently distributes these products to directly owned stores and indirectly through an associated company, as well as to approved third party distributors in the Middle East and Taiwan.
BETTER ECONOMIES AND MORE AGGRESSIVE MARKETING EFFORTS TO DRIVE GROWTH FOR LA SENZA IN THE REGION

LA SENZA

La Senza, the fashionable Canadian lingerie and sleep wear brand, continued with its strong performance in Singapore, Malaysia and Indonesia.

In the second half of 2006, new La Senza stores were opened in Plaza Singapura (Singapore), Penrith (Australia) and Central World (Bangkok).

With better economies and more aggressive marketing efforts, La Senza will continue on its path of promising growth.

F J Benjamin operates 13 stores as at June 2006 and will operate 20 stores in the region by the end of the next financial year.
WITH 24 STORES IN SINGAPORE, KUALA LUMPUR, BANGKOK, JAKARTA, BALI, DUBAI AND BAHRAIN, RAOUL AIMS TO OPEN KEY STORES IN HONG KONG, NEW YORK CITY AND SYDNEY

RAOUL

F J Benjamin’s house label, RAOUL, was created in 2002, with an eye on the guy who straddles the corporate boardroom and the social circuit. The brand has leveraged on the marketing and retail experience of F J Benjamin to enter regional markets. Its expanded collections today include small leather goods and shoes, to supplement its range of shirts, ties and cufflinks.

RAOUL Ladies, featuring smart business-style fashion for women, was created in 2005. There are a total of five RAOUL Men and three RAOUL Ladies stores in Singapore.

RAOUL’s second annual party at the new Mercedes-Benz Centre in Singapore was a night to remember, attracting well-known celebrities and personalities with over 1,000 guests in attendance.

In Malaysia, RAOUL opened its fourth store at Starhill Gallery in December 2005. Starhill is one of the most prestigious shopping destinations in Kuala Lumpur. The first RAOUL Ladies store also opened at Starhill Gallery in April 2006.

F J Benjamin also entered into a franchise agreement with a third party retailer in the Middle East. Apparel LLC is a well-established retailer representing various international brands, and will launch and operate nine RAOUL Men stores in Dubai, Bahrain, Kuwait and Qatar by 2009. The first RAOUL store in Dubai opened in the prestigious Mall of Emirates shopping mall.

With 24 stores in Singapore, Kuala Lumpur, Bangkok, Jakarta, Bali, Dubai and Bahrain, our aim is to open key stores in Hong Kong, New York City and Sydney by year 2008/2009.
F J BENJAMIN IS GAP INC.’S FIRST-EVER FRANCHISEE AND PLANS TO OPEN 30 STORES IN SINGAPORE AND MALAYSIA BY 2010

GAP

Gap was created in 1969 in San Francisco, California, and is known for its cool, casual and confident clothing and accessories that enhance personal style while providing great value and service. Gap Inc., the owner of Gap, also owns the Banana Republic and Old Navy labels. It is currently the world’s largest specialty store operator with revenues of US$16 billion and approximately 3,000 stores.

F J Benjamin is proud to be Gap Inc.’s first-ever franchisee and plans to open 30 stores in Singapore and Malaysia by 2010.

F J Benjamin will open Gap’s first flagship store in Asia (outside Japan) at Wisma Atria in Singapore, in December 2006, occupying about 9,000 square feet on Orchard Road.

In addition, two other Gap stores will open in October and December 2006 at Vivo City and Centrepoint respectively. By December 2006, five Gap stores will appear in Kuala Lumpur.

By June 2007, there will be 9 Gap stores operating in Singapore and Malaysia.
Banana Republic’s affordable luxury merchandise will find an eager audience among fashion-savvy consumers in Singapore and Malaysia as it offers elevated essentials and sophisticated seasonal collections of clothing and accessories for work and casual occasions.

Banana Republic will open its first store in Kuala Lumpur in June 2007, and in Singapore in July 2007.
GIRARD-PERREGAUX GAINS STRONG POSITIONING IN ALL MARKETS AND HAS GROWN ITS FOOTPRINT IN MAINLAND CHINA

GIRARD-PERREGAUX

F.J. Benjamin’s partnership with top Swiss watch manufacturer Girard-Perregaux began in 1989, and today Girard-Perregaux has a strong footprint of distribution in North Asia (including China) and Southeast Asia.

During the financial year under review, Girard-Perregaux has gained strong positioning in all markets, and has grown its footprint in mainland China with 18 points-of-sale in 11 cities.

In March 2006, Girard-Perregaux sponsored the Singapore Symphony Orchestra’s Annual Benefit Dinner at the Ritz Carlton Hotel, and helped the organisers raise about $820,000. The event was attended by over 500 guests, including the President of Singapore and the First Lady, Mr & Mrs S R Nathan.

In October 2005, Girard-Perregaux showcased the Watchmaker Atelier at the Cathay Financial Conference Hall in Taipei, which was well attended by celebrities and personalities.
JeanRichard is a young, contemporary and vibrant brand, making its mark in the haute horlogerie arena with the introduction of its own manufactured movement. The brand combines the technical competence of its watch-making heritage with its aesthetic judgment to produce beautiful classic and yet modern timepieces.

At the International Salon of Haute Horlogerie in Geneva 2006, JeanRichard presented a new range of avant-garde contemporary watches combined with the traditional watch-making techniques and equipped with the manufactured JR1000 movement – Bressel Alternativ and Bressel Flying Hands.

Other interesting innovations include the ‘Five Continents’ which is modeled after the five different continents: Africa, Asia, Europe, America and Oceania. With more new innovations in the pipeline, JeanRichard will attract avid admirers as it grows its technical independence and competence.
It has been an exciting year for Bell & Ross as it launched the 'BR01 Collection', creating a buzz in the market and attracting fashion-conscious consumers. These functional and fashionable timepieces strike a chord with many and will continue to do so with their practical innovations and an emphasis on their four basic principles: readability, performance, precision and water-resistance.
GUESS RECORDS CONSISTENT GROWTH IN ALL TERRITORIES AND CONTINUES TO BE POPULAR AMONG FASHION-CONSCIOUS CONSUMERS

GUESS TIMEPIECES
As a top fashion and lifestyle watch brand, GUESS has recorded consistent growth in all territories and continues to be popular among fashion-driven consumers.

Leveraging on seasonal campaigns, GUESS watches created innovative launches such as the ‘Animal Instinct’ and ‘Valentine’s Day’. series with key retailers, generating strong results.

GUESS COLLECTION TIMEPIECES
GUESS Collection timepieces bridge the gap between trendy fashion watches and fine timepieces. The watches, which are Swiss made, are distinctly European in design and expertly crafted with an attention to detail that radiates confidence, prestige and glamour. GUESS Collection’s signature elements of sophisticated style, performance and craftsmanship define a collection that captures the essence of luxury and high quality.
Traditionally known for its sporting function, Nike Timing has now, in addition, gained recognition and awareness among retailers and consumers for its trendy fashion design.

With the launch of the ‘Merge Collection’ inspired by the world of fitness dance, the innovative brand has appealed to the fashion-conscious consumers and is fast becoming a popular brand in the market.
NAUTICA

Nautica is gaining momentum as a timepiece brand quite apart from its apparel and accessories offering. Nautica registered consistent growth and continues its door expansion and growth in all territories.

The growth is partly due to the brand’s design philosophy - evolutionary in scope, yet maintaining its timeless styling with a contemporary twist of modern fashion.

MARC ECKO

With strong roots in hip-hop, streetwear and youth culture, Marc Ecko has distinguished itself in the timepiece arena with its strong, outlandish and unique styling, successfully fusing designer, street, video game and action sports through its styling.

Marc Ecko witnessed robust growth, and with the emerging trends in hip-hop and youth culture, the watches will continue to attract a multi-faceted consumer base in the near future. Marc Ecko is being represented at 38 doors.
LIFESTYLE INVESTMENTS - OVERVIEW

F.J Benjamin strategically invests in selected lifestyle ventures as part of its search for meaningful value creation opportunities.

By partnering with established industry leaders, F.J Benjamin is able to purposely market these ventures to the Group’s existing fashion and timepiece customer base thereby increasing marketing efficiencies and creating cross-selling opportunities.

In addition, this allows F.J Benjamin to further foster customer loyalty within the Group by offering its customers complementary goods and services (entertainment, F&B etc.).

LIFESTYLE INVESTMENTS - ENTERTAINMENT

Devils Bar

F.J Benjamin jointly owns the award-winning Devils Bar in Singapore in a 50-50 joint venture with Mr Dennis Foo.

St James Power Station

Following the success of the Devils Bar, F.J Benjamin, Mr Dennis Foo and Mr Jopie Ong are collaborating to launch St James Power Station.

St James Power Station will be one of Asia’s largest entertainment centres with several bars, clubs and restaurants catering to different consumer profiles housed in one building.
CORPORATE GOVERNANCE REPORT

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

BOARD OF DIRECTORS

The Board’s Conduct of its Affairs – Principle 1

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

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

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Board Held</th>
<th>Board Attended</th>
<th>Executive Committee Held</th>
<th>Executive Committee Attended</th>
<th>Nominating Committee Held</th>
<th>Nominating Committee Attended</th>
<th>Remuneration Committee Held</th>
<th>Remuneration Committee Attended</th>
<th>Audit Committee Held</th>
<th>Audit Committee Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frank Benjamin</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Keith Tay Ah Kee</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Eli Manasseh Benjamin</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Douglas Jackie Benjamin</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Karen Chong</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Joseph Grimberg</td>
<td>5</td>
<td>2</td>
<td>NA</td>
<td>NA</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>4</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Reggie Thein</td>
<td>5</td>
<td>5</td>
<td>NA</td>
<td>NA</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Wong Ai Fong</td>
<td>5</td>
<td>4</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Timothy Chia Chee Ming</td>
<td>5</td>
<td>4</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

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

Directors’ are briefed on regulatory changes, especially those on the Company’s or Directors’ disclosure obligations. Newly appointed Directors are briefed on the Group’s business activities, strategic direction, corporate governance and the regulatory environment in which the Group operates as well as relevant laws and regulations.
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. The Board adopts the Code’s definition of what constitutes an independent director. Accordingly, Mr Keith Tay who relinquished his executive position on 30 June 2004, would only be considered independent after 3 years from the date of his resignation.

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

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

Chairman and Chief Executive Officer – Principle 3

Mr Frank Benjamin stepped down as Chief Executive Officer (“CEO”) of the Group on 29 April 2006 and continues to serve as Chairman of the Group. Mr Eli Manasseh Benjamin, brother of Mr Frank Benjamin, succeeded Mr Frank Benjamin as CEO of the Group.

Besides giving guidance on the corporate direction of the Group, the role of the Chairman includes the scheduling and chairing of Board meetings and the controlling of the quality, quantity and timeliness of information supplied to the Board and assists in ensuring compliance with the Company’s corporate governance guidelines.

The CEO of the Group supervises the business operations with the support of the Executive Directors and Management, as well as formulating long-term corporate strategies and policies of the Group.

Access to Information – Principle 6

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

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

The Board also has separate and independent access to the Management and Company Secretaries. The Company Secretaries attend all Board meetings and are responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with. The Board also has access to independent professional advice, if necessary, at the Company’s expense.
CORPORATE GOVERNANCE REPORT

NOMINATING COMMITTEE (NC)

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

Board Membership – Principle 4

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

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

(b) to review the Board structure, size, composition and independence and make recommendations to the Board on such adjustments as may be deemed necessary;

(c) to develop the criteria for the selection of Directors and identify candidates for approval by the Board, to fill Board vacancies as and when they arise as well as to put in place plans for succession;

(d) to recommend Directors who are to retire by rotation to be put forward for re-election at each Annual General Meeting of the Company, having regard to the Directors’ contribution and performance;

(e) to make recommendations to the Board for the continuation of service of any Director who has reached the age of 70;

(f) to determine independence of each Director; and

(g) to determine whether a Director, who has multiple board representations, is able to and has been adequately carrying out his duties as Director of the Company.

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

The profile and information of the Directors as at the date of this report are set out on pages 8 to 10 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.
CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE (RC)

Procedures for Developing Remuneration Policies – Principle 7
Level and Mix of Remuneration – Principle 8
Disclosure of Remuneration – Principle 9

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

Under its written terms of reference approved by the Board, the 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 that they are comparable with the pay and employment conditions within the industry and in similar companies;

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

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

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

(f) to recommend the Director’s fees of Non-executive Directors to the Board based on their level of contribution, taking into account factors such as effort, time spent and responsibilities. Directors’ fees are only paid to Non-executive Directors and are approved by Shareholders at the Annual General Meeting.

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

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

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

Remuneration Matters

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

<table>
<thead>
<tr>
<th>Directors</th>
<th>Directors’ Fee</th>
<th>Basic Salary</th>
<th>Variable Performance Bonus</th>
<th>Benefit-in-Kind And Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500,000 and above</td>
<td>–</td>
<td>32%</td>
<td>65%</td>
<td>3%</td>
<td>100%</td>
</tr>
<tr>
<td>Mr Frank Benjamin</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>34%</td>
<td>100%</td>
</tr>
<tr>
<td>Mr Eli Manasseh Benjamin</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>56%</td>
<td>100%</td>
</tr>
<tr>
<td>Mr Douglas Jackie Benjamin</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>65%</td>
<td>100%</td>
</tr>
<tr>
<td>$250,000 to $499,999</td>
<td>–</td>
<td>77%</td>
<td>17%</td>
<td>6%</td>
<td>100%</td>
</tr>
<tr>
<td>Ms Karen Chong</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Below $250,000</td>
<td>100%</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>100%</td>
</tr>
<tr>
<td>Mr Keith Tay</td>
<td>100%</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>100%</td>
</tr>
<tr>
<td>Mr Reggie Thein</td>
<td>100%</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>100%</td>
</tr>
<tr>
<td>Mr Joseph Grimberg</td>
<td>100%</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>100%</td>
</tr>
<tr>
<td>Ms Wong Ai Fong</td>
<td>100%</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>100%</td>
</tr>
<tr>
<td>Mr Timothy Chia</td>
<td>100%</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>100%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Range of Remuneration</th>
<th>No. of Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>$250,000 to $499,999</td>
<td>3</td>
</tr>
<tr>
<td>Below $250,000</td>
<td>2</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Bands</th>
<th>Basic Salary</th>
<th>Variable Performance Bonus</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relating to the Chairman</td>
<td>$250,000 to $499,999</td>
<td>88%</td>
<td>12%</td>
<td>100%</td>
</tr>
<tr>
<td>Relating to the Chairman</td>
<td>$150,000 to $249,999</td>
<td>76%</td>
<td>24%</td>
<td>100%</td>
</tr>
<tr>
<td>Relating to an Executive Director</td>
<td>$150,000 to $249,999</td>
<td>89%</td>
<td>11%</td>
<td>100%</td>
</tr>
<tr>
<td>Relating to the Chairman</td>
<td>Below $150,000</td>
<td>96%</td>
<td>4%</td>
<td>100%</td>
</tr>
</tbody>
</table>

AUDIT COMMITTEE (AC)

Accountability and Audit – Principles 10 and 11

The Board is accountable to the Shareholders while the Management is accountable to the Board. The Board approves the quarterly financial statements and authorises the release of the results to the Shareholders. From time to time, the Board also provides its Shareholders with updates of new business developments, material contracts entered into and other material information via SGXNET announcements.
The AC is chaired by Mr Reggie Thein and its members are Mr Joseph Grimberg and Ms Wong Ai Fong. All of them are Independent Directors.

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

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

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

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

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

(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 co-operation of the Management, as well as the External and Internal Auditors respectively. The Committee also has full discretion to invite any Director or any member of Management to attend its meetings.

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

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

**Internal Controls – Principle 12**

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

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

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

Risk Management

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

Business Risk

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

Financial Risk

The Group maintains a low gearing ratio of 0.14 times and sufficient cash reserves to meet any unforeseen circumstances.

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

Internal Audit – Principle 13

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

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

EXECUTIVE COMMITTEE (EC)

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

Communication With Shareholders – Principle 14

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

Encourage Greater Shareholders’ Participation – Principle 15

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

ADDITIONAL INFORMATION

Dealing in Securities

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

Material Contracts

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

Interested Person Transactions

Transactions with the Company’s interested persons (a term that is defined in the listing manual of the SGX-ST) are reviewed and approved 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 2006, there were no material interested person transactions entered into.