

ST. JAMES HOLDINGS LIMITED
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PIANO BAR
DOLLY KITCHEN
BAR NONE
THE LOBBY
THE BOILER ROOM
BELLINI ROOM
GALLERY BAR
THE LIVING ROOM
THE NEW PAPER SPORTS BAR
DRAGONFLY
SHANGHAI DOLLY
PEPPERMINT PARK
MOVIDA
MONO
POWERHOUSE
ST JAMES WINE BAR & BISTRO
LOBBY BAR AT SHANGHAI DOLLY



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This annual report has been prepared by the Company and its content have been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. for compliance with the rules of the SGX-ST. PrimePartners Corporate Finance Pte. Ltd. has not independently verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.

Corporate Profile

St. James Holdings Limited ("St James") is the leader in Singapore's night entertainment industry and renowned as a forerunner in producing innovative live music concepts. The Group operates 17 outlets marketed under its own proprietary brands at three strategically situated districts with pulsating nightlife.

The Group's flagship venue, St James Power Station, is the largest one-stop entertainment hub in Singapore. Housed in the country's first coal-fired power station, this 60,000 square feet complex offers customers the choice of 11 distinctive outlets under a single roof. Each outlet features exclusive live music themes that span from world music and R&B, to contemporary dance, and Mando-pop.

St James also owns and operates Bar None and The Living Room, two renowned entertainment outlets located at the Marriott Hotel in the vibrant Orchard Road area. With the opening of Shanghai Dolly in December 2009, the Group has also cemented its presence in Clarke Quay, which is one of Singapore's top nightlife destinations.

As a reflection of its leading position in the night entertainment industry, St James is the largest employer of local and international entertainment talent in Singapore, with a pool of over 140 artistes, musicians and DJs.

St James is listed on SGX Catalist in Singapore.

Message to Shareholders



*Tan Soo Khoon
Chairman*



*Dennis Foo
Chief Executive Officer*

Dear Shareholders,

The 12 months ended 30 June 2010 (“FY2010”) was a year of both challenges and change for St James. While managing a complex large-scale operation like ours under less favourable circumstances is far from ideal, we are pleased that our Group still managed to deliver a respectable performance for the financial period in review.

In FY2010, the Group’s revenue only dipped a marginal 6% to \$36.0 million despite the soft economic backdrop, weak consumer spending and heightened competitive conditions in the night entertainment industry. In particular, our revenue was markedly lower in the first half of FY2010 as the Singapore economy was in the doldrums and consumers had sharply cut back expenditures on night entertainment.

While the Singapore economy began recovering from the beginning of the New Year, business in the night entertainment industry remained sluggish during the first three months of 2010 due to the seasonally slower post-festive period. In addition, the industry felt the impact from the opening of the Integrated Resort at Sentosa as customers’ attention was drawn to the novelty of this new tourist attraction.

Notwithstanding these challenges, the Group’s revenue in the second half of FY2010 was better compared to both the six-month period a year ago, as well as the first half. This was mainly



“Shanghai Dolly has grown into the top Mando-pop club in Singapore. Together with Dragonfly, we are indisputably the leading player in the mainstream Mando-pop market.”

due to the substantial sales contribution from the Shanghai Dolly outlet at Clarke Quay, which has become the top Mando-pop club in Singapore since its launch in December 2009.

Our flagship venue, St James Power Station, has maintained its position as Singapore's premier destination for night entertainment and continues to attract more than 10,000 customers on weekends. This 60,000 square feet complex battles on all fronts within the night entertainment industry by providing a total concept through multi-theme offerings at a single location.

Together with the Group's outlets in Clarke Quay and Orchard Road, the Group has a multi-faceted operation that requires an experienced and innovative management to run multiple venues with varying entertainment concepts and close to 600 staff and artistes. While the high level of complexity does not make our Group immune to major downturns in the economy, a key benefit is that we have more options and the flexibility to quickly realign our entertainment formats to capitalise on new market trends and build on existing strengths. To be sure, these attributes add greater resilience to our business model and were the underlying reasons the Group was able to successfully overcome the many challenges in FY2010.

While the casinos at the Integrated Resorts in Sentosa and Marina Bay are likely to continue luring away a certain segment of our target local audience in the short term, we believe these two new world-class venues should ultimately boost the night entertainment industry in Singapore. Already, these attractions have led to a staggering increase in the number of tourist arrivals over recent months. We expect this growing influx of tourists to turn the Sentosa-HarbourFront precinct into a major tourist hub. With its established reputation and strong presence in the locale, St James Power Station stands to reap the benefits of this emerging trend.

During FY2010, we took strategic steps to maintain the Group's competitiveness in the slower market conditions by moderating prices and upgrading our outlets, and embarking on innovative promotions to win customers. These were important moves that helped to stave off competition from rivals who provide mainstream night entertainment, as well as limit the impact of the Asian bars which employ alternative and alluring entertainment offerings to woo customers. As a result, the Group was able to successfully defend and grow our market share over the past year.

As our Group starts the new financial year, we are witnessing a general improvement in market conditions. Thanks to our financial health and astute management, we believe St James is in a good position to capitalise on this recovery in the night entertainment industry. In fact, we see scope to improve our prices by gradually removing certain promotions at our outlets.

Moving forward, our management intends to continue working to revamp, enhance and rejuvenate our business. The first element of our game plan is to make more efficient use of the current space resources at all our outlets. This consolidation exercise will enable us to optimise the use of space at our various destinations to generate higher yield. For example, we see potential to convert certain underutilised areas at St James Power Station to produce incremental revenue. In addition, the consolidation exercise includes plans to enhance the concepts of our existing venues, and look at innovative ways to create new entertainment offerings at these venues to cater to wider audiences.



“ We are witnessing a general improvement in market conditions. Thanks to our financial health and astute management, St James is in a good position to capitalise on this recovery in the night entertainment market. ”



As part of our overall game plan, the Group will also be looking to form strategic alliances with sizeable lifestyle enterprises. In doing so, we believe we are able to leverage the synergies of our strategic alliances to boost customer throughput at our outlets. An example is our successful tie-up with SingTel mio TV, Tiger Beer and The New Paper. This saw the Peppermint Park Sports Bar rebranded as The New Paper Sports Bar in August 2010. Thanks to increased awareness of the outlet through newspaper editorials, our strategic alliance with these major lifestyle players is already leading to increased patronage of The New Paper Sports Bar.

As we implement our strategy, the Group will place emphasis on growing three segments of our business, namely sports, wine and food. Food in particular is an important component that is already embedded in many of our outlets' concepts. To this end, we have now taken over full control of the kitchen operations, which was previous outsourced to a third party. We have also built a team of dedicated and talented chefs to run our kitchen and this has resulted in an improvement in the quality of our food offerings and more effective decision making to respond more speedily to customers' needs.

This change has already shown positive results from the brisk food sales at our newly opened St James Wine Bar & Bistro, which is a European & Mediterranean inspired bistro that serves tapas-style cuisine. With the growing popularity of alfresco outlets, we see opportunities to expand the scale of our food operations and are drawing up plans to embark on a sizeable food project which is targeted to be launched in the current financial year.

At Clarke Quay, our management's decision to close The Bellini Grande and convert the space into Shanghai Dolly has proved to be a resounding triumph for the Group. Within six months of its opening, Shanghai Dolly has grown into the top Mando-pop club in Singapore. Together with Dragonfly, we are indisputably the leading player in the mainstream Mando-pop market with an estimated 80% share. This achievement can be attributed to the strong ecosystem that the Group has developed from our extensive experience in the Mando-pop business. This ecosystem extends from the rooted culture of our outlets' managers and employees, strong support of the technical team, through to the talent of our local and foreign artistes. We are optimistic of strengthening our foothold further in the Mando-pop market and expect this business segment to increase its contribution to the Group in FY2011.

Appreciation

As St James continues to undergo positive transformation, we would like to reflect on the Group's ability to overcome the challenges over the years to achieve steady progress. It is our belief that this would not have been possible if not for the valuable contribution from all our stakeholders. Therefore, we would like to take this opportunity to thank our fellow directors, management and staff for their dedicated service and commitment and also express our appreciation to our valued customers, business partners, suppliers and shareholders for their support and confidence in our Group.

Tan Soo Khoon

Chairman

Dennis Foo

Chief Executive Officer



Review of Operations

FY2010 was a year marked by a transformation of St James' night entertainment spots. Notwithstanding the subdued business conditions, we seized the opportunity during the downturn to revamp, enhance and rejuvenate our various outlets to constantly create fresh customer experiences. With our fingers firmly on the pulse of consumers' lifestyle, St James remains as a leading night entertainment group in Singapore.

Given our mega-sized operations which involve around 600 personnel in total, St James has accomplished a commendable feat to ride through the slower market environment in FY2010. On top of the weaker consumer sentiment caused by the economic downturn, the initial euphoria associated with Singapore's first Integrated Resort also drew local customers away from the night entertainment scene. During this period, the Group focused on customer retention by offering more value-for-money promotions, while refreshing our venue format and entertainment content, as well as expanding our product offering.

St James is clearly distinguished from competitors by our unique ability to operate a multitude of venues that offer varying genres of live music as well as dance entertainment. The Group also boasts one of the largest talent pools, with more than 140 artistes, musicians and DJs under our management. To enhance our product offering, we started a food division during FY2010 which has seen positive progress to-date.

We have introduced new concepts and renovated several venues at St James Power Station, which currently houses 11 outlets under one roof, to reinvigorate our one-stop entertainment hub.



Recognising the current lifestyle of the young and trendy who prefer to soak in a relaxing ambience especially on weekdays, we converted the concept of the Station Kitchen to an alfresco wine and chill outlet, and rebranded the outlet as St James Wine Bar & Bistro.

The St James Wine Bar & Bistro is a European & Mediterranean inspired bistro which serves a delectable array of tapas-style cuisine and stocks a wide selection of wines from all over the world. We are already witnessing increasing patronage at the St James Wine Bar & Bistro since its opening in August 2010. The Gallery Bar on level 2 of St James Power Station was also given a makeover during FY2010 to create a chill out atmosphere at this bar lounge.

In August 2010, we also rebranded our Peppermint Park Sports Bar (which opened in July 2009) into The New Paper Sports Bar, which is a collaboration with SingTel mio TV, Tiger Beer and The New Paper. The opening of The New Paper Sports Bar, which is a place for sports enthusiasts to chill and enjoy live screenings, was timely with the start of the English Premier League in mid-August. This strategic collaboration with major lifestyle enterprises enable St James to leverage on their customer base and further boost the profile of St James Power Station.

During the third quarter of 2009, we also upgraded our Dragonfly premises with state-of-the-art sound and visual equipment, and enlarged staging platforms. Dragonfly is a highly popular Mando-pop club that enjoys an enviable position as a preferred performance venue for many international recording labels. We take pride that Dragonfly was selected for showcases by renowned artistes like FT Island, Crowd Lu and Alien Huang over the past year. Thanks to a fairly stable base of customers, we continue to see a high volume of patronage at Dragonfly which features live music by our resident bands and talented vocalists.



We seized the opportunity during the downturn to revamp, enhance and rejuvenate our various outlets to constantly create fresh customer experiences. With our fingers firmly on the pulse of consumers' lifestyle, St James remains as a leading night entertainment group in Singapore.

Our live latin music and dance club Movida, also underwent a retrofitting in FY2010 to enhance the ambience and customer experience. We have also introduced a new Latin-American band from Paraguay as part of our efforts to constantly refresh our entertainment content to keep the crowds coming.

While Bar None returned to Marriot Hotel at Orchard Road from St James Power Station, we brought The Bellini Grande from Clarke Quay back to St James Power Station and re-introduced it as Bellini Room. The Bellini Room now features swing music performed by a four-piece band, while Bar None remains a hot-spot for live music by local performer Alia d'Melda together with resident bands Solid Vibe and Acoustic Trip, and singers Carla and Patrick.



In place of The Bellini Grande at Clarke Quay, the Group launched Shanghai Dolly in December 2009 which has since grown into a top Mando-pop club in Singapore. The ability to nip the Bellini Grande in the bud and revamp the Group's outlet at Clarke Quay with minimal capital injection bears testimony to the experience of St James' management who are veterans in the night entertainment industry.

The concept of Shanghai Dolly is built around all things from North Asia to cater to the demand from Singaporeans and North Asia expatriates and tourists. This outlet houses four related concepts under one roof – Lobby Bar, Piano Bar, Dolly Kitchen and Shanghai Dolly (main hall). Indeed, the Piano Bar is the first of its kind in Singapore to focus exclusively on Mandarin and Cantonese music while the Dolly Kitchen, which is part of the Group's food division, offers an extensive dining menu from local, Asian to Western cuisine.

Over at the main hall of Shanghai Dolly, local Mando-pop king William Scorpion oversees the club's operations and entertainment. He helms the performances supported by several dozens of artistes from China and Singapore.

Thanks to our stable of first-rate local Mando-pop artistes and strong culture in Mando-pop, coupled with highly-experienced personnel, we have been able to develop Shanghai Dolly into a premier Mando-pop club in Singapore within a short span of time.

Shanghai Dolly is complementary to Dragonfly as both clubs cater to different audience groups in the Mando-pop market. The opening of Shanghai Dolly further reinforces our leading market position in the Mando-pop segment, where we have an enormous market share of more than 80%. With these two platforms as preferred venues for international recording labels, we will continue to bring in performances by foreign artistes to enhance our Mando-pop entertainment value to customers.

We believe the series of changes put in place during FY2010 better positions the Group to benefit from the recovery in consumer sentiment and spending. Already, we are seeing local customers who were drawn to the Integrated Resorts, gradually returning to our nightspots at St James Power Station. Over the longer term, we envisage the Integrated Resorts to have a positive impact on tourism which in turn should lead to an expansion in volume of visitors' flow to the Sentosa Gateway and Harbourfront precinct. Our strategic presence in Clarke Quay and Orchard Road also enables St James to capitalise on the potential increase in tourist arrivals. The Group estimates that tourists currently form around 10% of our customer base. We will constantly review and renew our product offerings to stay relevant and tap on opportunities.

Review of FY2010 Financial Performance

Group Revenue

Revenue generated in the financial year ended 30 June 2010 ("FY2010") dipped 6% to \$36.0 million compared to the previous corresponding period. The decrease was mainly attributed to the weak performance in the first half of FY2010 when revenue fell 16% year-on-year to \$17.9 million due to the effects of the economic downturn on consumer spending.

Despite the opening of the Integrated Resort at Sentosa which drew local crowds from the night entertainment industry, and seasonally slower third quarter, the Group's revenue in the second half increased 7% year-on-year to \$18.2 million. The improvement was lifted primarily by maiden contributions from Shanghai Dolly which was launched in December 2009.

Including other operating income of \$3.0 million, the Group recorded total revenue of \$39.1 million in FY2010, a decrease of 6% from \$41.4 million in FY2009.

Operating Costs and Expenses

Cost of revenue in FY2010 decreased 2% to \$13.1 million. As a percentage of revenue, cost of revenue increased to 36.2% in FY2010 from 34.9% in the previous year. This was attributed primarily to more competitive selling prices and value-for-money promotions to drive customer patronage and sales.

Depreciation costs in FY2010 were up 6% to \$3.2 million. The increase was due to the investments in fixed assets for the new sports bar at St James Power Station; upgrading and refurbishment of outlets at St James Power Station; and higher depreciation costs for the outlet at Clarke Quay in FY2010 as the outlet was in operation for only 9 months during FY2009.

Staff costs declined 3% to \$9.8 million in FY2010, attributable to the Group's organisation streamlining initiatives during the economic downturn and savings from Government initiatives such as the Job Credit Scheme and Skills Upgrading Programme. More effective use of the Group's budget for promotions enabled it to reduce selling and promotion expenses by 2% to \$5.9 million in FY2010.





Rental in FY2010 rose by 4% to \$4.4 million from \$4.2 million in FY2009, due primarily to the longer period of operation for the venue at Clarke Quay. The Group recorded 12 months of rental expense for this outlet in FY2010 as compared to nine months of rent in FY2009. Other operating expenses increased 10% to \$5.3 million because of increases in utilities expenses, repairs and maintenance expenses and media and internet subscription fees.

Profit / Loss for the Period

In spite of the sluggish market conditions, the Group remained profitable at the EBITDA (earnings before interest, tax, depreciation and amortisation) level with profit of \$0.6 million in FY2010. The Group's EBITDA in FY2009 was \$2.4 million.

The Group's loss for the year amounted to \$2.6 million in tandem with lower revenue and higher expenses. The loss was partly due to The Bellini Grande which undermined the Group's performance in the first half of FY2010. In comparison, the Group incurred a larger loss of \$16.3 million in FY2009 due to non-recurring expenses of \$15.3 million in total.

Financial Position

As at 30 June 2010, the Group's balance sheet remains sound with total cash and cash equivalents of \$6.7 million and shareholders' equity of \$11.6 million.

The Group continued to generate positive net cash flow from operations of \$1.2 million in FY2010. Net cash used in the purchase of plant and equipment of around \$2.0 million was for the upgrading and refurbishment of the Group's outlets. The net increase in borrowings during FY2010 was \$3.0 million as the Group drew down a bank loan as reserves to finance working capital needs, if necessary, during the market downturn. Together with net proceeds of \$0.8 million raised from the issuance of shares from warrants conversion, net cash generated from financing activities amounted to \$3.7 million in FY2010.

The Group's total assets at the end of June 2010 increased to \$22.8 million from \$21.5 million a year ago, driven primarily by the increase in cash balances. Total liabilities increased to \$11.3 million from \$8.3 million as at June 2009, attributed mainly to the draw-down of a \$5 million bank loan in FY2010. As at 30 June 2010, the Group was in a positive working capital position of approximately \$3.6 million.



Corporate Information

DIRECTORS

(appointed on 6 August 2008)

TAN SOO KHOON

Non-Executive Chairman and Independent Director

DENNIS FOO JONG LONG

Chief Executive Officer and Executive Director

ANDREW GEORGE ING

Chief Operating Officer and Executive Director

ELI MANASSEH (NASH) BENJAMIN

Non-Executive Director

DANIEL ONG JEN YAW

Non-Executive Director

NG TIAK SOON

Independent Director

RAJASINGAM S/O M RAJAGOPAL

(also known as Raj Singam)
Independent Director

RICHARD LEE PENG BOON

(also known as Dick Lee)
Independent Director

COMPANY SECRETARY

TAN CHEE HOW

(appointed on 30 November 2009)

YONG KWET LEONG

(resigned on 30 November 2009)

REGISTERED OFFICE

3 Sentosa Gateway #01-01
St. James Power Station
Singapore 098544

SHARE REGISTRAR

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

SPONSOR

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

20 Cecil Street
#21-02 Equity Plaza
Singapore 049705

AUDITORS

ERNST & YOUNG LLP

Certified Public Accountants of Singapore
One Raffles Quay
North Tower, Level 18
Singapore 048483

Partner in charge: Liew Choon Wai
(since financial year 2008)

BANKERS

DBS BANK LTD.

6 Shenton Way
DBS Building Tower One
Singapore 068809



Financial Highlights

INCOME STATEMENT

financial year ended 30 June

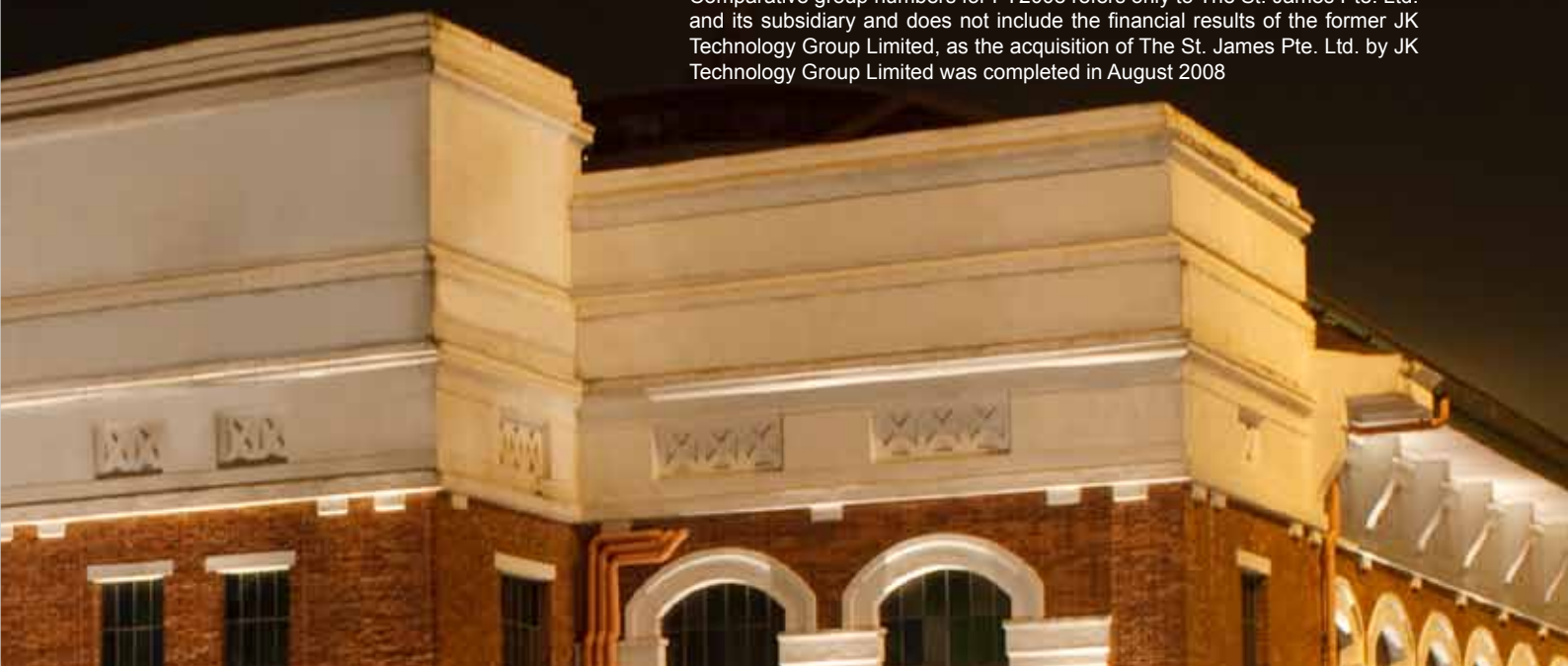
S\$'000	FY2008*	FY2009	FY2010
Total Revenue	38,726	41,405	39,067
Profit/(loss) from Operations	5,343	(715)	(2,815)
Profit/(loss) after Tax	4,301	(16,313)	(2,616)
Net cash generated from Operating Activities	4,889	2,065	1,236

BALANCE SHEETS

as at 30 June

S\$'000	FY2008*	FY2009	FY2010
Total Non-Current Assets	11,768	13,409	12,225
Total Current Assets	7,545	8,127	10,615
- Inventories	1,120	1,106	1,160
- Trade and Other Receivables	2,211	2,899	2,423
- Cash and Cash Equivalents	3,704	3,821	6,724
Total Assets	19,313	21,536	22,840
Total Non-Current Liabilities	935	1,579	4,238
- Bank Borrowings	-	-	3,077
Total Current Liabilities	7,258	6,671	7,019
- Trade and Other Payables	4,357	4,981	5,348
- Bank Borrowings	1,600	1,200	1,195
Total Liabilities	8,193	8,250	11,257
Shareholders' Equity	11,120	13,286	11,583

* Comparative group numbers for FY2008 refers only to The St. James Pte. Ltd. and its subsidiary and does not include the financial results of the former JK Technology Group Limited, as the acquisition of The St. James Pte. Ltd. by JK Technology Group Limited was completed in August 2008



Board of Directors



TAN SOO KHOON *Non-Executive Chairman & Independent Director*

Mr. Tan is a businessman and a director of several private companies. He has been the Managing Director of watch distribution companies, Crystal Time (S) Pte Ltd and Crystal Time (M) Sdn Bhd, since 1978. Mr. Tan holds a Bachelor's degree in Business Administration with Honours from the National University of Singapore. Mr. Tan was a Member of the Singapore Parliament from 1976 to 2006. He also served as Speaker of Parliament from 1989 to 2002. Since 2007, he has been Singapore's non-resident Ambassador to the Czech Republic.



DENNIS FOO JONG LONG *Chief Executive Officer & Executive Director*

Mr. Foo is the Chief Executive Officer of St. James, in charge of the management, planning, overall strategy and day-to-day operations of St. James. Mr. Foo was a member of the Tourism Working Group of the Economic Review Committee in 2002, and chaired the taskforces for Food & Beverage and Nightlife. He was named Tourism Entrepreneur of the Year at the Singapore Tourism Awards in 1999. Mr. Foo is currently a member of the Tourism Consultative Council. He is a member of the Board of Governors of Singapore Armed Forces Reservist Association, and a member panelist of the Pro-Enterprise Panel established by the Ministry of Trade and Industry.



ANDREW GEORGE ING *Chief Operating Officer & Executive Director*

Prior to joining St. James in 2005, Mr. Ing was the Regional Project Director of Filter Group (S) Pte Ltd from 2001 to 2005, in charge of major advertising projects and providing support for public relations agency work. He was the Marketing Manager of Zouk Management Pte Ltd from 1993 to 2001 and the Marketing Manager of International Concerts Productions Co. Ltd (Hong Kong) from 1990 to 1993. He holds a bachelor degree in Commerce (Marketing) from the University of New South Wales, Australia.

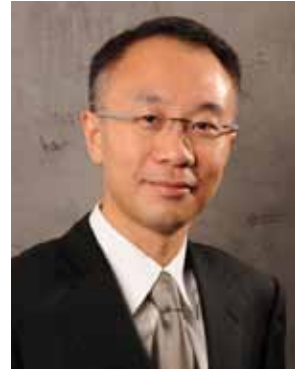


ELI MANASSEH (NASH) BENJAMIN *Non-Executive Director*

Mr. Benjamin is the Chief Executive Officer of the F J Benjamin Group of Companies, and has been with the F J Benjamin Group since 1968. He has more than thirty years experience in the fashion retail/distribution and timepiece business which is the F J Benjamin Group's core business in the Asia Pacific region. He is involved in the formulation of long-term corporate strategies and policies of the F J Benjamin Group, and maintains a close working relationship with all the principals. Mr. Benjamin was awarded the prestigious Ernst & Young (Lifestyle) Entrepreneur of the Year Award in 2007, and the Chief Executive Officer of the Year Award in the Singapore Corporate Awards in April 2009. He also sits on the Board of the National Museum of Singapore.

DANIEL ONG JEN YAW *Non-Executive Director*

Mr. Ong is a Director of homegrown food and beverage company, Sushi-Tei Pte Ltd. He is also the Chief Investment Officer of Meren Pte Ltd, a wholly-owned subsidiary of Metro Holdings Limited which is a listed group involved in investment holdings, property development and retailing. 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. Mr. Ong holds a Bachelor of Science in Mechanical Engineering and a Masters of Business Administration in Finance, both conferred by the University of South California.



NG TIAK SOON *Independent Director*

Mr. Ng was a Senior Advisor in Ernst & Young, an accounting firm from July 2005 to June 2008. He was employed by the firm from September 1986 to June 2005 when he retired as a senior partner. During his employment with Ernst & Young, he held various positions that include head of banking, head of an audit group, partner-in-charge of audit quality and review and chief financial officer. Mr. Ng has over 30 years of experience in the audit, commercial and industrial sectors. He was an associate member of the Chartered Institute of Management Accountants, and an associate member of the Institute of Chartered Secretaries & Administrators. He is currently a member of the Institute of Certified Public Accountants as well as the Association of Certified Accountants, United Kingdom, and a member of the Singapore Institute of Directors.



RAJ SINGAM *Independent Director*

Mr. Raj Singam was a Senior Director of Freshfields Drew & Napier Pte Ltd and Drew & Napier LLC. He is a director of Global Yachts Pte Ltd, a director of Rowsley Ltd., a company listed on the SGX-ST, and is also the President Director of P.T. Baligreat Jaya Bungalows, owner of Bali Holiday Resort. He is the Chairman of the Committee of Medisave and Medifund of the KK Hospital. He was awarded the prestigious Member of the Order of the British Empire (MBE) in 2005 by Queen Elizabeth II. After retiring from the legal profession, Mr. Raj Singam continues to advise companies in strategic matters and also in cross border transactions. Mr. Raj Singam is a Barrister-at-law of the Middle Temple (London) and has a Masters of Laws (LLM) in Advanced Litigation.



DICK LEE *Independent Director*

A recipient of the Cultural Medallion (2004), Mr. Lee has written countless songs for top singing talents and staged musicals and has established himself as a performer and composer. He is the Executive Creative Director of advertising agency Dick Lee/ChuoSenko (S) Pte Ltd., as well as the Creative Director of entertainment, artiste management and events production company, Fantastic Entertainment Pte Ltd. He currently sits on the board of the Singapore National Museum, and is Artistic Director of People's Association Talents and Singapore Repertory Theatre. After being based in Japan to pursue a music career from 1990 to 1997, Mr. Lee moved to Hong Kong where he was appointed Regional Vice-President of Artiste and Repertoire at Sony Music Asia (Hong Kong) where he stayed till end of 2000. He returned to Singapore and was appointed Creative Director for Mediaworks from 2001 to 2002. Apart from music, Mr. Lee has also established himself in the fashion industry, creating several fashion lines in the 80s, and forming SODA (Society of Designing Arts) as well as multi-label store Hemispheres. Between 2002 to 2006, he was the Creative Director of local fashion brands Celia Loe and Island Shop. Mr. Lee has been the Creative Director of numerous Christmas Light-Up for the Singapore Tourism Board as well as the Singapore National Day Parades in 2002 and 2010.



Key Management



CALENE GOH HUI HUI *Financial Controller*

Prior to working with St James in April 2008, Ms. Goh was the Finance Manager with JK Technology Group Limited from 2002 and was in-charge of matters relating to accounting, financial administration and data processing, compliance and reporting requirements. Ms. Goh was with KPMG from 1996 to 2001 with her last position being an Assistant Audit Manager. She holds a bachelor degree in Accountancy from the Nanyang Technological University and is a member of the Institute of Certified Public Accountants of Singapore.



LYNN NGOO BEE ING *Business Development Manager*

Ms. Ngoo came on-board St James in June 2006. Prior to joining St James, she was the Finance Manager of Devils Bar from 2001 to 2006; and the Senior Accountant of Europa Holdings Pte Ltd between 1995 and 2001. Ms. Ngoo holds an Association of Chartered Certified Accountants certification and is a member of the Institute of Certified Public Accountants of Singapore.



CRAIG ANTHONY BURRIDGE *Technical Director*

Mr. Burridge started working with St James as its AV Consultant in November 2006 and is responsible for the purchasing, installation and operations of all AV systems of St James. Prior to that, Mr. Burridge was the Operations Manager of Jands Productions (S) Pte Ltd from 1992 to 1996, the AV Manager of Amedeo Corporation, Brunei from 1996 to 1998 and the Managing Director of Dreadnaut Creative Services Pte Ltd from 1998 to 2006. He holds a bachelor degree in Science from Canterbury University.



DANIEL ONG CHIN HENG *Human Resource and Administration Manager*

Mr. Ong joined St James in December 2007. Prior to that, he was the Day Operations Manager of Zouk Management Pte Ltd from 1994 to 1999; the Human Resource and Operations Manager of The Business Kitchen Pte Ltd from 2000 to 2005; and the Human Resource Manager of Lifebrandz Ltd from 2006 to 2007.



ZILA IBRAHIM *Operations Manager*

Ms. Ibrahim took over as the Operations Manager since November 2009. She joined St James in November 2007 as the Outlet Manager of The Boiler Room and was promoted to a more senior role in The Bellini Grande when The Bellini Grande opened in September 2008. Prior to working with St James, Ms. Ibrahim served a short stint in London with Hakkasan Restaurant as the supervisor in charge of the service crew. Ms. Ibrahim started out at Devil's Bar in August 2001 and worked through the ranks, with her last position as Club Manager in October 2005 in charge of night operations of the club. She holds a Diploma in Tourism from Temasek Polytechnic.



THANAKORN SCORPION *Executive Director of Shanghai Dolly Pte Ltd*

Mr. Scorpion (more popularly known as William Scorpion) joined St James since October 2006 as the lead artiste of Dragonfly. He is recognized as the Mandopop King of Singapore and has been in the show business for more than 25 years since appearing on TV as a singing artiste in 1983 to 1992. Prior to working with St James, Mr. Scorpion has performed in local clubs such as Sparks, Canto, and clubs under the Europa Group. He has also performed in clubs and venues in Asia and held a 3-nights solo concert in Guangzhou, China in 1988. Mr. Scorpion holds an International Certification Horsemanship (Level 1) from The Equestrian Federation of Australia.

Operations Team



ABDUL AZIZ BIN MOHD ELIAS
*Powerhouse | The Lobby |
Bellini Room | Gallery Bar*
Senior Outlet Manager



STEPHANIE KWEK
Entertainment Executive



ALVIN TAN
*Dolly Kitchen |
St James Wine Bar & Bistro*
Sous Chef



SIMON SIM
Shanghai Dolly
Outlet Manager



KC SOH
Mono
Outlet Manager



ANDY ONG
Shanghai Dolly
Assistant Outlet Manager



SUSAN KWAN
Shanghai Dolly
Assistant Outlet Manager



PATRICK PNG
Powerhouse | The Lobby
Assistant Outlet Manager



LAWRENCE NG
Dragonfly
Assistant Outlet Manager



JOANNE GUEVARRA
St James Wine Bar & Bistro
Assistant Outlet Manager



KENNETH CHAN
Movida
Assistant Outlet Manager



TOMMY TAY
Bar None | The Living Room
Assistant Outlet Manager



KEITH KOH
*The Boiler Room |
Peppermint Park |
The New Paper Sports Bar*
Outlet Supervisor



DAMIEN ONG
Security Manager



EUGENE YEO
Assistant Bar Manager



SHARINA BTE SUAIDI
Assistant Chief Cashier



Transformation: The Power to Change

We went faster, louder and flashier in 2009 and 2010. At the tail end of the year, St James is not slowing down; yes we're hyperactive like that. Here's what we spent our energies on.



A Look Back

Tick, tock, tick, tock. To turn back time, they say, what a difference a year makes. And in the particularly difficult financial years of 2009 to 2010 when the world was recovering from the aftermath of the economic downturn, St James held onto our position in the night entertainment industry and executed rebranding and image overhauls to our outlets. To date, our operations ring up 17 buzzing nightlife joints.

Who would have thought that Singapore's first coal-fired power plant built in 1927 could be turned into party Pandora. We pay homage to our slice of history by keeping the building's façade and maintaining the primary structure. We worked our outlets and clubs around the unique architecture of this locale. Snug spaces were perfect for more intimate lounges while the massive rooms gave way to thumping nightspots like our debut Dragonfly in 2006.

Still we've believed in not only keeping up with the new but leading the wave of revolution in the local night entertainment arena. By juggling a pool of high-energy live acts, forward-thinking employees and the support of 38,000 St James members, we've been bouncing off the walls developing new outlets and polishing up existing ones. It was no child's play but we partied on hard from 2009 to 2010.

July 2009 was blazing, we fired up the renovation of The Boiler Room. It was re-fitted with racing state of the art lighting and video equipment to accompany the pumping R&B and Top 40 pop music. Live performances by the booming Soul Kool band were radiant with potent dancing and the dynamic frontman and comic extraordinaire Gino.

Bitten by the revamp bug, we found space and an opportunity for a sports bar, something which St James did not have in its original line-up. The Peppermint Park Sports Bar was opened July 2009, complementing the outdoor Peppermint Park. This indoor bar was fitted with multiple screens each telecasting live sporting events.

As this area fronted our building, nothing was spared at giving the right first impression. The lounging area at Peppermint Park was refurbished with billowy swing and canopy settings. Welcoming and relaxing, the lush alfresco seating drew people in with its inviting atmosphere. Adjacent to The Boiler Room, another budding cosy corner of St James was made-over. The Lobby was renovated with clusters of personal spaces. Illuminated with furtive lighting, lounging sofas and day beds, get away from the action with a few time out drinks here. Soft notes from the live acoustic music sets bring down the pace one notch, perfect to wind down over quiet drinks.







Dolly Dearest

She teases with neon feather boas, seduces with a coquettish giggle and draws you into her Chinois chic boudoir. Meet Shanghai Dolly, be nice and she'll purr, be naughty and she'll roar. Our new endeavor Shanghai Dolly has a major spot on night belt Clarke Quay all to herself.

With the pounding success of our 2006 coming out, Dragonfly, we breezed further into Mandopop. After a month of renovations starting in November 2009, the 1,600 square metre superclub opened to a resounding success. She housed four different concepts; with the spotlight on the main hall of Shanghai Dolly.

From opening day, this upscale Mandopop club pulsated with the hottest beats and Mandarin top 40 hits, driven by live performances. We've always celebrated talent and Shanghai Dolly was no exception. Veteran Mandopop performer William Scorpion with his China dollies in cheongsams and show costumes, danced and sang nightly sets.



The adjoining Lobby Bar was set up to wind down around the pool table, lounge chairs and a cosy bar. Another down tempo alternative, The Piano Bar above a plush staircase exudes a quiet sensuality. For a different shade of Mandopop, both classic and newest Mandarin hits luxuriate here, sexed up with the lush tinkle of ivories on the grand piano against the backdrop of dark leather furniture and full-mirrored walls.

To complete the typical night out, eatery Dolly Kitchen was thrown into the party mix. Serving local favourites like Teochew porridge and Bak Kut Teh at dinner and supper, the Shanghai Dolly venue lures with live performances, wild dances, lounging and the lingering afterglow of a good night out.



The Dragon Breathes Fire

The game plan at St James is to keep the outlets on a constant revision plan. Even with highly popular outlets like Dragonfly, we don't take a breather. The response may have been astounding, but we continued pushing to better the place.

The third quarter of 2009 till October was devoted to upgrading the massive staging, lighting and audio video system in the club. The live performances can now take on a bigger scale, assisted by expandable staging platforms and state-of-the-art lighting equipment. With this, we hosted some of the hottest names in the region like Crowd Lu, Ding Dang & Chen Sheng among others, and look forward to hosting more international acts as special guests. This has been Dragonfly's X factor and we insist on giving regulars and first-timers the ultimate Mandopop experience.







Home Improvement

After some redesigning, two outlets were brought back to their original homes. Bar None returned to its spot at the Marriott in November 2009 after spending the last 8 months at St James Power Station.

The interiors went through minor touch-ups, the clean modern walls punched up with fiery red furnishing. But the signature spiral staircase still remains, where at the bottom lives a hidden gem heaving with the grooves of live pop-rock music; a sliver of retreat from the bustling Orchard Road. The stellar entertainment is left in the hands of talented local performer Alia d'Melda along with resident bands Solid Vibe and Acoustic Trip, and singers Carla and Patrick from the Philippines.

In the midst of the Bar None buzz, we re-introduced Bellini Room to St James Power Station. It swung back into action in October 2009.

Grab a dance partner and let the good times roll in this swing club. Sway to the live quartet laying down tunes jazzed up in a saucy Bellini Room style. Yes, that's how we like it. Whether it's jiving to the female saxophonist, or kicking it like the other cool cats in the leather booths illuminated with tasseled lamps, we've re-created the charm of the '40s right here. And when the lights go down in this fine little joint, jitterbugs can kick off their dancing shoes for a tippie at the long bar.



Viva Movida

With the swarming changes, we did not lose steam in 2010. Still raging on the adrenalin, Latin music live spot Movida was given an overhaul in May 2010. The entrance was widened giving a sweeping view of the dance floor and live performances immediately upon entering. The tables on the side were raised for patrons to experience the full impact of our explosive live act.

Recharged by its new look, Movida pounded with its spicy Latino pulse. The lively Latin-American band from Paraguay fronted by temptresses Laura and Veronica amped up the party flavour with their shimmying dance moves. Vivacious singing and percussionists join in all with a raging passion for world music and livin' la vida loca.

View From The Top

With an appetite for breakthroughs, the Gallery Bar overlooking Dragonfly, Movida, The Boiler Room and Powerhouse went through a refurbishment in June 2010. This bar lounge unravelled with a relaxed flair on the second floor and reopened with a White Society cocktail event attended by the who's who of the party glitterati.





Dark wood wall paneling and cushy leather seats lent their opulent touch to the intimate bar. Special attention was given to furnish the walls with whimsical details like leather-bound books, candle sticks, toy soldiers and world atlases. The action in Dragonfly, Movida, The Boiler Room and Powerhouse is still visible behind wooden shutters, but the soundproof glass keeps the rousing noise muffled. Partygoers who were tired of the ruckus could have a personal enclave to themselves.

Power To The People

Our largest party venue here at St James Power Station, Powerhouse still packed in the crowds at the 10,000 square foot club. Reputed to be the hottest R&B club in town, we attracted an eternal line of young party-goers who stood in queue every night for a taste of our raw and unbridled energy.

We offered a string of successful parties too. The Smirnoff Black "Be There" featuring DJ Lange on the turntables was a bash. "The Global Art of Mixing" presented by Hennessey Artistry with Summer Daniels & DJ Tempo (half of South California's premier electronic band Speaker Junkies) DVJ GMIX, Singaporean DJ KoFlow & Gang, Beatboxer Dharni, and Powerhouse's resident DJ B.I.G. was a blast. We also hosted DJ Cash Money at the Johnnie Walker Jet Black F1 Pre-Party. Add that to our residents DJ Kzee and DJ B.I.G. pulling in the crowds every Wednesday, Friday & Saturday, and you can see how we got our party hardy standing.





Best Foot Forward

Keeping up with the football craze, Peppermint Park Sports Bar was re-branded into The New Paper Sports Bar in August 2010. This partnership brought us together with three other sports titans – The New Paper, SingTel MioTV and Tiger Beer. The New Paper is particularly renowned for their insightful coverage by veteran sports reporters and was a perfect fit to the football puzzle.

The bar opened just in time for a new season of the Barclay's Premier League, which became a spot for fans to watch the games on the two giant screens and 12 flat-screen televisions. Soccer junkies can gather with khakis to discuss the results and receive live feeds from The New Paper's newsroom before the match and at half-time.



Wining and Dining

It felt like a natural progression to have a restaurant completing the family of outlets at St James Power Station. With a prominent spot at the front of the building, we opened the St James Wine Bar & Bistro in August 2010. The modern European restaurant with flashes of Mediterranean cuisine tossed up the party outlets with a gourmet slant. The charming alfresco bar area up front, with its breezy bar and casual tables is a captivating spot for wine and easy conversation. Whether its an after-work tittle or pre-party drinks, we've created comfortable surroundings.

The sprawling interior was dressed up in long mirrors, framed European artwork and wine cases. Together with the low ceiling and dim chandeliers, this casual bistro sang with a vintage Euro charm. Round up your party buds for our menu offering a lot of "small plates" or sharing platters of gourmet tapas. Food is served till 4am on weekends so you can chiong till the DJ spins his last track and still catch supper before heading home.

The Round Up

It was a fruitful year for us but it's not time to slack either. In the pipeline is a revitalization of luxe karaoke bar, Mono. As one of St James' pioneer outlets, the private rooms have been a hotspot for private parties but we look forward to improving the surroundings.

For now, we can raise our glasses and toast to an even more productive year ahead. We are excited about how we can push ourselves further in the clubbing scene peppered with more surprises. Don't be too surprised when our party gets bigger and better, you've been warned!





movida



BEILINI
ROOM

dragonfly



mono

DOLLY KITCHEN
娃娃小厨



SHANGHAI DOLLY
上海娃娃

THE BOILER
ROOM



THE PIANO BAR
钢琴吧

Peppermint Park

the lobby

LOBBY BAR
AT SHANGHAI DOLLY



ST JAMES
WINE BAR & BISTRO



PIANO BAR
DOLLY KITCHEN
BAR NONE
THE LOBBY
THE BOILER ROOM
BELLINI ROOM
GALLERY BAR
THE LIVING ROOM
THE NEW PAPER SPORTS BAR
DRAGONFLY
SHANGHAI DOLLY
PEPPERMINT PARK
MOVIDA
MONO
POWERHOUSE
ST JAMES WINE BAR & BISTRO
LOBBY BAR AT SHANGHAI DOLLY

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Corporate Governance Report

St. James Holdings Limited (the “Company”) recognises the importance and is committed to maintaining a high standard of corporate governance. Good corporate governance provides the framework for an ethical and accountable corporate environment, which will protect the interests of the company’s shareholders and promote investor confidence. This report outlines the Company’s corporate governance practices and structures in the financial year ended 30 June 2010 (“FY2010”), with specific reference made to each of the principles of the Code of Corporate Governance 2005 (the “Code”). Deviations from the Code are explained. The Company has complied with the principles of the Code where appropriate.

BOARD MATTERS

Principle 1: Every company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the success of the company. The Board works with the Management to achieve this and the Management remains accountable to the Board.

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group. The articles of association of the Company (“Articles”) also provide for telephonic meetings.

The number of meetings held and the attendance at meetings of the Board and committees of the Board of the Company during the financial year under review, as follows:

Number of meetings held	Board	Board Committees		
		Audit	Nominating	Remuneration
	3	4	1	3
	Number of meetings attended			
Mr Tan Soo Khoon	3	4	1	3*
Mr Dennis Foo Jong Long	3	4*	1*	3*
Mr Andrew George Ing	3	4*	1*	3*
Mr Eli Manasseh (Nash) Benjamin	1	NA	NA	1
Mr Daniel Ong Jen Yaw	3	4	1	2*
Mr Ng Tiak Soon	3	4	1*	3
Mr Raj Singam	3	NA	NA	3
Mr Dick Lee	1	NA	1	NA

* By invitation

Matters which specifically require the Board’s decision or approval are those involving:

- corporate strategy and business plans;
- investment and divestment proposals;
- funding decisions of the Group;
- nomination of Board of Directors and appointment of key personnel;
- half-year and full-year results announcement, the annual report and accounts;
- material acquisitions and disposal of assets; and
- all matters of strategic importance.

All other matters are delegated to committees of the Board whose actions are monitored and endorsed by the Board. These committees include the Audit Committee, the Nominating Committee and the Remuneration Committee, all of which operate within clearly defined and written terms of reference and functional procedures, which are reviewed on a regular basis. Each of these committees reports its activities regularly to the Board.

Corporate Governance Report

The Board ensures that incoming new appointed Directors will be given an orientation on the Group's business strategies and operations and governance practices to facilitate the effective discharge of their duties. Newly appointed Directors will also be provided a formal letter setting out their duties and obligations.

Board members have been and will be encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company will work closely with professionals to provide its Directors with updates on changes to relevant laws, regulations and accounting standards.

Directors are also provided with an insight into the Group's operational facilities and periodically meet with the Management to gain a better understanding of the Group's business operations. The Board as a whole is updated on risks management and the key changes in the relevant regulatory which have an important bearing on the Company and the Directors' obligations to the Company.

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises eight members, two of whom hold executive positions:

Mr Tan Soo Khoon	Non-Executive Chairman and Independent Director
Mr Dennis Foo Jong Long	Chief Executive Officer and Executive Director
Mr Andrew George Ing	Chief Operating Officer and Executive Director
Mr Eli Manasseh (Nash) Benjamin	Non-Executive Director
Mr Daniel Ong Jen Yaw	Non-Executive Director
Mr Ng Tiak Soon	Independent Director
Mr Raj Singam	Independent Director
Mr Dick Lee	Independent Director

The Company endeavours to maintain a strong and independent element on the Board. As there are four Independent Directors on the Board, the requirement of the Code that at least one-third of the Board comprise of Independent Directors is satisfied. The Board considers an Independent Director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment of the Group's affairs.

The Independent Directors have confirmed that they do not have any relationship with the Company or its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company. The Nominating Committee has reviewed and determined that the said Directors are independent. The independence of each Director has been and will be reviewed annually by the Nominating Committee based on the guidelines set forth in the Code.

The Board has examined its size and is satisfied that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. The Nominating Committee is of the view that no individual or small group of individuals dominate the Board's decision-making process.

The Nominating Committee is of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective. Details of the Board members' qualifications and experience are presented in this Annual Report under the heading "Board of Directors".

Corporate Governance Report

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The Non-executive Chairman of the Company is Mr Tan Soo Khoon. The Chief Executive Officer of the Company is Mr Dennis Foo Jong Long. The requirement of the Code that the roles of Chairman and Chief Executive Officer be separate is therefore met in the case of the Company.

As the Chief Executive Officer of the Company, Mr Dennis Foo Jong Long is in charge of the management, planning, overall strategy and day-to-day operations of the Group. He is responsible for developing the overall strategic directions of our Group, including our business strategies and policies.

The Non-Executive Chairman, Mr Tan Soo Khoon bears responsibility for the workings of the Board without interfering the flow of the Company's operations. He ensures that board meetings are held when necessary and takes an active role in facilitating board proceedings (such as preparing meeting agenda in consultation with the Chief Executive Officer) as well as assisting in compliance with the Company's guidelines on corporate governance.

Mr Tan Soo Khoon and Mr Dennis Foo Jong Long are not related to each other.

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

The members of the Company's Nominating Committee are Mr Tan Soo Khoon, Mr Daniel Ong Jen Yaw and Mr Dick Lee, the majority of whom, including the Chairman, are independent. The Chairman of the Nominating Committee is Mr Tan Soo Khoon, who is not directly associated with any substantial shareholders of the Company.

The principal role and functions of the Nominating Committee are, as follows:

- to make recommendations to the Board on all board appointments and re-nominations having regard to the director's contribution and performance;
- to ensure that all directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years;
- to determine annually whether a director is independent, taking into account the definition of an Independent Director in the Code;
- to decide whether a director is able to and has adequately carried out his duties as a director of the Company, in particular, where the director concerned has multiple board representations;
- to assess the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board; and
- to carry out such other duties as may be agreed to by the Nominating Committee and the Board.

The Nominating Committee will ensure that there is a formal and transparent process for all appointments to the Board. It has adopted a written terms of reference defining its membership, administration and duties. A meeting has been held to review the independent status of each member of the new Board and to nominate each of them for re-appointment at the forthcoming annual general meeting ("AGM").

Corporate Governance Report

Article 107 of the Articles requires one-third of the Directors to retire from office at least once every three years at an AGM. Article 109 of the Articles provides that the retiring Directors are eligible to offer themselves for re-election. The Nominating Committee recommended to the Board that Mr Dennis Foo Jong Long, Mr Tan Soo Khoon and Mr Ng Tiak Soon be nominated for re-election at the forthcoming AGM. Mr Tan Soo Khoon will, upon re-election as a Director, remain as a member of the Audit Committee and the Chairman of the Nominating Committee. Mr Ng Tiak Soon will, upon re-election as a Director, remain as the Chairman of Audit Committee and a member of the Remuneration Committee. In making the recommendation, the Nominating Committee has considered the Directors' overall contributions and performance.

The date of initial appointment and last re-election of each director, together with their directorships in other listed Companies are set out below:

Name	Age	Date of initial appointment	Date of last re-election	Directorship in other listed companies
Mr Tan Soo Khoon	61	6 August 2008	29 October 2008	NIL
Mr Dennis Foo Jong Long	57	6 August 2008	29 October 2008	NIL
Mr Andrew George Ing	43	6 August 2008	29 October 2008	NIL
Mr Eli Manasseh (Nash) Benjamin	60	6 August 2008	22 October 2009	Present Directorship F J Benjamin Holdings Ltd Past Directorships (in the last three preceding years) NIL
Mr Daniel Ong Jen Yaw	47	6 August 2008	22 October 2009	NIL
Mr Ng Tiak Soon	61	6 August 2008	22 October 2009	Present Directorship Kinergy Ltd. Past Directorships (in the last three preceding years) Wanxiang International Limited
Mr Raj Singam	65	6 August 2008	22 October 2009	Present Directorship Rowsley Ltd. Past Directorships (in the last three preceding years) NIL
Mr Dick Lee	54	6 August 2008	22 October 2009	NIL

Corporate Governance Report

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board.

The Nominating Committee had adopted processes for the evaluation of the Board's performance and effectiveness as a whole and the performance of individual Directors, based on performance criteria set by the Board. For the evaluation of the Board performance, the criteria include return on assets, return on equity and the Company's share price performance which allow the Company to make comparisons with its industry peers and are linked to long-term shareholders' value.

The assessment process involves and includes inputs from Board members, applying the performance criteria of the Nominating Committee and approved by the Board. These inputs are collated and reviewed by the Chairman of the Nominating Committee, who presents a summary of the overall assessment to the Nominating Committee for review. Areas where the Board's performance and effectiveness could be enhanced and recommendations for improvements are then submitted to the Board for discussions and, where appropriate, approval for implementation.

The individual performance criteria include qualitative and quantitative factors such as performance of principal functions and fiduciary duties, level of participation at meetings, guidance provided to the management and attendance record.

The Nominating Committee has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole was satisfactory. Although some of the Board members have multiple board representations, the Nominating Committee is satisfied that sufficient time and attention has been given by the Directors to the Group.

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

Each member of the Board has complete access to such information regarding the Group as may be required for the discharge of his duties and responsibilities. Prior to each Board meeting, the members of the Board are each provided with the relevant documents and information necessary, including background and explanatory statements, financial statements, budgets, forecasts and progress reports of the Group's business operations, for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon.

As a general rule, notices are sent to the Directors one week in advance of Board meetings, followed by the Board papers in order for the Directors to be adequately prepared for the meetings. Senior management personnel if required, will attend board meetings to address queries from the Directors. The Directors also have unrestricted access to the Company's senior management.

The Directors have separate and independent access to the Company Secretary. The Company Secretary attends all Board meetings and ensures that Board procedures and the provisions of applicable laws, the Companies Act, Cap.50 (the "Companies Act"), the Articles and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Rules of Catalist") are followed. The Company Secretary also assists with the circulation of Board papers and updates the Directors on changes in laws and regulations relevant to the Group. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Board (whether as individual members or as a group) has direct access to independent professional advisers, where so requested by them, at the expense of the Company.

Corporate Governance Report

REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The members of the Company's Remuneration Committee are Mr Raj Singam, Mr Ng Tiak Soon and Mr Eli Manasseh (Nash) Benjamin, the majority of whom, including the Chairman, are independent. The Chairman of the Remuneration Committee is Mr Raj Singam.

The principal role and functions of the Remuneration Committee are, as follows:

- to recommend to the Board a framework of remuneration for the directors and senior management;
- to determine specific remuneration packages for each executive director;
- in the case of service contracts of directors, to review and to recommend to the Board the terms of renewal of the service contracts;
- to consider the various disclosure requirements for directors' and key executives' remuneration, particularly those required by regulatory bodies such as the SGX-ST, and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties;
- to administer any share option or share incentive scheme of the Company; and
- to carry out such other duties as may be agreed to by the Remuneration Committee and the Board.

The Remuneration Committee had been established for the purposes of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual Directors. All aspects of the remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind will be reviewed by the Remuneration Committee. The overriding principle is that no Director should be involved in deciding his own remuneration. It has adopted written terms of reference defining its membership, functions and administration.

The Remuneration Committee members are familiar with executive compensation matters as they manage their own businesses and/or are holding directorships in other listed companies. The Remuneration Committee has access to advice regarding executive compensation matters, if required.

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors remuneration should be structured so as to link rewards to corporate and individual performance.

In setting remuneration packages, the Remuneration Committee will ensure that the Directors are adequately but not excessively remunerated as compared to the industry and comparable companies.

Corporate Governance Report

The remuneration packages for Executive Directors take into account the performance of the Group and the individual. The Director's fees for Non-executive Directors are based on the effort, time spent and responsibilities of the Non-executive Directors, and are subject to approval at AGMs. The Company has entered into service agreements with Mr Dennis Foo Jong Long, Chief Executive Officer and Executive Director and Mr Andrew George Ing, Chief Operating Officer and Executive Director, commencing from 6 August 2008. They are valid for an initial period of three years (the "Initial Term") each and are thereafter renewable with the mutual consent in writing of the Company and the said Directors for a further term of three years pursuant to negotiations between the said Directors and the Remuneration Committee. The service agreements may be terminated by either the Company or the respective Directors giving to the other party six calendar months' notice in writing or payment of six months' basic salary in lieu of notice. Revisions to the terms of the service agreements will be reviewed by the Remuneration Committee, which, upon taking into consideration the employment conditions within the night entertainment industry and comparable companies, will recommend the same to the Board where such revisions are in order. The remuneration includes a fixed salary and a variable performance related bonus which is designed to align the interests of the Directors with those of shareholders.

The Company has an employee share option scheme and two performance share plans to reward, attract and retain capable employees. The said scheme and plans have vesting schedules.

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The Remuneration Committee recommends to the Board a framework of remuneration for the Board and senior management personnel to ensure that the structure is competitive and sufficient to attract, retain and motivate senior management to run the Company successfully in order to maximize shareholders' value. The recommendations of the Remuneration Committee on the remuneration of Directors and senior management will be submitted for endorsement by the Board. The members of the Remuneration Committee do not participate in any decisions concerning their own remuneration.

The breakdown, showing the level and mix of each individual Director's remuneration in the financial year under review by percentage (%) is, as follows:

Remuneration Band and Name of Director	Base / Fixed salary	Directors fees*	Variable or performance benefits related income / Bonus	Other Benefits
\$250,000 to below \$500,000				
Mr Dennis Foo Jong Long	72.5%	-	4.3%	23.2%
Below \$250,000				
Mr Andrew George Ing	94.5%	-	5.5%	-
Mr Tan Soo Khoon*	-	100%	-	-
Mr Eli Manasseh (Nash) Benjamin*	-	100%	-	-
Mr Daniel Ong Jen Yaw*	-	100%	-	-
Mr Ng Tiak Soon*	-	100%	-	-
Mr Raj Singam*	-	100%	-	-
Mr Dick Lee*	-	100%	-	-

* these fees are subject to approval of the shareholders at the forthcoming AGM

Corporate Governance Report

The top executives (who were not Directors) of the Group during the financial year under review fell within the remuneration band of below \$250,000:

- Calene Goh Hui Hui Financial Controller
- Lynn Ngoo Bee Ing Business Development Manager
- Craig Anthony Burridge Technical Director
- Daniel Ong Chin Heng Human Resource and Administration Manager
- Zila Ibrahim Operations Manager
- Thanakorn Scorpion Executive Director of Shanghai Dolly Pte. Ltd.

No employee who was an immediate family member of a Director was paid more than S\$150,000 during FY2010. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister, and parent of such person.

Employees' Share Option Scheme Committee

The Remuneration Committee administers the St. James Share Option Scheme (known as the JK Technology Share Option Scheme prior to the completion of the Reverse Takeover ("RTO")) (the "Scheme"). The Remuneration Committee determines the eligibility of Directors and full-time employees of the Group to participate in the Scheme and the number of options to be offered to each participant, in accordance with the approved guidelines of the Scheme. A member of the Employees' Share Option Scheme Committee is not involved in any deliberations in respect of any options granted to him. 2,447,000 options had been granted under the Scheme during the financial year under review.

Employees' Performance Share Plans

The Remuneration Committee also administers the St James Restricted Share Plan and the St James Performance Share Plans (known as the JK Technology Group Limited Restricted Share Plan and the JK Technology Group Limited Performance Share Plan, respectively, prior to the completion of the RTO) (the "Plans"). The Remuneration Committee would determine the eligibility of Directors and employees of the Group to participate in the Plans and the number of shares to be awarded to each participant, in accordance with the approved guidelines of the Plans. A member of the Remuneration Committee would not be involved in any deliberations in respect of any shares awarded to him. No awards had been made under the Plans during the financial year under review.

ACCOUNTABILITY AND AUDIT

Principle 10: The Board is accountable to the shareholders while the Management is accountable to the Board. The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

In line with the continuing disclosure obligations of the Company under the Rules of Catalist, the Board's policy is that shareholders shall be informed of all major developments of the Group. Information is presented to shareholders on a timely basis through SGXNET and/or the press. In presenting the annual financial statements and half-year and full-year result announcements to its shareholders, it is the objective of the Board to provide its shareholders with a reasonable understanding of the Group's financial position, performance and prospects.

The Management currently provides the Board with management accounts of the Group's performance, position and prospects on a quarterly basis.

Corporate Governance Report

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The members of the Company's Audit Committee are Mr Ng Tiak Soon, Mr Tan Soo Khoon and Mr Daniel Ong Jen Yaw, the majority of whom including the Chairman are independent. The Chairman of the Audit Committee is Mr Ng Tiak Soon.

The principal role and functions of the Audit Committee are, as follows:

- reviewing with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their audit report, their management letter and the management's response;
- reviewing the half-year and full-year results and annual financial statements before submission to the Board for approval, focusing in particular, on significant financial reporting issues, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards and compliance with applicable accounting standards and stock exchange and statutory/regulatory requirements;
- reviewing the internal control (including the review of interested person transactions) and procedures and ensuring the co-ordination between the external auditors and the Management, reviewing the co-operation and assistance given by the Management to the external auditors, and discussing problems and concerns, if any, arising from the interim and final audits and any matters which the auditors may wish to discuss (in the absence of the Management where necessary);
- ensuring that the internal audit function is adequate and that a clear reporting structure is in place between the Audit Committee and the internal auditors, and reviewing the scope and results of the internal audit procedures including the effectiveness of the internal audit function;
- ensuring that a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually by the internal and/or external auditors;
- reviewing and discussing with the external auditors, and commissioning and reviewing the findings of internal investigations into, any suspected fraud or irregularity, or suspected failure of internal controls, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results and/or financial position, and the management's response;
- reviewing the risk profile of the Company, its internal controls and risk management procedures and the appropriate steps to be taken to mitigate and manage risks at acceptable levels as determined by the Board;
- reviewing the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors, and where the external auditors also supply a substantial volume of non-audit services to the Company, keeping the nature and extent of such services under review, so as to balance the maintenance of objectivity and value for money;
- reviewing the independence of the external auditors annually, and considering for recommending to the Board the appointment, remuneration, terms of engagement or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors;
- reviewing and approving any interested person transactions falling within the scope of Chapter 9 of the Rules of Catalyst;

Corporate Governance Report

- reviewing any potential conflicts of interests that may arise in respect of any Director of the Company for the time being;
- reviewing arrangements by which staff of the Company may, in confidence, raise concerns about possible impropriety in matters of financial reporting and other matters and the adequacy of procedures for independent investigation and appropriate follow-up actions in response to such complaints;
- reviewing and approving future hedging policy, instruments used for hedging and foreign exchange policy and practices of the Group (if the same becomes applicable to the Group in the future);
- undertaking such other reviews and projects as may be requested by the Board and reporting to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and
- generally undertaking such other functions and duties as may be required by law or the Rules of Catalist, or by such amendments made thereto from time to time.

The Audit Committee has adopted written terms of reference defining its membership, administration and duties.

The members of the Audit Committee have sufficient financial and/or management expertise, as assessed by the Board in its business judgment, to discharge the Audit Committee's functions.

The Audit Committee will meet with the external auditors without the presence of the Management at least once in every financial year.

The Audit Committee from time to time reviews the arrangements by which the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action.

The Audit Committee has reasonable resources to enable it to discharge its functions properly.

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as such a system is designed to manage (rather than eliminate the risk of failure) and achieve its business objectives. Such a system can only provide reasonable and not absolute assurance against material misstatement or loss. The Board believe that in the absence of any evidence to the contrary and from due enquiries, the system of internal controls that has been maintained by the Company's Management throughout FY2010 and up to the date of this Report is adequate to meet the needs of the Company in its current business environment.

Principle 13: The company should establish an internal audit function that is independent of the activities it audits

The Board recognises the importance of maintaining a system of internal controls to safeguard the shareholders' investments and the Company's assets. Ethos Advisory Pte. Ltd. had been engaged by the Company to perform the internal audit function and they report primarily to the Audit Committee.

The objective of the internal audit function is to provide an independent review of the effectiveness of the Group's internal controls and provide reasonable assurance to the Audit Committee and the management that the Group's risk management, controls and governance processes are adequate and effective.

Corporate Governance Report

The internal auditors plan their internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the Audit Committee for approval prior to the commencement of the internal audit. The Audit Committee will review the activities of the internal auditors, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified.

The Audit Committee had reviewed the annual internal audit plan of the Group for FY2010. The Audit Committee is satisfied that the internal audit functions have been adequately carried out and has appropriate standing within the Group.

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

The Board is mindful of its obligations to provide timely disclosure of material information to shareholders of the Company and does so through:

- annual reports issued to all shareholders. Non-shareholders may access the SGX website for the Company's annual reports;
- half-year and full-year announcements of its financial statements on the SGXNET;
- other announcements on the SGXNET;
- press releases on major developments regarding the Company; and
- the Company's website at www.stjamespowerstation.com through which shareholders can access information on the Company.

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company is committed to regular and proactive communication with its shareholders in line with continuous disclosure obligations of the Company under the Rules of Catalist. Pertinent information will be disclosed to shareholders in a timely, fair and equitable manner. The Company does not practise selective disclosure. Price sensitive information is first publicly released before the Company meets with any group of investors or analysts.

Pertinent information is communicated to shareholders through:

- 1) half-year and full-year results announcements which are published on the SGXNET and in news releases;
- 2) the Company's annual reports that are prepared and issued to all shareholders;
- 3) notices of and explanatory memoranda, for AGMs and extraordinary general meetings; and
- 4) press releases on major developments of the Group.

AGMs are the main forum for communication with shareholders. Annual reports and notices of the AGMs are sent to all shareholders. The members of the Audit Committee, Nominating Committee and Remuneration Committee will be present at AGMs to answer questions relating to the work of these committees. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders. The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis.

Corporate Governance Report

DEALINGS IN SECURITIES

In line with Rule 1204(18) of the Rules of Catalist, the Group has adopted and implemented policies in line with the SGX-ST's best practices in relation to the dealing of shares of the Company. The policies have been made known to Directors, executive officers and any other persons as determined by the Management who may possess unpublished material price-sensitive information of the Group.

The Group has advised Directors and all key executives not to deal in the Company's shares during the period commencing one month prior to the announcement of the Group's half-year and full-year results and ending on the date of the announcement of the results.

The Group has reminded its Directors and officers that it is an offence under the Securities and Futures Act, Chapter 289, for a listed issuer or its officers to deal in the listed issuer's securities as well as securities of other listed issuers when the officers are in possession of unpublished material price-sensitive information in relation to those securities. Directors and executives are expected and reminded to observe insider-trading laws at all times even when dealing in securities within permitted trading periods. The Group has further reminded its Directors and officers not to deal in the Company's securities on short-term considerations.

NON-AUDIT FEES

Tax review services had been rendered by our Auditors, Messrs Ernst & Young LLP for FY2010 and their fees amounted to approximately S\$39,000.

NON-SPONSOR FEES

No non-sponsor fees were billed and paid to the Company Sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2010.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries during FY2010 or still subsisting as at 30 June 2010 which involved the interests of any of the Directors or controlling shareholders of the Company.

INTERESTED PERSON TRANSACTIONS

There were no interested person transactions of S\$100,00 or more entered into during FY2010, in accordance to Rule 907 of the Rules of Catalist.

Directors' Report

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of St. James Holdings Limited (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 2010.

Directors

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

Tan Soo Khoon	(Non-Executive Chairman and Independent Director)
Dennis Foo Jong Long	(Chief Executive Officer)
Andrew George Ing	(Chief Operating Officer)
Eli Manasseh Benjamin	(Non-Executive Director)
Daniel Ong Jen Yaw	(Non-Executive Director)
Ng Tiak Soon	(Independent and Non-Executive Director)
Rajasingam s/o M Rajagopal	(Independent and Non-Executive Director)
Richard Lee Peng Boon	(Independent and Non-Executive Director)

Arrangements to enable Directors to acquire shares and debentures

Other than share options granted to an executive director under the St. James Share Option Scheme, 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 objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary shares of the Company				
Dennis Foo Jong Long	–	–	147,124,497	147,124,497
Daniel Ong Jen Yaw	–	–	–	72,774,667

There was no change in any of the above-mentioned interests between the end of the financial year and 21 July 2010.

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 ended 30 June 2010.

Directors' Report

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.

Warrants

On 25 October 2004, the Company issued a renounceable non-underwritten rights issue of up to 10,858,910 new ordinary shares in the capital of the Company ("Rights Shares") at an issue price of \$0.06 for each Rights Share with up to 16,288,365 free detachable warrants ("Warrants"), and with each Warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of \$0.06 for each new share.

16,229,554 Warrants were issued may be exercised from 27 December 2004 to 24 December 2009. The Warrants were listed and traded separately on the Catalist Board.

As a result of the Share Consolidation on 12 August 2008, the Warrants were adjusted on the basis of 5 existing Warrants into 4 consolidated Warrants with each consolidated Warrant carrying the right to subscribe for one new ordinary share at an adjusted exercise price of \$0.075 each.

A total of 12,973,473 Warrants have been exercised into new ordinary shares in the capital of the Company and the remaining unexercised warrants had lapsed on the expiry date on 24 December 2009. As at 30 June 2010, there were no warrants outstanding (2009: 10,932,212).

Performance Share Plan and Restricted Share Plan

At an Extraordinary General Meeting of the Company held on 27 July 2006, shareholders approved the JK Technology Group Limited Performance Share Plan ("PSP") and the JK Technology Group Limited Restricted Share Plan ("RSP"), which have since been renamed as the St. James Performance Share Plan and the St. James Restricted Share Plan respectively.

Under the PSP and the RSP (collectively, the "Plans"), the Company may issue fully paid shares, the equivalent cash value or combinations thereof, free of charge, upon the participants achieving prescribed performance targets and/or service conditions or otherwise having performed well and/or made a significant contribution to the Company. The participants are employees of the Company, its related corporations and associated company, non-executive directors and controlling shareholders and their associates who are employees of the Company or its related corporations.

Under the terms of the Plans:

- (a) the total number of new shares which may be issued pursuant to awards granted under the Plans, and the St. James Share Option Scheme shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of award;
- (b) the aggregate number of new shares available to eligible controlling shareholders and their associates under the Plans shall not exceed 25% of the new shares available under each Plan. In addition, the number of new shares available to each such controlling shareholder or his associate shall not exceed 10% of the new shares available under each Plan; and

Directors' Report

- (c) the aggregate number of new shares available to executives and non-executive directors of the holding company of the Company, if any, and subsidiaries of such holding company under the Plans, shall not exceed 20% of the new shares available under each Plan.

The Plans are administered by the Remuneration Committee of the Company. No shares have been granted under the Plans as of the date of this report.

St. James Share Option Scheme (the "Scheme")

The Scheme, which forms an integral component of the Company's compensation plan, is designed to reward and retain eligible participants whose services are vital to the well being and success of the Company. It provides eligible participants who have contributed to the success and development of the Company with an opportunity to participate and also increase the dedication and loyalty of these participants and motivate them to perform better.

Under the rules of the Scheme, all Directors (including non-executive and independent directors) and employees of the Company and its subsidiaries are eligible to participate in the Scheme. Controlling shareholders are also eligible to participate in the Scheme subject to the approval of independent shareholders in the form of separate resolutions for each participant. Further, independent shareholders' approval is also required in the form of separate resolutions for each grant of options and the terms thereof, to each participant who is a controlling shareholder.

The total number of shares over which options may be granted shall not exceed 15% of the issued share capital of the Company on the date preceding the grant of the option.

The Remuneration Committee (the "Committee") is charged with the administration of the Scheme in accordance with the rules of the Scheme. The number of options to be offered to a participant shall be determined at the discretion of the Committee which shall take into account criteria such as rank, performance, years of service and potential for future development of the participant. However, in relation to controlling shareholders and their associates, the aggregate number of shares which may be offered to participants who are controlling shareholders under the Scheme (including adjustments under the rules) shall not exceed 25% of the total number of shares available under the Scheme. Where the aggregate number of shares which may be offered to each participant who is a controlling shareholder under the Scheme represents 10% or more of the aggregate number of shares available to participants who are controlling shareholders collectively, such options granted shall be approved by independent shareholders in a separate resolution for each such participant who is a controlling shareholder.

The Scheme has two categories of options, being the market price option and the incentive option. The exercise price for each share in respect of which an option is exercisable shall be determined by the Committee at its absolute discretion and fixed by the Committee. For market price option holders who are not controlling shareholders, the exercise price is at a price equal to the average of the last dealt prices for a share as determined by reference to the daily official list published by the SGX-ST for the five consecutive market days immediately preceding the relevant offer date. For market price option holders who are controlling shareholders, the exercise price is determined by reference to the daily official list published by the SGX-ST for the five consecutive market days immediately preceding the latest practicable date prior to the date of any circular, letter or notice to shareholders proposing to seek their approval for the grant of market price options to controlling shareholders or their associates. For incentive option holders, the exercise price is at a price which is set at a discount to the market price, provided that the maximum discount shall not exceed 20% of the market price. For incentive options, the Committee must seek the prior approval of shareholders of the Company in general meeting before making grants of the options. Such approval once obtained will remain in force for the duration of the Scheme unless revoked by shareholders.

The Scheme shall continue in operation for a maximum duration of 10 years commencing from the date on which the Scheme was adopted by the Company in general meeting. However, the Scheme may continue beyond the year above with the approval of the shareholders in general meeting by way of ordinary resolution.

Directors' Report

Activities under the Scheme are as follows:

Market price options

Date of grant	Balance at 1.7.2009	Granted during the financial year	Lapsed during the financial year	Balance at 30.6.2010	Adjusted exercise price (cents)	Exercisable period
26.10.2009	–	2,447,000	(189,000)	2,258,000	15	26.10.2010 to 25.10.2014

Details of the options to subscribe for ordinary shares of the Company granted to Directors of the Company pursuant to the Scheme are as follows:

Name of director	Options granted during financial year	Aggregate options granted since commencement of plan to end of financial year	Aggregate options exercised since commencement of plan to end of financial year	Aggregate options outstanding as at end of financial year
Andrew George Ing	570,000 ⁽¹⁾	570,000	–	570,000

⁽¹⁾ These options are exercisable between the periods from 26 October 2010 to 25 October 2014 at the exercise price of \$0.15 if the vesting conditions are met.

Since the commencement of the Scheme till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates.
- No participant has received 5% or more of the total options available under the Scheme.
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted.

Audit Committee

The Audit Committee of the Board of Directors ("AC") at the date of report comprises the following three members, of which two are Independent Directors:

Ng Tiak Soon (Chairman)
Tan Soo Khoon
Daniel Ong Jen Yaw

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviewed the annual financial statements and the Auditors' Report on the annual financial statements of the Company before their submission to the Board of Directors;
- Reviewed with the independent internal auditors their evaluation of the Company's internal accounting controls and independent external auditors' report on the financial statements and the assistance given by the Company's officers to them;
- Met with the external auditors and management to discuss any matters that these groups believe should be discussed privately with the AC;

Directors' Report

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the nature and extent of non-audit services provided by the external auditors;
- Recommended to the Board of Directors the external auditors to be nominated for reappointment as independent auditors at the next Annual General Meeting;
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Rules of Catalist.

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 would not affect the independence of the external auditors.

The AC convened 4 meetings during the financial year. The AC has also met with external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Corporate Governance Report.

Auditors

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors to the Company.

On behalf of the Board of Directors,

Dennis Foo Jong Long
Director

Tan Soo Khoon
Director

Singapore
16 September 2010

Statement by Directors

We, Dennis Foo Jong Long and Tan Soo Khoon, being two of the Directors of St. James Holdings Limited, do hereby state that, in the opinion of the Directors,

- (i) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2010 and the results of the business, changes in equity and cash flow of the Group and the changes in equity of the Company for the financial year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Dennis Foo Jong Long
Director

Tan Soo Khoon
Director

Singapore
16 September 2010

Independent Auditors' Report

For the financial year ended 30 June 2010
To the Members of St. James Holdings Limited

We have audited the accompanying financial statements of St. James Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 54 to 96, which comprise the balance sheets of the Group and the Company as at 30 June 2010, the statements of changes in equity of the Group and the Company, and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Independent Auditors' Report

For the financial year ended 30 June 2010
To the Members of St. James Holdings Limited

Opinion

In our opinion,

- (i) the consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2010 and the results, changes in equity and cash flow of the Group and the changes in equity of the Company for the financial year ended on that date; and
- (ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG LLP
Public Accountants and
Certified Public Accountants
Singapore

16 September 2010

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
Revenue	4	36,044	38,310
Other operating income	5	3,023	3,095
Total revenue		39,067	41,405
Cost and expenses			
Cost of goods sold		13,063	13,360
Depreciation	12	3,227	3,034
Staff costs	6	9,767	10,057
Selling and promotional expenses		5,923	6,054
Rental		4,381	4,204
Management fees	25	–	139
Termination fees	25	–	350
Finance costs	7	184	49
Other operating expenses	8	5,337	4,873
Total cost and expenses		41,882	42,120
Loss from operations		(2,815)	(715)
Goodwill written off		–	(503)
Costs of reverse acquisition written off	9	–	(14,246)
Impairment loss on plant and equipment	12	–	(580)
Loss before taxation	9	(2,815)	(16,044)
Taxation	10	199	(269)
Loss for the financial year		(2,616)	(16,313)
Loss for the financial year		(2,616)	(16,313)
Other comprehensive income for the year, net of tax		–	–
Total comprehensive loss for the year		(2,616)	(16,313)
Loss per share			
Basic (cents)	11	(0.82)	(5.36)
Diluted (cents)	11	(0.82)	(5.26)

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

Balance Sheets

As at 30 June 2010

	Note	Group		Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Non-current assets					
Plant and equipment	12	12,225	13,409	–	–
Subsidiaries	13	–	–	16,573	16,573
		<u>12,225</u>	<u>13,409</u>	<u>16,573</u>	<u>16,573</u>
Current assets					
Inventories	14	1,160	1,106	–	–
Amounts due from related parties (non-trade)	15	31	32	–	–
Amount due from related party (trade)	15	38	87	–	–
Amounts due from subsidiaries (trade)	15	–	–	1,570	1,244
Trade and other receivables	16	2,423	2,899	–	–
Prepayments		239	182	29	–
Cash and cash equivalents	17	6,724	3,821	639	71
		<u>10,615</u>	<u>8,127</u>	<u>2,238</u>	<u>1,315</u>
Current liabilities					
Trade and other payables	18	5,348	4,981	885	853
Current portion of finance leases	19	160	163	–	–
Bank borrowings	20	1,195	1,200	–	–
Taxation		316	327	53	38
		<u>7,019</u>	<u>6,671</u>	<u>938</u>	<u>891</u>
Net current assets		<u>3,596</u>	<u>1,456</u>	<u>1,300</u>	<u>424</u>
Non-current liabilities					
Finance leases	19	117	230	–	–
Bank borrowings	20	3,077	–	–	–
Deferred taxation	21	209	407	–	–
Provision for reinstatement costs	22	835	942	–	–
		<u>4,238</u>	<u>1,579</u>	<u>–</u>	<u>–</u>
Net assets		<u>11,583</u>	<u>13,286</u>	<u>17,873</u>	<u>16,997</u>
Equity attributable to equity holders of the Company					
Share capital	23	25,576	24,795	61,768	60,987
Reserves		<u>(13,993)</u>	<u>(11,509)</u>	<u>(43,895)</u>	<u>(43,990)</u>
Total equity		<u>11,583</u>	<u>13,286</u>	<u>17,873</u>	<u>16,997</u>

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

Statements of Changes in Equity

For the financial year ended 30 June 2010

Group	Share capital \$'000	Share option reserve \$'000	Accumulated (losses)/ profits \$'000	Total \$'000
At 1 July 2008	6,316	–	4,804	11,120
Total comprehensive loss for the year	–	–	(16,313)	(16,313)
Total recognised income and expense for the year	–	–	(16,313)	(16,313)
Additional shares arising from reverse acquisition	14,392	–	–	14,392
Share issue expenses	(868)	–	–	(868)
New shares issued				
- compliance placement	1,005	–	–	1,005
- acquisition of assets	2,750	–	–	2,750
Acquisition of subsidiary	1,200	–	–	1,200
At 30 June 2009 and 1 July 2009	24,795	–	(11,509)	13,286
Total comprehensive loss for the year	–	–	(2,616)	(2,616)
Total recognised income and expense for the year	–	–	(2,616)	(2,616)
Grant of equity-settled share options to employees	–	132	–	132
New shares issued				
- conversion of warrants	781	–	–	781
At 30 June 2010	25,576	132	(14,125)	11,583

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

Statements of Changes in Equity

For the financial year ended 30 June 2010

Company	Attributable to equity holders of the Company			Total \$'000
	Share capital \$'000	Share option reserve \$'000	Accumulated (losses)/ profits \$'000	
At 1 July 2008	5,417	474	20	5,911
Total comprehensive loss for the year	-	-	(43,684)	(43,684)
Total recognised income and expense for the year	-	-	(43,684)	(43,684)
Additional shares arising from reverse acquisition	56,829	-	-	56,829
Share issue expenses	(50)	-	-	(50)
New shares issued				
- conversion of warrants	16	-	-	16
- compliance placement	1,005	-	-	1,005
- acquisition of assets	2,750	-	-	2,750
Capital reduction on divestment of IT business	(4,980)	(474)	(326)	(5,780)
At 30 June 2009 and 1 July 2009	60,987	-	(43,990)	16,997
Total comprehensive loss for the year	-	-	(37)	(37)
Total recognised income and expense for the year	-	-	(37)	(37)
Grant of equity-settled share options to employees	-	132	-	132
New shares issued				
- conversion of warrants	781	-	-	781
At 30 June 2010	61,768	132	(44,027)	17,873

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

Consolidated Cash Flow Statement

For the financial year ended 30 June 2010

	Note	2010	2009
		\$'000	\$'000
Cash flow from operating activities			
Loss before taxation		(2,815)	(16,044)
Adjustments for:			
Goodwill written off		–	503
Costs of reverse acquisition written off	9	–	14,246
Impairment loss on plant and equipment	12	–	580
		<hr/>	<hr/>
Operating loss before non-recurring items		(2,815)	(715)
Depreciation	12	3,227	3,034
Loss on disposal of plant and equipment		27	–
Write back for reinstatement costs		(107)	–
Grant of equity-settled share options to employees		132	–
Interest expense	7	184	49
		<hr/>	<hr/>
Operating profit before working capital changes		648	2,368
Changes in working capital:			
Inventories		(54)	14
Amount due from related party (trade)		49	(32)
Trade and other receivables		476	(314)
Prepayments		(57)	34
Trade and other payables		369	1,102
Amounts due to related parties (trade)		–	(134)
		<hr/>	<hr/>
Net cash generated from operations		1,431	3,038
Income tax paid		(11)	(924)
Interest paid		(184)	(49)
		<hr/>	<hr/>
Net cash generated from operating activities		1,236	2,065
		<hr/>	<hr/>
Cash flow from investing activities			
Purchase of plant and equipment		(2,040)	(2,154)
Proceeds from disposal of plant and equipment		11	–
Cash acquired on completion of reverse acquisition	17	–	812
Payment of reverse acquisition expenses	17	–	(818)
		<hr/>	<hr/>
Net cash used in investing activities		(2,029)	(2,160)
		<hr/>	<hr/>

Consolidated Cash Flow Statement

For the financial year ended 30 June 2010

	Note	2010	2009
		\$'000	\$'000
Cash flow from financing activities			
Net proceeds from/(repayment of) bank borrowings		3,072	(400)
Repayment of hire purchase loan		(158)	(120)
Repayment of shareholders' loans		–	(280)
Proceeds from issuance of shares		781	955
Amounts due from related parties (non-trade)		1	207
Amount due to related party (non-trade)		–	(150)
		<hr/>	<hr/>
Net cash generated from financing activities		3,696	212
		<hr/>	<hr/>
Net increase in cash and cash equivalents		2,903	117
Cash and cash equivalents at beginning of year		3,821	3,704
		<hr/>	<hr/>
Cash and cash equivalents at end of year	17	6,724	3,821
		<hr/> <hr/>	<hr/> <hr/>

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

Notes to the Financial Statements

30 June 2010

1. Corporate information

St. James Holdings Limited (the "Company") is a limited liability company, which is domiciled and incorporated in the Republic of Singapore. The registered office and principal place of business of the Company is 3 Sentosa Gateway #01-01, Singapore 098544.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are disclosed in Note 13.

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) as indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2009, the Group adopted the following standards mandatory for annual financial periods beginning on or after 1 January 2009.

- FRS 1 *Presentation of Financial Statements (Revised)*
- Amendments to FRS 18 *Revenue*
- Amendments to FRS 27 *Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 27 *Consolidated and Separate Financial Statements*
- Amendments to FRS 102 *Share-based Payment - Vesting Conditions and Cancellations*
- Revised FRS 103 *Business Combinations*
- Amendments to FRS 107 *Financial Instruments: Disclosures*
- FRS 108 *Operating Segments*
- Improvements to FRSs issued in 2008
- Improvements to FRSs issued in 2009

The adoption of the above standards did not have any financial impact on the Group. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

Notes to the Financial Statements

30 June 2010

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

2.2 Changes in accounting policies (cont'd)

The principal effects of these changes are as follows:

FRS 1 Presentation of Financial Statements – Revised presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the revised standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as one single statement.

Amendments to FRS 27 Consolidated and Separate Financial Statements

The Amendments to FRS 27 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

Revised FRS 103 Business Combinations

The revised FRS 103 introduces a number of changes in the accounting for business combinations occurring after 1 July 2009. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

Amendments to FRS 107 Financial Instruments: Disclosures

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The liquidity risk and fair value measurement disclosures are presented in Notes 29 and 30 to the financial statements respectively.

FRS 108 Operating Segments

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 *Segment Reporting*.

Improvements to FRS issued in 2008

In 2008, the Accounting Standards Council issued an omnibus of amendments to FRS. There are separate transitional provisions for each amendment. The adoption of the following amendment resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

FRS 16 Property, Plant and Equipment: Replaces the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

Notes to the Financial Statements

30 June 2010

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

2.3 Standards issued but not yet effective

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

Description	Effective for annual period beginning on or after
Improvements to FRSs issued in 2009:	
– Amendments to FRS 1 <i>Presentation of Financial Statements</i>	1 January 2010
– Amendments to FRS 7 <i>Statement of Cash Flows</i>	1 January 2010
– Amendments to FRS 17 <i>Leases</i>	1 January 2010
– Amendments to FRS 36 <i>Impairment of Assets</i>	1 January 2010
– FRS 39 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
– Amendments to FRS 108 <i>Operating Segments</i>	1 January 2010
Amendments to FRS 102 <i>Share-based Payment – Group Cash-Settled Share-based Payment Transactions</i>	1 January 2010
INT FRS 119 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2010
Revised FRS 24 <i>Related Party Disclosures</i>	1 January 2011

Except for the revised FRS 24, the Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policies on adoptions of the revised FRS 24 is described below.

Revised FRS 24 Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

2.4 Basis of consolidation

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

Notes to the Financial Statements

30 June 2010

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

2.4 *Basis of consolidation (cont'd)*

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

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.

2.5 *Functional and foreign currency*

(a) *Functional currency*

The management has determined the currency of the primary economic environment in which the Group operates i.e. functional currency, to be SGD. Selling prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

(b) *Foreign currency transactions*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rates of exchange ruling at the balance sheet date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss.

2.6 *Related parties*

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities.

2.7 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Notes to the Financial Statements

30 June 2010

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

2.7 *Plant and equipment (cont'd)*

All repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Audio and office equipment	–	5 years
Computers	–	3 years
Furniture and fittings	–	5 years
Renovation	–	5 to 10 years
Motor vehicles	–	6 years
Kitchen and bar equipment	–	5 years

The carrying values of plant 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 plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets. In assessing value in use, the estimated future cash flow expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognised in profit or loss.

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

Notes to the Financial Statements

30 June 2010

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

2.9 *Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

2.10 *Financial assets*

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

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

A financial asset is derecognised where the contractual right to receive cash flow from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

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

Loans and receivables

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

2.11 *Impairment of financial assets*

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

Assets carried at amortised cost

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

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

Notes to the Financial Statements

30 June 2010

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

2.11 *Impairment of financial assets (cont'd)*

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.

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 flow discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.12 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand.

Cash and cash equivalents carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.10.

2.13 *Inventories*

Inventories, which comprise mainly beverage and tobacco products, are stated at the lower of cost and net realisable value.

Cost comprises the invoiced value of goods on a first-in first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

2.14 *Financial liabilities*

Financial liabilities include trade payables, which are normally settled on 45 to 65-day terms, other payables, payables to related parties, and interest-bearing loans and borrowings. Financial liabilities within the scope of FRS 39 are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus directly attributable transaction costs. Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Notes to the Financial Statements

30 June 2010

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

2.15 *Financial guarantee*

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

Financial guarantees are 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.

2.16 *Borrowing costs*

Borrowing costs are recognised in profit or loss as incurred.

2.17 *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 economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

The provision for reinstatement costs arose from the Group's contractual obligation to reinstate its outlets at the end of their lease periods to the original state as at the point of inception of the leases. A corresponding asset is recognised in plant and equipment. Reinstatement costs are provided at the present value of expected costs to settle the obligation using estimated cash flow. The cash flow are discounted at a current pre-tax rate that reflects the risks specific to the reinstatement liability. The estimated future costs of reinstatement are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

2.18 *Government grants*

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. In particular, the Group is entitled to receive cash grants under the Jobs Credit Scheme to defray staff costs.

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

2.19 *Employee benefits*

(a) *Defined contribution plans*

The Group makes contributions to the Central Provident Fund ("CPF"), a defined contribution pension scheme in Singapore. Contributions to CPF are recognised as an expense in the period in which the related service is performed.

Notes to the Financial Statements

30 June 2010

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

2.19 *Employee benefits (cont'd)*

(b) *Employee leave entitlement*

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

(c) *Employee share option plans*

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

2.20 *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) *As lessee*

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

Notes to the Financial Statements

30 June 2010

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

2.20 Leases (cont'd)

(a) *As lessee (cont'd)*

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

Operating lease payments are recognised as an expense in 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.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21.

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. Revenue is measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Sale of goods*

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

(b) *Interest income*

Interest income is recognised as interest accrues using the effective interest method.

(c) *Sponsorship income*

Sponsorship income is recognised upon achievement of specific targets set by the suppliers.

(d) *Rental income*

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

Notes to the Financial Statements

30 June 2010

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

2.21 Revenue (cont'd)

(e) Revenue on points

The Group allocates the consideration received from the sale of products to the products sold and the points issued under its membership programme, "The St. James Power Station Membership Programme". The consideration allocated to the points issued is measured at their fair value. Fair value is determined by considering certain relevant operational and industry factors which included the following:

- The range of products available to the customers
- The prices at which the Group sells the products which can be redeemed
- The frequency with which each type of product is redeemed
- The redemption rates

Subsequent to initial recognition, revenue on points is recognised based on the number of points that have been redeemed in exchange for free or discounted products, relative to the total number of points expected to be redeemed.

(f) Car park revenue

Car park revenue is recognised when car park service is rendered.

2.22 Income taxes

(a) Current tax

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

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- where the deferred income 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, 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 income tax assets are recognised for all deductible temporary differences, 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:

Notes to the Financial Statements

30 June 2010

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

2.22 *Income taxes (cont'd)*

(b) *Deferred tax (cont'd)*

- where the deferred income 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, deferred income 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.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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 balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) *Goods and services tax ("GST")*

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

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST 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 GST included.

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

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.

2.24 *Contingencies*

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

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

Notes to the Financial Statements

30 June 2010

3. Significant accounting judgements and estimates

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

3.1 Judgements made in applying accounting policies

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

Income taxes

Significant judgement is involved in determining the Group's 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. The Company has also adopted Group Relief. 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 amount of the Group's tax payable and deferred tax liabilities at 30 June 2010 was \$316,000 and \$209,000 (2009: \$327,000 and \$407,000) respectively.

3.2 Key sources of estimation uncertainty

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

(a) *Depreciation of plant and equipment*

Plant and equipment are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these plant and equipment to be 3 to 10 years. The carrying amount of the Group's plant and equipment at 30 June 2010 was approximately \$12,225,000 (2009: \$13,409,000). Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets. As a result, future depreciation charges could be revised.

(b) *Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets, including plant and equipment, and investments in subsidiaries, are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When recoverable amounts based on value in use calculations are undertaken, management must estimate the expected future cash flow from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of that cash flow.

The carrying amount of the Group's plant and equipment as at 30 June 2010 was approximately \$12,225,000 (2009: \$13,409,000).

Notes to the Financial Statements

30 June 2010

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(c) Deferred revenue

The allocation of consideration received from the sale of products to the products sold and the points issued under the Group's membership programme, "The St. James Power Station Membership Programme" requires significant management estimation. The accounting policy relating to deferred revenue on award credits is disclosed in Note 2.21.

The carrying amount of deferred revenue allocated to the points at the balance sheet date was \$120,000 (2009: \$220,000).

4. Revenue

Revenue is recognised net of discounts and returns, and excludes applicable goods and services tax.

Revenue is represented by the following:

	Group	
	2010	2009
	\$'000	\$'000
Food and beverage sales	35,819	38,047
Tobacco products sales	225	263
	36,044	38,310
	36,044	38,310

5. Other operating income

	Group	
	2010	2009
	\$'000	\$'000
Sponsorship income	1,359	1,835
Functions and events income	179	232
Vouchers income	3	3
Membership card replacement income	11	12
Rental income	219	242
Car park revenue	434	507
Miscellaneous income	711	264
Write back of provision for reinstatement costs	107	-
	3,023	3,095
	3,023	3,095

Notes to the Financial Statements

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6. Staff costs

Personnel expenses (including directors' remuneration) comprise:

	Group	
	2010	2009
	\$'000	\$'000
Salaries and bonuses	7,978	8,300
CPF contributions	1,071	1,077
Other employee benefits	429	523
Directors' fees	157	157
Grant of equity-settled share options to employees	132	–
	9,767	10,057

During the financial year ended 30 June 2009, the Singapore Finance Minister announced the introduction of a Jobs Credit Scheme (the "Scheme"). Under the Scheme, the Group received a 12% cash grant on the first \$2,500 of each month's wages for each employee on their Central Provident Fund payroll. During the financial year, the Group received grant income of \$401,000 (2009: \$315,000) under the Scheme.

7. Finance costs

	Group	
	2010	2009
	\$'000	\$'000
Interest expense on bank borrowings	184	49

8. Other operating expenses

The following items are included in arriving at other operating expenses:

	Group	
	2010	2009
	\$'000	\$'000
Cleaning and housekeeping expenses	746	731
Credit card charges	339	374
Insurance	148	142
Licence fees	260	226
Printing and stationery	259	233
Repair and maintenance	918	837
SCV and internet subscription	240	144
Security fees	212	228

Notes to the Financial Statements

30 June 2010

8. Other operating expenses (cont'd)

	Group	
	2010	2009
	\$'000	\$'000
Travelling and transport expenses	357	342
Utilities	1,133	1,028
Audit fees	108	90
Non-audit fees	39	23
Internal audit fees	31	12
Sponsor fees	61	61

9. Loss before taxation

This is determined after charging the following:

	Note	Group	
		2010	2009
		\$'000	\$'000
Management and incentive fees	25	–	139
Loss on disposal of plant and equipment		27	–
Costs of reverse acquisition written off ^(a)		–	14,246

^(a) Costs of reverse acquisition written off represent the excess of consideration of the acquisition over the net assets acquired. Included in costs of reverse acquisition are costs of services amounting to approximately \$2.07 million rendered by third parties and professional fees incurred in relation to the reverse acquisition. The Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., received approximately \$1,251,000 in the form of shares and \$207,000 in cash for financial advisory services rendered in relation to the reverse acquisition for the financial year ended 30 June 2009.

10. Taxation

(a) Tax expense attributable to profit is made up of:

	Group	
	2010	2009
	\$'000	\$'000
Current income tax	–	236
Overprovision for income tax in prior years	–	(39)
Deferred income tax	(199)	72
Taxation (credit)/charge for the year	(199)	269

Notes to the Financial Statements

30 June 2010

10. Taxation (cont'd)

(b) Relationship between tax expense and accounting loss

A reconciliation between income tax expense and the product of accounting loss multiplied by the Singapore statutory tax rate for the years ended 30 June is as follows:

	Group	
	2010	2009
	\$'000	\$'000
Loss before taxation	(2,815)	(16,044)
Tax at statutory tax rate of 17% (2009: 17%)	(479)	(2,727)
Effects of:		
Exempt income	(238)	(117)
Expenses not deductible for tax purposes	336	3,018
Effect of reduction in tax rate	–	(17)
Deferred tax assets not recognised	249	132
Overprovision for income tax in prior years	–	(39)
Others	(67)	19
Taxation (credit)/charge for the year	(199)	269

At 30 June 2010, the Group has unutilised tax losses and unabsorbed capital allowances of approximately \$2,442,000 and \$175,000 (2009: \$672,600 and \$100,000), respectively, which are available for set off against future taxable income subject to the respective local tax provisions and regulations. No deferred tax asset is recognised in the financial statements for these unutilised tax losses and unabsorbed capital allowances due to uncertainty of their recoverability.

11. Loss per share

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

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

Notes to the Financial Statements

30 June 2010

11. Loss per share (cont'd)

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

	Group	
	2010 \$'000	2009 \$'000
Net loss for the financial year attributable to ordinary equity holders of the Company used in the computations of basic and diluted earnings per share	(2,616)	(16,313)
	Number of shares	
	'000	'000
Weighted average number of ordinary shares for basic earnings per share computation*	318,772	304,471
Effects of dilution:		
- Warrants*	-	5,416
Weighted average number of ordinary shares for diluted earnings per share computation*	318,772	309,887

2,447,000 (2009: Nil) share options were granted to employees and directors during the year under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

During the financial year, Warrants were exercised to acquire 10,411,350 (2009: 208,540) ordinary shares. There were no outstanding warrants as at 30 June 2010 (2009: 10,932,212). There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the issue of these financial statements.

* The Company consolidated 5 existing ordinary shares into 4 new ordinary shares on 12 August 2008. Therefore, the weighted average number of shares outstanding for basic and diluted earnings per share from the reverse acquisition date to 30 June 2009 have been adjusted retrospectively.

Notes to the Financial Statements

30 June 2010

12. Plant and equipment

Group	Audio and office equipment \$'000	Computers \$'000	Furniture and fittings \$'000	Renovation \$'000	Motor vehicles \$'000	Kitchen and bar equipment \$'000	Total \$'000
Cost:							
At 30 June 2008	2,839	498	2,537	9,541	40	232	15,687
Additions	1,194	168	1,391	2,768	-	237	5,758
At 30 June 2009	4,033	666	3,928	12,309	40	469	21,445
Additions	342	49	597	983	83	27	2,081
Disposals	(37)	(2)	(20)	-	(40)	-	(99)
At 30 June 2010	4,338	713	4,505	13,292	83	496	23,427
Accumulated depreciation and impairment loss:							
At 30 June 2008	1,159	284	935	1,914	12	118	4,422
Charge for the year	678	199	685	1,398	7	67	3,034
Provision for impairment loss	96	10	88	349	-	37	580
At 30 June 2009	1,933	493	1,708	3,661	19	222	8,036
Charge for the year	752	109	794	1,487	11	74	3,227
Disposals	(24)	(2)	(12)	-	(23)	-	(61)
At 30 June 2010	2,661	600	2,490	5,148	7	296	11,202
Net book value:							
At 30 June 2009	2,100	173	2,220	8,648	21	247	13,409
At 30 June 2010	1,677	113	2,015	8,144	76	200	12,225

Notes to the Financial Statements

30 June 2010

12. Plant and equipment (cont'd)

Assets held under finance leases

During the year, the Group acquired plant and equipment with an aggregate cost of approximately \$41,000 (2009: \$703,000) by means of finance leases. The net book value of audio and office equipment, computers, furniture and fittings, and motor vehicles as at 30 June 2010 included assets under finance leases amounting to approximately \$193,000 (2009: \$236,000), \$10,000 (2009: \$19,000), \$243,000 (2009: \$322,000) and \$39,000 (2009: \$Nil) respectively for the Group. These assets held under finance leases are pledged as security for the related finance lease liabilities (Note 19).

13. Subsidiaries

	Company	
	2010	2009
	\$'000	\$'000
Unquoted shares, at cost	58,146	57,646
Impairment loss	(43,853)	(43,853)
Amounts due from subsidiaries	2,280	2,780
	<u>16,573</u>	<u>16,573</u>

The Company has the following subsidiaries as at 30 June 2010:

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group		Cost	
		2010	2009	2010	2009
		%	%	\$'000	\$'000
Held by the Company					
The St. James Pte Ltd # (Singapore)	Nightlife entertainment business (Singapore)	100	100	57,646	57,646
Shanghai Dolly Pte Ltd (formerly known as Bellini Grande Pte Ltd) # (Singapore)	Nightlife entertainment business (Singapore)	100	100	500	*
Butterfly Entertainment Pte Ltd (Singapore)	Nightlife entertainment business (Singapore)	100	–	**	–
				<u>58,146</u>	<u>57,646</u>

Notes to the Financial Statements

30 June 2010

13. Subsidiaries (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group	
		2010 %	2009 %
Held by The St. James Pte Ltd			
Bar None (S) Pte Ltd (formerly known as Firefly Entertainment Pte Ltd) # (Singapore)	Nightlife entertainment business (Singapore)	100	100

Audited by Ernst & Young LLP, Singapore

* Cost of investment is less than \$1,000.

** Subsidiary acquired during the year and cost of investment is less than \$1,000.

Acquisition of a subsidiary

On 15 July 2009, the Company acquired 100% of the paid-up and issued share capital of Butterfly Entertainment Pte Ltd ("Butterfly"), a private limited company based in Singapore which is in the nightlife entertainment business, for a purchase consideration of \$2. The fair values of the identifiable assets of Butterfly approximate their carrying amounts and the purchase consideration paid by the Company.

14. Inventories

	Group	
	2010 \$'000	2009 \$'000
Beverages and tobacco products, at lower of cost and net realisable value	1,160	1,106

The Directors are of the view that no allowance for impairment is required on these fast moving inventory items.

15. Amounts due from related parties and subsidiaries

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

Notes to the Financial Statements

30 June 2010

16. Trade and other receivables

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Trade receivables:				
Third parties	364	360	–	–
Other receivables:				
Deposits	1,276	1,457	–	–
Other receivables	760	1,062	–	–
Staff/artiste advances	23	20	–	–
	2,059	2,539	–	–
Trade and other receivables	2,423	2,899	–	–
Add:				
Cash and cash equivalents (Note 17)	6,724	3,821	639	71
Amount due from related party (trade) (Note 15)	38	87	–	–
Amounts due from subsidiaries (non-trade) (Note 15)	–	–	1,570	1,244
Amounts due from related parties (non-trade) (Note 15)	31	32	–	–
Total loans and receivables	9,216	6,839	2,209	1,315

Trade receivables

The Group's trade receivables are neither past due nor impaired. Trade receivables are non-interest bearing and are generally on 30-day terms. They are recognised at their original invoiced amounts which represent their values on initial recognition.

Other receivables

The Group's other receivables are neither past due nor impaired. Other receivables are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

30 June 2010

17. Cash and cash equivalents

These comprise of the following balance sheet amounts:

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	6,724	3,821	639	71

The reverse acquisition of The St. James Pte Ltd and its subsidiary was completed in the previous financial year and the net cash flow was as follows:

	Group	
	2010	2009
	\$'000	\$'000
Consideration paid in shares of the Company	–	(12,323)
Consideration for services rendered paid in shares	–	(1,251)
Direct attributable transaction costs	–	(818)
	–	(14,392)
Fair value of assets acquired	–	146
Cash acquired	–	812
Costs of reverse acquisition written off	–	14,246
Net cash received from reverse acquisition	–	812

Notes to the Financial Statements

30 June 2010

18. Trade and other payables

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Trade payables	2,794	2,743	51	15
Other payables	381	211	–	–
Accrued expenses	1,061	1,009	214	218
Deposits received	15	18	–	–
Deferred revenue on award credits	120	220	–	–
Deferred lease benefits	143	78	–	–
Other deferred revenue	214	82	–	–
Shareholders' loans +	620	620	620	620
Trade and other payables	5,348	4,981	885	853
Add:				
Finance leases (Note 19)	277	393	–	–
Bank borrowings (Note 20)	4,272	1,200	–	–
	9,897	6,574	885	853

+ During the financial year ended 30 June 2008, loans amounting to \$900,000 were extended to the Company by the former shareholders of The St. James Pte Ltd in order to fund expenses incurred in relation to the reverse acquisition of The St. James Pte Ltd and its subsidiary by the Company. The loan is unsecured, non-trade in nature, repayable on demand and is non-interest bearing.

Trade and other payables

These amounts are non-interest bearing and are normally settled on 45 to 60-day terms.

Deferred revenue on award credits

The Group operates a membership programme, "The St. James Power Station Membership Programme", which allows customers to accumulate points when they purchase products at the Group's outlets. The points can be redeemed for free or discounted beverages from the Group's outlets. The Group allocates the consideration received from the sale of products to the products sold and point issued under the programme. The consideration allocated to the points issued is measured at their fair value and presented as deferred revenue on award credits.

Notes to the Financial Statements

30 June 2010

19. Finance leases

	Group			
	Minimum lease payments 2010 \$'000	Present value of payments 2010 \$'000	Minimum lease payments 2009 \$'000	Present value of payments 2009 \$'000
Due within one year	171	160	179	163
Due within two to five years	122	117	240	230
Total minimum lease payments	293	277	419	393
Amount representing finance charges	(16)	–	(26)	–
Present value of minimum lease payments	277	277	393	393

The Group has leased certain of its plant and equipment under finance leases. The average lease term is three years.

The interest rate on finance leases ranges from 2.40% to 3.75% (2009: 2.40% to 3.75%) per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in SGD. The obligations under finance leases are secured by the lessor's charge over the Group's leased assets. The fair value of the lease liabilities approximates the carrying amount.

20. Bank borrowings

	Group	
	2010 \$'000	2009 \$'000
Due within one year	1,195	1,200
Due within two to five years	3,077	–
	4,272	1,200

Bank borrowings of the Group as at 30 June 2010 relate to a \$5 million banking facility granted to a subsidiary under SPRING Singapore's Bridging Loan Programme on 24 July 2009. This facility is secured by way of corporate guarantee from the Company and was fully drawn down as of 30 June 2010.

The borrowings accrue interest at a fixed rate of 5% per annum, and are repayable in monthly instalments commencing on 15 October 2009. The borrowings outstanding as at 30 June 2010 are expected to be fully repaid on 16 December 2013.

Notes to the Financial Statements

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21. Deferred taxation

	Group	
	2010	2009
	\$'000	\$'000
Differences in depreciation	278	426
Provision	(69)	(19)
	209	407
	209	407

22. Provision for reinstatement costs

Provision for reinstatement costs relates to the estimated costs of reinstating leased premises to their original condition upon vacating the premises at the end of the lease term.

	Group	
	2010	2009
	\$'000	\$'000
At 1 July	942	600
(Write-back)/provision for the financial year	(107)	342
At 30 June	835	942
	835	942

Notes to the Financial Statements

30 June 2010

23. Share capital

	Company	
	No. of shares	Issued share capital
	'000	\$'000
<i>Issued and fully paid:</i>		
At 1 July 2008	70,171	5,417
Exercise of warrants at \$0.06 each	250	15
	70,421	5,432
Total number after Share Consolidation	56,337	5,432
Capital reduction on divestment of IT business	–	(4,980)
Shares arising from reverse acquisition	240,554	56,829
Shares arising from share placement:		
- compliance placement	4,565	1,005
- acquisition of EW assets	10,996	2,750
Share issue expenses	–	(50)
Exercise of warrants at \$0.075 each	8	1
At 30 June 2009	312,460	60,987
Exercise of warrants at \$0.075 each	10,411	781
At 30 June 2010	322,871	61,768

On 6 August 2008, the Company completed the Reverse Take-Over of The St. James Pte. Ltd. and its subsidiary (the "Acquired Group"). The consolidated financial statements of the Group presented for the financial year ended 30 June 2009 have been prepared using reverse acquisition accounting as set out in FRS 103 "Business Combinations". Under reverse acquisition accounting, the share capital balance recognised in the consolidated financial statements is the share capital of the Acquired Group immediately before the reverse acquisition.

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

Details of outstanding share options of the Company are set out in Note 24. Proceeds from the exercise of the warrants were used as working capital in the Company.

Notes to the Financial Statements

30 June 2010

23. Share capital (cont'd)

	Company	
	No. of warrants '000	Amount \$'000
<i>Warrants:</i>		
At 1 July 2008	13,926	836
Warrants conversion at \$0.06 each	(250)	(15)
	13,676	821
Total number after Share Consolidation	10,940	821
Warrants conversion at \$0.075 each	(8)	(1)
At 30 June 2009	10,932	820
Warrants conversion at \$0.075 each	(10,411)	(781)
Warrants expired	(521)	(39)
At 30 June 2010	-	-

On 25 October 2004, the Company issued a renounceable non-underwritten rights issue of up to 10,858,910 new ordinary shares in the capital of the Company ("Rights Shares") at an issue price of \$0.06 for each Rights Share with up to 16,288,365 free detachable warrants ("Warrants"), and with each Warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of \$0.06 for each new share.

16,229,554 Warrants were issued and the Warrants may be exercised from 27 December 2004 to 24 December 2009. The Warrants were listed and traded separately on the Catalist Board.

As a result of the Share Consolidation on 12 August 2008, the Warrants were adjusted on the basis of 5 existing warrants into 4 consolidated Warrants with each consolidated Warrant carrying the right to subscribe for one new ordinary share at an adjusted exercise price of \$0.075 each.

A total of 12,973,473 Warrants have been exercised into new ordinary shares in the capital of the Company and the remaining unexercised warrants had lapsed on the expiry date on 24 December 2009. As at 30 June 2010, there were no warrants outstanding (2009: 10,932,212).

Share buy-back Mandate

At an Extraordinary General Meeting of the Company held on 27 July 2006, the Directors of the Company were authorised to make purchases on behalf of the Company from time to time up to a maximum of 10% of the issued ordinary share capital of the Company at the price as defined in paragraph 14.6(e) in the Company's Circular dated 5 July 2006. The share buy-back mandate shall unless revoked or varied by the Company in general meeting, continue until the next annual general meeting of the Company. There were no such purchases made during the year ended 30 June 2010.

Notes to the Financial Statements

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24. Employee benefits

Performance Share Plan and Restricted Share Plan

At an Extraordinary General Meeting of the Company held on 27 July 2006, shareholders approved the JK Technology Group Limited Performance Share Plan ("PSP") and the JK Technology Group Limited Restricted Share Plan ("RSP"), which have since been renamed as the St. James Performance Share Plan and the St. James Restricted Share Plan respectively.

Under the PSP and the RSP (collectively, the "Plans"), the Company may issue fully paid shares, the equivalent cash value or combinations thereof, free of charge, upon the participants achieving prescribed performance targets and/or service conditions or otherwise having performed well and/or made a significant contribution to the Company. The participants are employees of the Company, its related corporations and associated company, non-executive directors and controlling shareholders and their associates who are employees of the Company or its related corporations.

Under the terms of the Plans:

- (a) the total number of new shares which may be issued pursuant to awards granted under the Plans, and the St. James Share Option Scheme shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of award;
- (b) the aggregate number of new shares available to eligible controlling shareholders and their associates under the Plans shall not exceed 25% of the new shares available under each Plan. In addition, the number of new shares available to each such controlling shareholder or his associate shall not exceed 10% of the new shares available under each Plan; and
- (c) the aggregate number of new shares available to executives and non-executive directors of the holding company of the Company, if any, and subsidiaries of such holding company under the Plans, shall not exceed 20% of the new shares available under each Plan.

The Plans are administered by the Remuneration Committee of the Company. No shares have been granted under the Plans as of the date of this report.

St. James Share Option Scheme (the "Scheme")

The Scheme, which forms an integral component of the Company's compensation plan, is designed to reward and retain eligible participants whose services are vital to the well being and success of the Company. It provides eligible participants who have contributed to the success and development of the Company with an opportunity to participate and also increase the dedication and loyalty of these participants and motivate them to perform better.

Under the rules of the Scheme, all Directors (including non-executive and independent directors) and employees of the Company and its subsidiaries are eligible to participate in the Scheme. Controlling shareholders are also eligible to participate in the Scheme subject to the approval of independent shareholders in the form of separate resolutions for each participant. Further, independent shareholders' approval is also required in the form of separate resolutions for each grant of options and the terms thereof, to each participant who is a controlling shareholder.

The total number of shares over which options may be granted shall not exceed 15% of the issued share capital of the Company on the date preceding the grant of the option.

Notes to the Financial Statements

30 June 2010

24. Employee benefits (cont'd)

St. James Share Option Scheme (the "Scheme") (cont'd)

The Remuneration Committee (the "Committee") is charged with the administration of the Scheme in accordance with the rules of the Scheme. The number of options to be offered to a participant shall be determined at the discretion of the Committee which shall take into account criteria such as rank, performance, years of service and potential for future development of the participant. However, in relation to controlling shareholders and their associates, the aggregate number of shares which may be offered to participants who are controlling shareholders under the Scheme (including adjustments under the rules) shall not exceed 25% of the total number of shares available under the Scheme. Where the aggregate number of shares which may be offered to each participant who is a controlling shareholder under the Scheme represents 10% or more of the aggregate number of shares available to participants who are controlling shareholders collectively, such options granted shall be approved by independent shareholders in a separate resolution for each such participant who is a controlling shareholder.

The Scheme has two categories of options, being the market price option and the incentive option. The exercise price for each share in respect of which an option is exercisable shall be determined by the Committee at its absolute discretion and fixed by the Committee. For market price option holders who are not controlling shareholders, the exercise price is at a price equal to the average of the last dealt prices for a share as determined by reference to the daily official list published by the SGX-ST for the five consecutive market days immediately preceding the relevant offer date. For market price option holders who are controlling shareholders, the exercise price is determined by reference to the daily official list published by the SGX-ST for the five consecutive market days immediately preceding the latest practicable date prior to the date of any circular, letter or notice to shareholders proposing to seek their approval for the grant of market price options to controlling shareholders or their associates. For incentive option holders, the exercise price is at a price which is set at a discount to the market price, provided that the maximum discount shall not exceed 20% of the market price. For incentive options, the Committee must seek the prior approval of shareholders of the Company in general meeting before making grants of the options. Such approval once obtained will remain in force for the duration of the Scheme unless revoked by shareholders.

Activities under the Scheme are as follows:

Market price options

Date of grant	Balance at 1.7.2009	Granted during the financial year	Lapsed during the financial year	Balance at 30.6.2010	Adjusted exercise price (cents)	Exercisable period
26.10.2009	–	2,447,000	(189,000)	2,258,000	15	26.10.2010 to 25.10.2014

Notes to the Financial Statements

30 June 2010

24. Employee benefits (cont'd)

St. James Share Option Scheme (the "Scheme") (cont'd)

Since the commencement of the employee share option plans till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates.
- No participant has received 5% or more of the total options available under the plans.
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted.

Activities under the Scheme are summarised as follows:

	2010		2009	
	Total share options	Weighted average exercise price \$	Total share options	Weighted average exercise price \$
Outstanding at beginning of year	–	–	60,000	0.125
Granted	2,447,000	0.15	–	–
Lapsed	(189,000)	0.15	(60,000)	0.125
Outstanding at end of year	2,258,000	0.15	–	–
Exercisable at end of year	–	–	–	–

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<i>Share option reserve:</i>				
At 1 July	–	474	–	474
Capital reduction on divestment of IT business	–	(474)	–	(474)
Grant of equity-settled share options to employees	132	–	132	–
At 30 June	132	–	132	–

Notes to the Financial Statements

30 June 2010

25. Related party transactions

	Group	
	2010	2009
	\$'000	\$'000
Rental income	219	242
Management and incentive fees	–	139
Termination fees	–	350
Trade purchases	506	447
	<hr/> <hr/>	<hr/> <hr/>

Key management compensation

	Group	
	2010	2009
	\$'000	\$'000
Salaries and other short-term employee benefits	1,239	1,241
CPF contributions	65	68
	<hr/> <hr/>	<hr/> <hr/>

Comprise amounts paid to:

- Directors' remuneration	480	502
- Directors' fees	157	157
- Other key management personnel	667	650
	<hr/> <hr/>	<hr/> <hr/>

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The above amounts for key management compensation are for all directors and other key management personnel.

26. Operating lease commitments

As at 30 June 2010 and 2009, the Group had lease commitments in respect of office premises, musicians' accommodation and office equipment. These leases have an average tenure of between one and twelve years. Certain of the leases contain escalation clauses and provide for contingent rentals based on a percentage of sales derived. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Operating lease payments recognised in profit or loss amounted to \$4,381,000 (2009: \$4,204,000). These comprised contingent rents and minimum lease payments of \$37,000 (2009: \$268,000) and \$4,344,000 (2009: \$3,936,000) respectively for the Group.

Notes to the Financial Statements

30 June 2010

26. Operating lease commitments (cont'd)

Future minimum lease payments payable under non-cancellable leases (excluding contingent rentals) as at 30 June are as follows:

	Group	
	2010	2009
	\$'000	\$'000
Not later than one year	4,603	4,417
Later than one year but not later than five years	12,615	14,229
After five years	7,447	7,448
	24,665	26,094

The Group has also entered into a subleasing arrangement. This lease has a tenure of six years with no renewal option. The lease provides for contingent rentals based on a percentage of sales derived.

Sublease payments recognised in profit or loss amounted to \$219,000 (2009: \$242,000). These comprised contingent rents and minimum lease payments of \$47,000 (2009: \$62,000) and \$172,000 (2009: \$180,000) respectively for the Group.

Future minimum lease payments receivable under the non-cancellable sublease as at 30 June are as follows:

	Group	
	2010	2009
	\$'000	\$'000
Not later than one year	180	180
Later than one year but not later than five years	263	443
	443	623

On 12 July 2010, the sublease agreement was pre-terminated as mutually agreed between the Group and the sub-lessee.

27. Segment information

The Group only has one business segment and operates only in Singapore. Hence, relevant segment information for the Group will be the information presented in the consolidated balance sheet and statement of comprehensive income.

28. Contingent liabilities

Bank facilities provided by certain banks to a subsidiary are covered by corporate guarantees from the Company. These guarantees are not fair valued as it is impracticable to determine any related outflows and reimbursements.

Notes to the Financial Statements

30 June 2010

29. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, and cash and cash equivalents. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are liquidity risk and credit risk. The policies for managing each of these risks are summarised below.

(a) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings.

The Group manages liquidity risk by maintaining cash and adequate funding to enable it to meet its operational requirements. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

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

Group	Less than 1 year	1 to 5 years	Total
	\$'000	\$'000	\$'000
2010			
<i>Financial assets</i>			
Trade and other receivables	2,423	–	2,423
Amounts due from related parties (non-trade)	31	–	31
Amount due from related party (trade)	38	–	38
Cash and cash equivalents	6,724	–	6,724
Total undiscounted financial assets	9,216	–	9,216
<i>Financial liabilities</i>			
Trade and other payables	5,348	–	5,348
Bank borrowings	1,195	3,077	4,272
Finance lease liabilities	171	122	293
Total undiscounted financial liabilities	6,714	3,199	9,913
Total net undiscounted financial assets/(liabilities)	2,502	(3,199)	(697)

Notes to the Financial Statements

30 June 2010

29. Financial risk management objectives and policies (cont'd)

(a) *Liquidity risk (cont'd)*

Group	Less than 1 year	1 to 5 years	Total
	\$'000	\$'000	\$'000
2009			
<i>Financial assets</i>			
Trade and other receivables	2,899	–	2,899
Amounts due from related parties (non-trade)	32	–	32
Amount due from related party (trade)	87	–	87
Cash and cash equivalents	3,821	–	3,821
Total undiscounted financial assets	6,839	–	6,839
<i>Financial liabilities</i>			
Trade and other payables	4,981	–	4,981
Bank borrowings	1,200	–	1,200
Finance lease liabilities	179	240	419
Total undiscounted financial liabilities	6,360	240	6,600
Total net undiscounted financial assets/(liabilities)	479	(240)	239
Company	Less than 1 year	1 to 5 years	Total
	\$'000	\$'000	\$'000
2010			
<i>Financial assets</i>			
Amounts due from subsidiaries (trade)	1,570	–	1,570
Cash and cash equivalents	639	–	639
Total undiscounted financial assets	2,209	–	2,209
<i>Financial liabilities</i>			
Trade and other payables	885	–	885
Total undiscounted financial liabilities	885	–	885
Total net undiscounted financial assets	1,324	–	1,324

Notes to the Financial Statements

30 June 2010

29. Financial risk management objectives and policies (cont'd)

(a) *Liquidity risk (cont'd)*

Company	Less than 1 year \$'000	1 to 5 years \$'000	Total \$'000
2009			
<i>Financial assets</i>			
Amounts due from subsidiaries (trade)	1,244	–	1,244
Cash and cash equivalents	71	–	71
Total undiscounted financial assets	1,315	–	1,315
<i>Financial liabilities</i>			
Trade and other payables	853	–	853
Total undiscounted financial liabilities	853	–	853
Total net undiscounted financial assets	462	–	462

(b) *Credit risk*

Credit risk arising from the inability of a counter party to meet the terms of the Group's financial instrument contracts is generally limited to the amounts, if any, by which the counter party's obligations exceed the obligations of the Group. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counter parties. Therefore, the Group does not expect to incur material credit losses on its risk management or other financial instruments.

The carrying amount of trade and other receivables and amounts due from related parties represents the Group's maximum exposure to credit risk. There is no significant concentration of credit risk within the Group.

30. Fair value of financial instruments

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

Financial instruments whose carrying amount approximates fair value

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, finance lease liabilities and bank borrowings reasonably approximate their fair values, either due to their short-term nature or as estimated by discounting expected future cash flow at market incremental lending rate for similar lending, borrowing or leasing arrangements on or near the balance sheet date.

Notes to the Financial Statements

30 June 2010

30. Fair value of financial instruments (cont'd)

Financial instruments carried at other than fair value

Amounts due from related parties have no fixed terms of repayment and are repayable only when their cash flow permits. Accordingly, the fair values of these amounts are not determinable as the timing of their future cash flow cannot be estimated reliably.

31. Capital management

The Group aims to maintain healthy capital ratios, principally the gearing ratio, 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 dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2010 and 30 June 2009.

The gearing ratios of the Group for the financial years ended 30 June are as follow:

	Note	Group	
		2010	2009
		\$'000	\$'000
Bank borrowings	20	4,272	1,200
Finance lease liabilities	19	277	393
Trade and other payables	18	5,348	4,981
Cash and cash equivalents	17	(6,724)	(3,821)
Net debt		<u>3,173</u>	<u>2,753</u>
Equity attributable to equity holders of the Company		<u>11,583</u>	<u>13,286</u>
Capital and net debt		<u>14,756</u>	<u>16,039</u>
Gearing ratio		<u>21.50%</u>	<u>17.16%</u>

32. Authorisation of financial statements for issue

The financial statements for the year ended 30 June 2010 were authorised for issue in accordance with a resolution of the Directors on 16 September 2010.

Statistics of Shareholdings

As at 15th September 2010

SHARE CAPITAL

Number of issued shares	:	322,871,170
Class of share	:	Ordinary shares fully paid
Voting rights	:	One vote for each ordinary share
Treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	55	8.54	31,731	0.01
1,000 - 10,000	220	34.16	1,197,748	0.37
10,001 - 1,000,000	348	54.04	28,756,583	8.91
1,000,001 AND ABOVE	21	3.26	292,885,108	90.71
TOTAL	644	100.00	322,871,170	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DENNON ENTERTAINMENT PTE LTD	75,670,027	23.44
2	EK CAPITAL PTE. LTD.	72,774,667	22.54
3	F J BENJAMIN CONCEPTS PTE LTD	69,856,326	21.64
4	MAYBAN NOMINEES (S) PTE LTD	11,621,000	3.60
5	BREADTALK PTE LTD	11,489,527	3.56
6	ENG WAH FILM PTE LTD	10,995,601	3.41
7	ANG YEW JIN EUGENE *	7,874,280	2.44
8	KOH KOW TEE MICHAEL	7,700,000	2.38
9	HL BANK NOMINEES (S) PTE LTD	5,750,000	1.78
10	UOB KAY HIAN PTE LTD	3,592,500	1.11
11	CHEONG YOKE KENG ANNIE	2,165,000	0.67
12	GOH AH TEE @ GOH HUI CHUA	2,001,000	0.62
13	ANG YEW LI IRENE	1,725,700	0.53
14	HAN SENG JUAN	1,550,000	0.48
15	LOH KIM KANG DAVID	1,550,000	0.48
16	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,209,420	0.37
17	OCBC SECURITIES PRIVATE LTD	1,169,360	0.36
18	PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.	1,100,000	0.34
19	TSAO SAN	1,068,700	0.33
20	CITIBANK NOMINEES SINGAPORE PTE LTD	1,012,000	0.31
TOTAL		291,875,108	90.39

* Exclusive of 5,750,000 shares held through HL Bank Nominees (S) Pte Ltd, 3,000,000 shares held through UOB Kay Hian Pte Ltd and 9,000,000 shares held through Mayban Nominees (Singapore) Pte Ltd.

Statistics of Shareholdings

As at 15th September 2010

SUBSTANTIAL SHAREHOLDERS

NO.	NAME	DIRECT INTEREST		DEEMED INTEREST	
		NO. OF SHARES	%	NO. OF SHARES	%
1	DENNON ENTERTAINMENT PTE LTD	75,670,027	23.44	71,454,470 ⁽¹⁾	22.13
2	DENNIS FOO JONG LONG	-	-	147,124,497 ⁽²⁾	45.57
3	GORDON FOO CHUAN WEI	-	-	147,124,497 ⁽²⁾	45.57
4	JENNY KWAN LAI WAN	-	-	147,124,497 ⁽²⁾	45.57
5	EK CAPITAL PTE. LTD.	72,774,667	22.54	-	-
6	ENG KUAN COMPANY PRIVATE LIMITED	-	-	72,774,667 ⁽³⁾	22.54
7	JOPIE ONG HIE KOAN	-	-	72,774,667 ⁽³⁾	22.54
8	DANIEL ONG JEN YAW	-	-	72,774,668 ⁽³⁾	22.54
9	F J BENJAMIN CONCEPTS PTE LTD	69,856,326	21.64	-	-
10	F J BENJAMIN HOLDINGS LTD	-	-	69,856,326 ⁽⁴⁾	21.64
11	FRANK BENJAMIN	-	-	69,856,326 ⁽⁴⁾	21.64
12	ANG YEW JIN EUGENE	7,874,280	2.44	17,750,000 ⁽⁵⁾	5.50

- (1) Dennon Entertainment Pte Ltd is deemed to be interested in 71,454,470 shares in respect of which it is entitled to exercise voting rights pursuant to the terms of a shareholders agreement dated 26 June 2008 entered into among Dennon Entertainment Pte Ltd, F J Benjamin Concepts Pte Ltd and EK Capital Pte. Ltd..
- (2) Dennis Foo Jong Long, Gordon Foo Chuan Wei and Jenny Kwan Lai Wan are deemed to be interested in the shares of the Company through their interest in Dennon Entertainment Pte Ltd.
- (3) Eng Kuan Company Private Limited is deemed interested in the shares of the Company through its interest in EK Capital Pte. Ltd. and Jopie Ong Hie Koan and Daniel Ong Jen Yaw are deemed interested in the shares of the Company through their interest in Eng Kuan Company Private Limited.
- (4) F J Benjamin Holdings Ltd is deemed interested in the shares of the Company through its interest in F J Benjamin Concepts Pte Ltd and Frank Benjamin is deemed interested in the shares of the Company through his interest in F J Benjamin Holdings Ltd.
- (5) Shares held through HL Bank Nominees (S) Pte Ltd, UOB Kay Hian Pte Ltd and Mayban Nominees Pte Ltd.

SHAREHOLDINGS IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 15 September 2010, approximately 19.96% of the issued ordinary shares of the Company is held by the public. Accordingly, Rule 723 of the Rules of Catalist has been complied with.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of St. James Holdings Limited (the “Company”) will be held at Movida, St. James Power Station, 3 Sentosa Gateway, #01-01, Singapore 098544, on Wednesday, 27 October 2010, at 3.30 p.m., for the purpose of transacting the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the audited accounts for the financial year ended 30 June 2010 together with the Reports of the Directors and Auditors and Statement of Directors thereon. **(Resolution 1)**
2. To approve the payment of \$157,000 as Directors’ fees for the financial year ended 30 June 2010. (2009: \$157,000) **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Article 107 of the Company’s Articles of Association:
 - (a) Tan Soo Khoon **(Resolution 3)**
 - (b) Dennis Foo Jong Long **(Resolution 4)**
 - (c) Ng Tiak Soon **(Resolution 5)**

[See Explanatory Note 1]

4. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
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. **General authority to allot and issue shares in the capital of the Company (the “Share Issue Mandate”)** **(Resolution 7)**

“That pursuant to Section 161 of the Companies Act, Cap. 50 (the “Act”) and Rule 806 of the Listing Manual — Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (“Rules of Catalist”), the Directors of the Company be authorised and empowered to:

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

Notice Of Annual General Meeting

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 Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) save as provided in sub-paragraph (2) below, the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below) or such other limit as may be prescribed by the Rules of Catalist as at the date this Resolution is passed,
- (2) the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders of the Company (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below) or such other limit as may be prescribed by the Rules of Catalist as at the date this Resolution is passed.
- (3) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (1) and (2) above, the percentage of issued 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) new shares arising from the conversion or exercise of any convertible securities outstanding and/or subsisting at the time of the passing of this Resolution;
 - (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (4) 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 provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act, and otherwise, and the Articles of Association for the time being of the Company; and

Notice Of Annual General Meeting

- (5) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution 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 and the Rules of Catalist to be held, whichever is earlier.”

[See Explanatory Note 2]

7. **General authority to allot and issue share at a discount exceeding 10 per centum (10%) but not more than 20 per centum (20%)**

(Resolution 8)

“That without prejudice to the generality of, and pursuant to and subject to the Share Issue Mandate set out in Resolution 7 above being obtained, authority be and is hereby given to the Directors of the Company to allot and issue shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to the Share Issue Mandate) other than on a non pro-rata basis to shareholders of the Company, at an issue price per share which is at a discount to the weighted average price of the shares for trades done on Catalist (as determined in accordance with the requirements of the SGX-ST), exceeding 10 per centum (10%) but not more than 20 per centum (20%), 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, provided that:-

- (a) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements of the SGX-ST from time to time and the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and otherwise, and the Articles of Association for the time being of the Company: and
- (b) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution 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 or 31 December 2010 or such other deadline as may be extended by the SGX-ST whichever is earlier.”

[See Explanatory Note 3]

8. **Authority to allot and issue shares under the St. James Share Option Scheme**

(Resolution 9)

Notice Of Annual General Meeting

“That pursuant to Section 161 of the Act, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the St. James Share Option Scheme (the “Scheme”) upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of new ordinary shares to be allotted and issued pursuant to the Scheme (including options granted under the Scheme and any other scheme or plan for the time being of the Company), shall not exceed fifteen (15) % of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.”

[See Explanatory Note 4]

9. **Authority to allot and issue shares under the St. James Restricted Share Plan (“St. James RSP”)**

(Resolution 10)

“That pursuant to Section 161 of the Act, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the selected employees of the Company and/or its subsidiaries, including directors of the Company, and other selected participants, whether granted during the subsistence of this authority or otherwise, under the St. James RSP and in accordance with the terms and conditions of the St. James RSP, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the St. James RSP, the St. James Performance Share Plan and the Scheme, collectively, shall not exceed fifteen (15) % of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.”

[See Explanatory Note 5]

10 **Authority to allot and issue shares under the St. James Performance Share Plan (“St. James PSP”)**

(Resolution 11)

“That pursuant to Section 161 of the Act, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the selected employees of the Company and/or its subsidiaries, including directors of the Company, and other selected participants, whether granted during the subsistence of this authority or otherwise, under the St. James PSP in accordance with the terms and conditions of the St. James PSP, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the St. James PSP, the St. James RSP and the Scheme, collectively, shall not exceed fifteen (15) % of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.”

Notice Of Annual General Meeting

[See Explanatory Note 6]

11. Renewal of Share Buyback Mandate

(Resolution 12)

“THAT:

- (a) for the purposes of Section 76C and 76E of the Act, the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire shares not exceeding in aggregate the Maximum Percentage (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:
 - (i) market purchase(s) (each a “Market Purchase”) transacted through the-SGX-ST’s Quotation and Execution System for Trading (Quest-ST), the trading system that has replaced the Central Limit Order Book (CLOB) trading system, through one or more duly license stockbrokers appointed by the Company for the purpose; and/or
 - (ii) off-market purchase(s) (each an “Off-Market Purchase”) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act, and otherwise in accordance with all laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorized and approved generally and unconditionally (the “Share Buyback Mandate”);
- (b) unless varied or revoked by the Company in general meeting, the Directors of the Company be authorised to exercise the authority conferred on them pursuant to the Share Buyback Mandate at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
 - (i) the date on which the next Annual General Meeting of the Company is held; or
 - (ii) the date by which the next Annual General Meeting of the Company is required by law to be held;
- (c) in this Resolution:
 - (i) “Maximum Percentage” shall mean the number of shares representing 10% of the issued ordinary shares capital of the Company as at the date of the passing of this Resolution; and
 - (ii) “Maximum Price” in relation to a share to be purchased or acquired, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses), not exceeding:
 - (A) in the case of Market Purchases, 105% of the Average Closing Price of the shares; and

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- (B) in the case of Off-Market Purchases, pursuant to an equal access scheme, 110% of the Average Closing Price of the shares;

where:

“Average Closing Price” means the average of the closing market prices of a share over the last five market days on which transactions in the shares were recorded 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 for any corporate action that occurs after the relevant five-day period; and

“date of the making of the offer” means the date on which the Company makes an announcement of its intention to make an offer for the purchase or acquisition of shares from holders of shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) any of the Directors be and is hereby authorized to deal with the shares purchased by the Company, pursuant to the Share Buyback Mandate in any manner as they think fit, which is allowable under the Act.
- (e) any of the Directors be and is hereby authorised to complete and do all such acts, deeds and things (including executing such documents as may be required) as he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note 7]

By Order of the Board

Tan Chee How
Company Secretary

11 October 2010

Explanatory Notes :

1. Mr Tan Soo Khoon will, upon re-election as Director of the Company, remain as a member of the Audit Committee and the Chairman of the Nominating Committee. The Board considers Mr Tan Soo Khoon to be independent for the purpose of Rule 704(7) of Rules of Catalist.

Mr Ng Tiak Soon will, upon re-election as Director of the Company, remain as the Chairman of the Audit Committee and a member of the Remuneration Committee. The Board considers Mr Ng Tiak Soon to be independent for the purpose of Rule 704(7) of the Rules of Catalist.

2. Under the Rules of Catalist, a share issue mandate approved by shareholders as an ordinary resolution will enable directors of an issuer to issue an aggregate number of new shares and convertible securities of the issuer of up to 100% of the total issued share in the capital of the issuer (excluding treasury shares) as at the time of

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passing of the resolution approving the share issue mandate, of which the aggregate number of new shares and convertibles securities issued other than on a pro rate basis to existing shareholders must be not more than 50% of the total issued share in the capital of the Company (excluding treasury shares).

The Directors of the Company are of the opinion that the proposed Share Issue Mandate will enable the Company to respond faster to business opportunities and to have greater flexibility and scope in negotiating with third parties in potential fund raising exercises or other arrangements or transactions involving the capital of the Company.

The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares in the capital of the Company and/or the Instruments (as defined above). The aggregate number of shares (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue, shall not exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which the total number of shares and convertible securities other than on a pro-rata basis to existing shareholders, shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company. This Ordinary Resolution 7 is not conditional on Ordinary Resolution 8.

3. The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors of the Company to issue shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to the Share Issue Mandate) other than on a non pro-rata basis at a discount of not more than 20% to the weighted average price per share determined in accordance with the requirements of the SGX-ST. In exercising the authority conferred by Ordinary Resolution 8, the Company shall comply with the requirements of the SGX-ST (unless waived by the (SGX-ST), all applicable legal requirements and the Company's Articles of Association. Rule 811(1) of the Rules of Catalist presently provides that an issue of shares must not be priced at more than ten per cent. (10%) discount to the weighted average price for trades done on the Catalist for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding market day.) On 19 February 2009, the SGX-ST released a press release of new measures effective on 20 February 2009 (the "Press Release"); the new measures include allowing issuers to undertake placements of new shares using the general mandate to issue shares, priced at discounts of up to twenty per cent. (20%), subject to the conditions that the issuer seeks shareholders' approval in a separate resolution at a general meeting to issue new shares on a non pro-rata basis at a discount exceeding ten per cent. (10%) but not more than twenty per cent. (20%), and the general Share Issue Mandate resolution is not conditional on this resolution. Ordinary Resolution 8 has been included following this new measure. The Press Release states that this new measure will also be in effect until 31 December 2010 when it will be reviewed by the SGX-ST.
4. The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held or when varied or revoked by the Company in general meeting, whichever is earlier, to allot and issue shares in the Company of up to a number not exceeding 15% ordinary shares from time to time pursuant to the exercise of the options under the Scheme and any other scheme or plan of the Company for the time being.
5. The Ordinary Resolution 10 proposed in item 9 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held or when varied or revoked by the Company in general meeting, whichever is earlier, to allot and issue shares in the Company in respect of awards to be made under the St. James RSP, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the St. James RSP, the St. James PSP and the Scheme, collectively, shall not exceed 15% of the total issued share capital of the Company from time to time.

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6. The Ordinary Resolution 11 proposed in item 10 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held or when varied or revoked by the Company in general meeting, whichever is earlier, to allot and issue shares in the Company in respect of awards to be made under the St. James PSP, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the St. James PSP, St. James RSP and the Scheme, collectively, shall not exceed 15% of the total issued share capital of the Company from time to time.
7. The Ordinary Resolution 12 proposed in item 11 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held or when varied or revoked by the Company in general meeting, whichever is earlier, to purchase or acquire up to 10% of the total number of issued shares (excluding treasury shares) of the Company, at prices up to but not exceeding the Maximum Price (as defined above), as at the date of the passing of this Ordinary Resolution 12. Details of the proposed renewal of the Share Buyback Mandate are set out in the Appendix.

As at the date of this Notice, the Company has not purchased or acquired its shares.

The amount of financing required for the Company to purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as this will depend on the number of the shares purchased or acquired and the price at which such shares were purchased or acquired.

The financial effects of the purchase or acquisition of shares by the Company pursuant to the proposed renewal of the Share Buyback Mandate on the Group's audited financial statements for the financial year ended 30 June 2010 are set out in the Appendix and are for illustration purposes only.

Notes :

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him/her.
2. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.
3. If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 3 Sentosa Gateway, #01-01, Singapore 098544, not less than 48 hours before the time appointed for holding the Meeting.

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THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

1. Introduction

- 1.1 St. James Holdings Limited (the "Company") proposes to seek the approval of shareholders of the Company ("Shareholders") at the Annual General Meeting of the Company to be held at Movida, St. James Power Station, 3 Sentosa Gateway, #01-01, Singapore 098544, on Wednesday, 27 October 2010, at 3.30 p.m. (the "2010 AGM"), for the proposed renewal of the share buyback mandate to authorise the Directors from time to time to purchase shares in the capital of the Company (whether by market purchases and/or off-market purchases on an equal access system) up to 10% of the issued ordinary shares of the Company as at the date on which the Ordinary Resolution 12 in relation to renewal of share buyback mandate is passed, at the price of up to but not exceeding the Maximum Price (as defined below), subject to the Memorandum and Articles of Association of the Company and the Listing Manual Section B: Rules of Catalist of the SGX-ST ("Rules of Catalist") (the "Share Buyback Mandate").
- 1.2 The Shareholders had approved the renewal of the Share Buyback Mandate at the Annual General Meeting of the Company held on 22 October 2009. The mandate will expire on the date of the forthcoming 2010 AGM. If the proposed resolution for the renewal of the Share Buyback Mandate is approved at the forthcoming 2010 AGM, the mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier.
- 1.3 The purpose of this Appendix is to provide information relating to and explain the rationale for the proposed renewal of the Share Buyback Mandate.

2. Rationale for the proposed renewal of the Share Buyback Mandate

- 2.1 The Directors and management are constantly seeking to increase shareholder's value and to improve, *inter alia*, the return on equity of the Group. A share buyback at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Share purchases or acquisitions provide the Company with a mechanism to facilitate the return of surplus cash over and above the ordinary capital requirements in an expedient and cost efficient manner. Share purchases or acquisitions also allow the Directors to exercise control over the Company's share capital structure, dividend payout and cash reserves, and may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the Earnings Per Share ("EPS") and/or Net Tangible Assets ("NTA") per share of the Company.

The renewed Share Buyback Mandate will give the Directors the flexibility to purchase or acquire shares when and if the circumstances permit. The renewed Share Buyback Mandate will also give the Company the opportunity to purchase or acquire shares when such shares are under-valued, to help mitigate short-term market volatility and to offset the effects of short term speculation.

- 2.3 While the renewed Share Buyback Mandate would authorise a purchase or acquisition of shares of up to 10% of the issued shares of the Company as at the date of the 2010 AGM, Shareholders should note that purchases and acquisitions of shares pursuant to the renewed Share Buyback Mandate may not be carried out to the full 10% limit as authorised and no purchases or acquisitions of shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company or the Group.

3. Authority and Limit of the renewed Share Buyback Mandate

The authority and limitations placed on purchases or acquisitions of shares by the Company under the renewed Share Buyback Mandate, if approved at the 2010 AGM, are summarised below.

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3.1 Maximum Number of Shares

Only shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of shares that may be purchased or acquired is limited to that number of shares representing not more than 10% of the issued ordinary shares of the Company as at the date of the 2010 AGM on which the resolution renewing the Share Buyback Mandate is passed.

The Companies Act, Cap. 50 (the "Act") provides that any shares which are held as treasury shares will be disregarded for the purpose of computing the 10% limit. As at the date of the latest practicable date, being 15 September 2010 (the "Latest Practicable Date"), the Company did not hold any treasury shares.

Purely for illustrative purposes, on the basis of 322,871,170 shares in issue (excluding treasury shares) as at the Latest Practicable Date, and assuming that no further shares are issued on or prior to the 2010 AGM, not more than 32,287,117 shares (representing 10% of the shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed renewal of the Share Buyback Mandate.

3.2 Duration of Authority

Purchases or acquisition of shares may be made, at any time and from time to time, by the Company on and from the date of the 2010 AGM up to the earliest of the date on which:

- (i) the next annual general meeting of the Company is held or required by law to be held;
- (ii) the share buybacks have been carried out to the full extent of the Share Buyback Mandate; or
- (iii) the authority contained in the Share Buyback Mandate is varied or revoked by an ordinary resolution of Shareholders in general meeting

The renewed Share Buyback Mandate may be further renewed at subsequent annual general meetings or other general meeting of the Company.

3.3 Manner of Purchase

Purchases or acquisitions of shares may be made on the SGX-ST ("Market Purchases") and/or otherwise than on the SGX-ST, in accordance with an equal access scheme ("Off-Market Purchases"), as defined in Section 76C(6) of the Act.

Market Purchases refer to purchases of shares by the Company transacted through the SGX-ST's Quotation and Execution System for Trading (QUEST-ST), the trading system that has replaced the Central Limit Order Book (CLOB) trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases of shares by the Company made under an equal access scheme or schemes for the purchase of shares from Shareholders. The Directors may impose such terms and conditions, which are consistent with the renewed Share Buyback Mandate, the Rules of Catalist, the Act and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Act, an equal access scheme must satisfy all the following conditions:

- (i) offers for the purchase or acquisition of issued shares shall be made to every person who holds issued shares to purchase or acquire the same percentage of their issued shares;

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- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers are the same, except that there shall be disregarded:
 - (a) differences in consideration attributable to the fact that offers may relate to shares with different accrued dividend entitlements;
 - (b) (if applicable) differences in consideration attributable to the fact that offers relate to shares with different amounts remaining unpaid; and
 - (c) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, pursuant to the Rules of Catalist, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders, which must contain at least the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed share buyback;
- (iv) the consequences, if any, of share buyback by the Company that will arise under the Singapore Code on Takeovers and Merger (the "Take-Over Code") or other applicable take-over rules;
- (v) whether the share buyback, if made, would have any effect on the listing of the shares on the SGX-ST;
- (vi) details of any share buyback made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (vii) whether the shares purchased by the Company will be cancelled or kept as treasury shares.

3.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the shares will be determined by the Directors. However, the purchase price must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and
- (ii) in the case of an Off-Market Purchase, 110% of the Average Closing Price, in either case, excluding related expenses of the purchase or acquisition (the "Maximum Price").

For the above purposes:

"Average Closing Price" means (1) the average of the closing market prices of a share over the last five market days, on which transactions in the shares were recorded, preceding the day of the Market Purchase by the Company or as the case may be, the date of making of the offer pursuant to the Off-Market Purchase; and (2) deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and

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

4. Status of Purchased Shares

4.1 Any share which is purchased or acquired by the Company is deemed cancelled immediately on purchase (and all rights and privileges attached to that share will expire on 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.

4.2 Under the Act, shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the key provisions on treasury shares under the Act, are as follows:

- (i) Maximum holdings - The number of shares held as treasury shares cannot at any time exceed 10% of the total number of issued shares.
- (ii) Voting and other rights - The Company will not have the right to attend or vote at meetings and or to receive any dividends in respect of the treasury shares. However, the allotment of treasury shares as fully paid bonus 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.
- (iii) Disposal and cancellation - The Company may dispose of treasury shares at any time in the following ways:
 - (a) sell the treasury shares for cash;
 - (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
 - (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
 - (d) cancel the treasury shares; or
 - (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

5. Source of Funds and Financial Effects

5.1 Previously, any purchase or acquisition of shares could only be made out of the Company's distributable profits that are available for payment as dividends. However, the Act, as amended by the Companies Amendment Act, now permits the Company to also purchase its shares out of capital, as well as from its distributable profits, provided that:

- (i) the Company is able to pay its debts in full at the time it purchases the shares and will be able to pay its debts as they fall due in the normal course of business in the twelve (12) months immediately following the purchase; and
- (ii) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the purchase of shares become less than the value of its liabilities (including contingent liabilities).

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The Company will use internal resources and/or external borrowings to finance purchases of its shares.

- 5.2 It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Buyback Mandate on the NTA and EPS as the resultant effect would depend on factors such as the aggregate number of shares purchased, the purchase prices paid at the relevant time, whether the shares purchased or acquired are held in treasury or immediately cancelled on purchase or acquisition, how the shares held in treasury are subsequently deal with by the Company in accordance with Section 76K of the Act, and the amount (if any) borrowed by the Company to fund the purchases.
- 5.3 Where the purchase of shares is made out of distributable profits, such purchase (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the purchase of shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.
- 5.4 Where the purchase or acquisition of shares is financed through internal resources, it will reduce the cash reserves of the Group and of the Company, and thus the current assets and Shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in their current ratios. The actual impact on the gearing and current ratios will depend on the number of shares purchased or acquired and the prices at which the shares are purchased or acquired.
- 5.5 Where the purchase or acquisition of shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company and Shareholders' funds of the Group and the Company, with the actual impact dependent on the number of shares purchased or acquired and the prices at which the shares are purchased or acquired.
- 5.6 The Directors do not propose to exercise the Share Buyback Mandate to such an extent as would have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.
- 5.7 Based on the audited accounts of the Company and Group for the financial year ended 30 June 2010 ("FY2010"), the Company has no distributable profits to effect any buyback of its shares from the market. However, for illustrative purposes only, assuming that:
 - 5.7.1 the Company purchases or acquires 32,287,117 shares representing 10% of its issued share capital of 322,871,170, as at the Latest Practicable Date;
 - 5.7.2 the aforesaid 32,287,117 shares are purchased or acquired via Market Purchases at the Maximum Price of \$0.095 per share, being a price representing 105% of the Average Closing Price as at the Latest Practicable Date; and
 - 5.7.3 such share purchases or acquisitions are funded solely by internal resources and/or borrowing.

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The impact of the purchase or acquisition of shares by the Company pursuant to the Share Buyback Mandate on the Group's and the Company's audited financial statements for FY2010 would be as set out below:-

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	S\$'000	S\$'000	S\$'000	S\$'000
At 30 June 2010				
Shareholders' Funds	11,583	8,516	17,873	14,806
NTA ^(a)	11,583	8,516	17,873	14,806
Current Assets	10,615	7,548	2,238	29
Current Liabilities	7,019	7,019	938	1,797
Working Capital	3,596	529	1,300	(1,767)
Long Term Liabilities	4,238	4,238	-	-
(Loss)/Profit For The Year	(2,616)	(2,616)	(37)	(37)
Number of Shares ('000)	322,871	290,584	322,871	290,584
Financial Ratios				
Net Tangible Assets per Share (cents)	3.59 ^(b)	2.93 ^(c)	5.54 ^(b)	5.10 ^(c)
Gearing Ratio ^(d)	0.97	1.32	0.05	0.12
Current Ratio ^(e)	1.51	1.08	2.39	0.02
(Loss)/Earnings Per Share (cents)	(0.81) ^(b)	(0.90) ^(c)	(0.01) ^(b)	(0.01) ^(c)

Notes:

- (a) NTA equal Shareholders' funds less intangible assets.
- (b) The NTA per share and basic Loss Per share ("LPS") was calculated based on the number of shares in issue of 322,871,170 at the end of FY2010, before adjusting for the share buyback.
- (c) The NTA per share and basic LPS was calculated based on the number of shares in issue of 290,584,053 at the end of FY2010, after adjusting for the share buyback.
- (d) Gearing ratio equals total liabilities divided by Shareholders' funds.
- (e) Current ratio equals current assets divided by current liabilities.

As at 30 June 2010, the Group and the Company had cash and cash equivalent balances of \$6,724,000 and \$639,000 respectively. As illustrated above, the purchase or acquisition of shares will have the effect of reducing the working capital and the NTA of the Group and the Company.

Assuming that the purchase or acquisition of shares had taken place on 30 June 2010, the consolidated basic LPS of the Group for FY2010 would be increased from a loss of 0.81 cents per share to a loss of 0.90 cents per share while the basic LPS of the Company for FY2010 will remain at a loss of 0.01 cents per share.

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Shareholders should note that the financial effects set out in this Paragraph 5 are purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical FY2009 numbers and are in no way indicative of the Company's real financial position or a forecast of the Company's financial figures.

6. Tax Implications

6.1 Where the Company uses its Distributable Profits for the Share Buyback

Under Section 10J of the Income Tax Act, Cap 134 (the "Income Tax Act"), a company which buys back its own shares using its distributable profits is regarded as having paid a dividend to the Shareholders from whom the shares are acquired. As the Company has already moved into the one-tier corporate tax system, the provisions under Section 44 of the Income Tax Act do not apply to the Company. That is, the Company does not need to provide for the franking of any share buyback in the same way as if paying a taxed dividend under the Section 44 imputation system. As such, there will not be any tax implications to the Company. The tax treatment of the receipt from a share buyback in the hands of the Shareholders will depend on whether the disposal arises from a Market Purchase or an Off-Market Purchase.

In relation to a Market Purchase, as the Company is listed on the SGX-ST, the Company may apply to the SGX-ST for a special trading counter for the purposes of effecting the Market Purchase, subject to approval being obtained from Shareholders for the Share Buyback Mandate at the 2010 AGM.

Proceeds received by Shareholders who sell their shares to the Company in Market Purchases through the special trading counter set up on the SGX-ST will, subject to the fulfillment of certain conditions by the Shareholders, be treated for income tax purposes as the receipt of a dividend.

Proceeds received by Shareholders who sell their shares to the Company in Market Purchases through the normal ready counters will be treated for income tax purposes like any other disposal of shares and not as a dividend. Whether or not such proceeds are taxable in the hands of such Shareholders will depend on whether such proceeds are receipt of an income or capital nature.

Proceeds received by Shareholders who sell their shares to the Company in an Off-Market Purchase, where the share buyback is made otherwise than on the SGX-ST and made pursuant to an equal access scheme, will be treated for income tax purposes as the receipt of a dividend.

6.2 Where the Company uses its Contributed Capital for the Share Buyback

Under Section 10J of the Income Tax Act, a company which purchases its own shares using its contributed capital is not deemed to have paid a dividend to its Shareholders from who the shares are acquired. Hence, there will be no tax implications to the Company when it uses its contributed capital to buyback its shares.

Proceeds received by Shareholders who sell their shares to the Company for which the purchases were made out of contributed capital will be treated for income tax purposes like any other disposal of shares made on SGX-ST and not as dividends. Whether or not such proceeds are taxable in the hands of such Shareholders will depend on whether such proceeds are receipts of an income or capital nature.

Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

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7. Rules of Catalist

- 7.1 Under the Rules of Catalist, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than five per cent above the average of the closing market prices of the shares over the last five market days, on which transactions in the shares were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs after the relevant five-day period. The Maximum Price for a share in relation to Market Purchases by the Company, referred to in paragraph 3.4 above, conforms to this restriction.
- 7.2 The Rules of Catalist specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.: (a) in the case of a Market Purchase, on the market day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second market day after the close of acceptances of the offer. Such announcement shall include details of the total number of shares authorised for purchase, the date of purchase, the total number of shares purchased, total consideration paid for the total number of shares purchased, the purchase price per share, the highest and lowest prices per share for the shares purchased to date, cumulative number of shares purchased to date and the number of issued shares after purchase, in the form prescribed under the Rules of Catalist.
- 7.3 While the Rules of Catalist does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the Company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its shares, the Company will not undertake any purchase or acquisition of shares pursuant to the proposed Share Buyback Mandate at any time after a price-sensitive development has occurred or has been the subject of a decision until the price-sensitive information has been publicly announced. In particular, in line with the best practices on securities dealings in the Rules of Catalist, the Company will not purchase or acquire any shares through Market Purchases during the period commencing one month before the announcement of the Company's interim results and the annual (full-year) results, respectively.

8. Listing Status on the SGX-ST

- 8.1 Rule 723 of the Rules of Catalist requires a listed company to ensure that at least 10% of any class of its listed securities are held by the public. The "public", as defined under the Rules of Catalist, are persons other than the Directors, chief executive officer, substantial shareholders or controlling shareholders and its subsidiaries, as well as the associates of such persons.
- 8.2 As at the Latest Practicable Date, there were 64,459,643 shares in the hands of the public (as defined above), representing 19.96% of the issued share capital of the Company. For illustrative purposes only, assuming that the Company purchases its shares through Market Purchases up to the full 10% limit pursuant to the Share Buyback Mandate, the number of shares in the hands of the public would be reduced to 32,172,526, representing 11.07% of the reduced issued share capital of the Company. Accordingly, the Company is of the view that there is sufficient number of shares in issue held in the hands of public which would permit the Company to undertake purchases or acquisitions if its shares through Market Purchases up to the full 10% limit pursuant to the renewed Share Buyback Mandate without adversely affecting the listing status of shares on the SGX-ST.
- 8.3 In undertaking any purchases or acquisitions of the Company's shares through Market Purchases, the Directors will use their best efforts to ensure that a sufficient number of shares remain in public hands so that the share buyback(s) will not:
- (i) adversely affect the listing status of the shares on the SGX-ST;
 - (ii) cause market illiquidity; or
 - (iii) adversely affect the orderly trading of shares.

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9. Take-Over Code Implications from Share Buybacks

9.1 Appendix 2 of the Take-Over Code ("Appendix 2") contains the Share Buyback Guidance Note applicable as at the Last Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its shares are set out below.

Obligation to make a Take-Over Offer

9.2 If, as a result of any purchase or acquisition by the Company of its 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 ("Rule 14"). 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.

Persons Acting in Concert

9.3 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, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies;
- (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;
- (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, and any person who is accustomed to act according to the instructions and companies controlled by any of such persons/entity.

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.

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- 9.4 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 after a purchase or acquisition of shares by the Company are set out in Appendix 2.

Effect of Rule 14 and Appendix 2 of Take-Over Code

- 9.5 In general terms, the effect of Rule 14 and Appendix 2 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 repurchasing or acquiring its shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or 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 one per cent in any period of six months.
- 9.6 Under Appendix 2, 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, the voting rights of such Shareholder would increase to 30% or more, or, 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 one per cent in any period of six months. Such shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.
- 9.7 On 13 June 2008, the Securities Industry Council (the "SIC") had informed that Dennon Entertainment Pte Ltd, FJ Benjamin Concepts Pte Ltd and EK Capital Pte. Ltd., substantial shareholders of the Company, would be regarded by the SIC as parties acting in concert. As at the Latest Practicable Date, Dennon Entertainment Pte Ltd, FJ Benjamin Concepts Pte Ltd and EK Capital Pte. Ltd. had an aggregate shareholding of more than 50% of the total number of issued shares of the Company. Accordingly, for so long as the aggregate shareholding percentage of Dennon Entertainment Pte Ltd, FJ Benjamin Concepts Pte Ltd and EK Capital Pte. Ltd. and their respective concert parties, if any, is more than 50%, none of them would be required to make a general offer under Rule 14 as a result of the Company purchasing its shares pursuant to the Share Buyback Mandate.
- 9.8 Other than as disclosed above, the Directors are not aware of any facts or factors which suggest or imply that any particular Shareholder is, or may be regarded as, a party acting in concert such that his interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-Over Code would ensue as a result of a purchase by the Company of its shares pursuant to the Share Buyback Mandate.
- 9.9 The Directors are not aware of any Shareholder who may become obligated to make a mandatory offer in the event that the Company purchases or acquires the maximum number of 32,287,117 of its shares under the Share Buyback 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 SIC and/or their professional advisers at the earliest opportunity.

10. Details of shares bought by the Company in the previous 12 months

The Company has not made any purchase or acquisition of its shares in the 12 months preceding the Latest Practicable Date.

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11. Directors and Substantial Shareholders' Interests

11.1 The direct and indirect interests of the Directors in the shares, as extracted from the Register of Directors' shareholdings, as at the Latest Practicable Date are set out below:

	Number of Shares			Before Share Purchase (%)	(Assuming maximum of 32,287,117 shares purchased) (%)
	Direct Interest	Deemed Interest	Total Interest		
Dennis Foo Jong Long	-	147,124,497	147,124,497	45.57	50.63
Daniel Ong Jen Yaw	-	72,774,668	72,774,667	22.54	25.04

11.2 The direct and indirect interests of the Substantial Shareholders (other than Directors) in the shares, as extracted from the Register of Substantial Shareholders, as at the Latest Practicable Date are set out below:

	Number Of Shares			Percentage Of Issued Ordinary Share Capital Of The Company (%)
	Direct Interest	Deemed Interest	Total Interest	
Dennon Entertainment Pte Ltd	75,670,027	71,454,470	147,124,497	45.57
Gordon Foo Chuan Wei	-	147,124,497	147,124,497	45.57
Jenny Kwai Lai Wan	-	147,124,497	147,124,497	45.57
Ek Capital Pte. Ltd.	72,774,667	-	72,774,667	22.54
Eng Kuan Company Private Limited	-	72,774,667	72,774,667	22.54
Jopie Ong Hie Koan	-	72,774,667	72,774,667	22.54
F J Benjamin Concepts Pte Ltd	69,856,326	-	69,856,326	21.64
F J Benjamin Holdings Ltd	-	69,856,326	69,856,326	21.64
Frank Benjamin	-	69,856,326	69,856,326	21.64
Ang Yew Jin Eugene	7,874,280	17,750,000	25,624,280	7.94

12 Approval and Resolution

Shareholders' approval for the proposed renewal of the Share Buyback Mandate is sought at the forthcoming 2010 AGM. The resolution relating to the proposed renewal of the Share Buyback Mandate is set out in the Notice of 2010 AGM as Ordinary Resolution 12.

13 Directors' Recommendation

The Directors are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company and recommend that shareholders vote in favour of the Ordinary Resolution 12 being the Ordinary Resolution relating to the proposed renewal of the Share Buyback Mandate at the forthcoming 2010 AGM.

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14 Directors' Responsibility Statement

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

15 Advice to Shareholders

Shareholders, who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

ST. JAMES HOLDINGS LIMITED

(the "Company")
 (Registration No: 200210338M)
 (Incorporated in the Republic of Singapore)

PROXY FORM

Eighth Annual General Meeting

Important:

- 1 For investors who have used their CPF monies to buy the Company's shares, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- 2 This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- 3 CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We _____ (Name)
 of _____ (Address)

being a member/members of the Company hereby appoint the Chairman of the Meeting* or:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Eighth Annual General Meeting ("AGM") of the Company to be held on Wednesday, 27 October 2010 at 3.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

A member may appoint not more than two proxies to attend and vote at the same AGM. If you wish to appoint some person other than the Chairman of the AGM to be your proxy, please delete the words "Chairman of the Meeting".

No.	Resolutions relating to:	For*	Against*
1.	Adoption of Audited Accounts and Directors' Report for the financial year ended 30 June 2010		
2.	Approval of payment of Directors' fees of \$157,000 for the financial year ended 30 June 2010		
3.	Re-election of Mr Tan Soo Khoo as a Director		
4.	Re-election of Mr Dennis Foo Jong Long as a Director		
5.	Re-election of Mr Ng Tiak Soon as a Director		
6.	Re-Appointment of Messrs Ernst & Young LLP as Auditors		
7.	General authority to allot and issue shares pursuant to Section 161 of the Companies Act, Cap. 50		
8.	General authority to allot and issue shares at a discount exceeding 10 per centum (10%) but not more than 20 per centum (20%)		
9.	Approval to allot and issue shares pursuant to the St. James Share Option Scheme		
10.	Approval to allot and issue shares pursuant to the St. James Restricted Share Plan		
11.	Approval to allot and issue shares pursuant to the St. James Performance Share Plan		
12.	Renewal of Share Buyback Mandate		

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

Dated this _____ day of _____ 2010

TOTAL NUMBER OF SHARES IN:	
Register of Members	
Depository Register	

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

(Please read notes overleaf before completing this Form)



Notes

1. A member entitled to attend and vote at a meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.
3. A proxy need not be a member of the Company.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.
5. This proxy form must be deposited at the Company's registered office at 3 Sentosa Gateway, #01-01, Singapore 098544, not less than 48 hours before the time set for the Annual General Meeting.
6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.
8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.