



**THE STYLE MERCHANTS LIMITED**

(Company Registration No. 27671)

(Incorporated in Bermuda)

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**QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL/UPDATE  
ON USE OF PROCEEDS**

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On 3 June 2009, The Style Merchants Limited (the "Company" or the "Group") was placed on the watch-list pursuant to Listing Rule 1311.

Pursuant to Listing Rule 1313(2), the Board of Directors of the Company wishes to provide the following updates for the second quarter ended 30 September 2011 ("2Q FY2012").

**Update on Financial Position**

For 2Q FY2012, the Group recorded an unaudited net loss after tax of US\$1.7 million compared to a net loss after tax of US\$0.5 million for the same period last year ("2Q FY2011").

The variance in bottom line was the net result of:

- a) higher turnover and gross profit, a result of an increase in self operated shops and franchisees; and
- b) higher operating expenses incurred in relation to expansion of the Group's Fashion Retail business.

Out of the total proceeds of around S\$10 million (approximately US\$8.36 million) raised from the placement of 30 million ordinary shares and issue of 651.3 million of Rights Shares in February and June 2010 respectively, the Group has deployed around US\$7.73 million as working capital in operating activities, and the rest in investment activities for the purchase of equipment, intangible assets, as well as cash outflow as a result of the disposal of gaming business. The proceeds have therefore been fully utilized.

**Update on Future Direction**

The Company has, on 8 August 2011, received a delisting notification from SGX, and has since been exploring various options to provide shareholders with a reasonable exit alternative and options for the Company. However, as at the date of this announcement, no suitable offer/opportunity had arisen.

The Company will update shareholders on its proposed course of action as and when appropriate.

BY ORDER OF THE BOARD

The Style Merchants Limited

Michael Ng Lai Yick  
Executive Chairman

14 December 2011