

Range of Options Available

PREFERRED OPTION

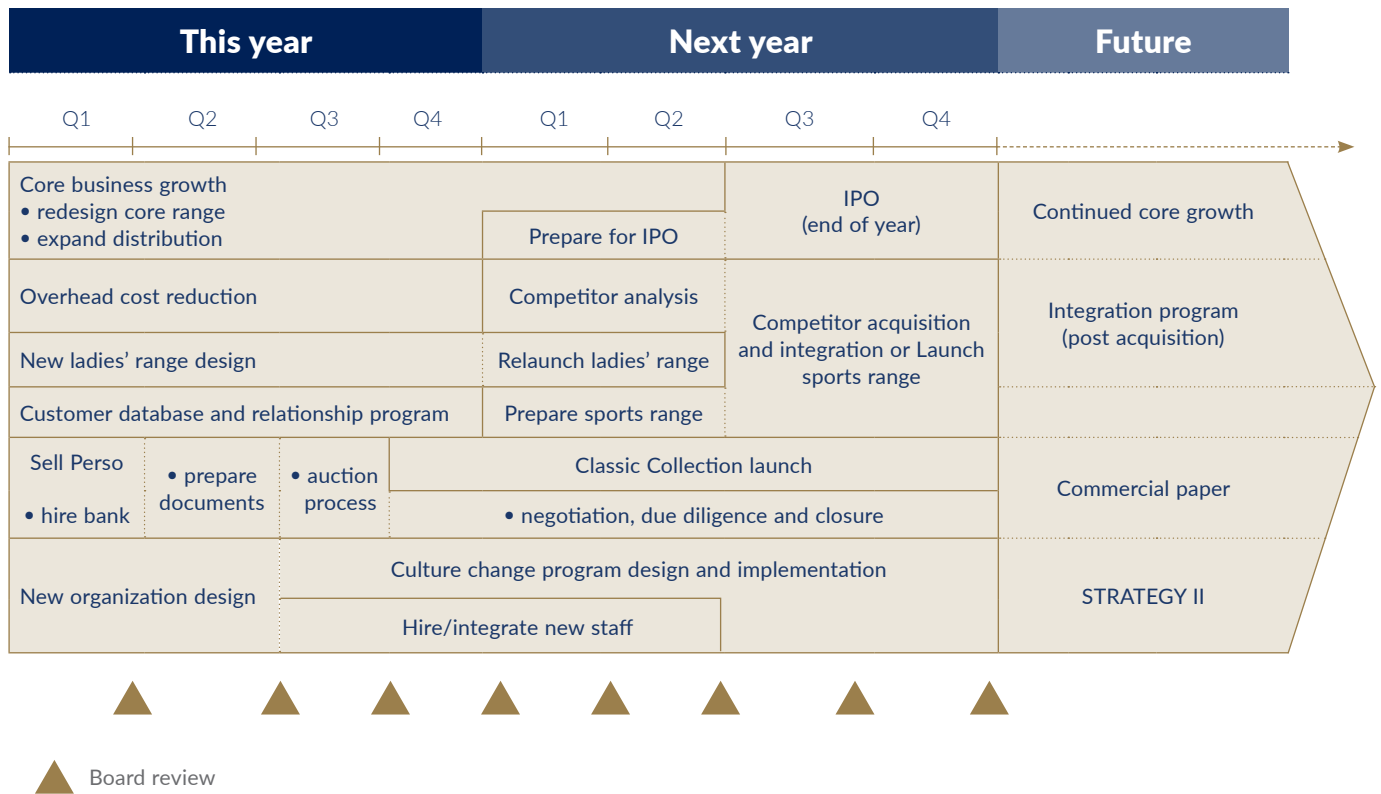
	Option A	Option B	Option C	Option D	Option E
	Status quo plus	Focus on international watch growth	Hybrid and network model	Breakthrough	Sell Company
Content	<ul style="list-style-type: none"> Stabilize profits Retain and fix Perso Increase brand spend Improve performance of existing distribution systems No mergers, acquisition or divestitures Stay private No major initiatives in ladies' or sports range 	<ul style="list-style-type: none"> As option A plus Launch second line Sign up 50 new distributors Add 15 owned outlets Add international sales resources Sell Perso Build service division 	<ul style="list-style-type: none"> As option A plus Increase points of sale to 1,000 with partners Set up network of sales JVs in key countries Merge OECD distribution logistics system with European competitor Keep Perso 	<ul style="list-style-type: none"> Launch RRW sports brand or acquire sports watch company Relaunch ladies' brand Launch Collection Establish service division Grow owned outlets to 75 from 36 Add 100 third party outlets Cut costs 20% Sell Perso Public listing of IPO 	<ul style="list-style-type: none"> Hire investment bank to sell all (or majority) of equity

The Raffles Watch Co will become one of the world's leading high end watch companies, and one of the country's most highly respected companies, constantly setting and achieving new standards of excellence in sales and service capability.

Achieving this vision will require us to:

- Center our entire business on core products and related products and services
- Establish and expand on global leadership in quality, market presence, and organizational excellence in our selected customer, product and market segments
- Attract, develop, and support the best people in our industry
- Build and communicate the value of the service offer
- Design and deliver great service to select customers
- Continue to build our enterprise as a caring company which contributes to the greater world community

Achievement of this Mission will allow us to preserve and enhance our heritage of quality, excellence, and aspirational value, surpassing all others in our industry.



We have concluded a detailed business strategy exercise over the past six months, drawing from 15 senior executives in over 10 offices around the company.

That analysis has shown that our performance over the past five years has not been satisfactory. We have:

- lost leadership in our core sector
- missed out on high growth opportunities in adjacent countries
- acquired Perso, which failed to meet expectations
- allowed our organization to stagnate relative to competition
- failed to manage cost sufficiently, especially at HQ

With a new CEO nominated earlier this year, we are well placed to undertake a new direction. Having reviewed our current situation and assessed all options on an intensive basis, our recommendation is to undertake a more aggressive/conservative strategy in both revenue and profit.

The key elements of that strategy are:

- de-emphasize low/no profit business to refocus on our attractive core business
- investment to reduce costs and improve service in our core and adjacent businesses
- launch or acquire a new high-end sports range, with an industry leadership goal in 5 years
- grow distribution network to cover all geographies
- restructure and re-staff the organization
- cut HQ costs by 20%

Pursuing this strategy successfully should enable us to:

- restore leadership in the core business
- double profits in three years
- end costs and distraction from unattractive or bad debt risk distribution clients
- improve organizational morale and performance
- Increase the current value and future prospects for our business

The strategy carries with it a set of specific risks (ownership, organizational, financial) which we believe we can manage successfully.

The implementation timetable will take 3 years:

- an intensive first twelve-month phase to realign product/service mix, reduce costs, prepare re-launch of core products, spec out a new organization, and upgrade the distribution system.
- a second twelve-month phase to implement the proposed organizational change fully, pursue the acquisition of our priority target entities.
- a final phase in year three to integrate the target company, capture financing benefits to improve our balance sheet and effective yield on capital, and prepare the company for faster profitable growth and further industry consolidation.

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The implementation timetable will take 3 years:

- an intensive first twelve-month phase to realign product/service mix (taking more 'hard' business in JV contracts) reduce costs, prepare re-launch of core products, spec out a new organization, and upgrade the distribution system
- a second twelve-month phase to implement the proposed organizational change fully, pursue the acquisition of our priority target entities
- a final phase in year three to integrate the target company, capture financing benefits to improve our balance sheet and effective yield on capital, and prepare the company for faster profitable growth and further industry consolidation