Building on our Past Focused on the Future

Cortina Holdings Limited

Contents

OPERATIONS DIRECTORY

Cortina Holdings Limited
Corporate Office
250 North Bridge Road
#16-01 Raffles City Tower
Singapore 179101
Tel: 65-6339 9447
Fax: 65-6336 4939
www.cortina.com.sg

Cortina Watch Singapore

Office
Cortina Watch Pte Ltd
250 North Bridge Road
#16-01 Raffles City Tower
Singapore 179101
Tel: 65-6339 9447
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Boutiques

9 Raffles Boulevard
#01-62/65A Millenia Walk
Singapore 039596
Tel: 65-6339 1728
Fax: 65-6339 3458

252 North Bridge Road
#01-36 Raffles City Shopping Centre
Singapore 179103
Tel: 65-6339 9185
Fax: 65-6339 1566

290 Orchard Road
#01-13 Paragon
Singapore 238859
Tel: 65-6235 0084
Fax: 65-6736 1641

304 Orchard Road
#01-32 Lucky Plaza
Singapore 238863
Tel: 65-6734 3668
Fax: 65-6738 1873

Cortina Watch Regional Offices and Boutiques

Malaysia

Office
Cortina Watch Sdn Bhd
C7 and C8 Block C KL Plaza
179 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: 03-2148 2814
Fax: 03-2145 1866

Boutiques

G32 Ground Floor KL Plaza
179 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: 03-2145 5171
Fax: 03-2145 3089

UG19 Upper Ground Floor
Star Hill Centre
181 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: 03-2142 1171
Fax: 03-2142 1172

Hong Kong

Office
Cortina Watch HK Limited
3F Wing Cheong House
53 Queen's Road Central
Tel: 852-2537 6236
Fax: 852-2537 9612

Boutiques

53 Queen's Road Central
Tel: 852-2522 0645
Fax: 852-2522 8898

Forum Watch
28-30 G/F Percival Street
Causeway Bay
Tel: 852-2831 0832
Fax: 852-2834 6980

Distribution Division

Chronoswiss Asia Pte Ltd
250 North Bridge Road
#16-01 Raffles City Tower
Singapore 179101
Tel: 65-6339 9447
Fax: 65-6336 4939

Pacific Time Pte Ltd
250 North Bridge Road
#16-01 Raffles City Tower
Singapore 179101
Tel: 65-6334 2338
Fax: 65-6334 2721

Designed by Design Objectives

Building on our Past – Focused on the Future

Cortina Holdings Limited grew out of the vision of one of the founders, Anthony Lim Keen Ban. The enduring style of the company, its customer focus and its emphasis on quality and service, are reflections of Anthony's unique entrepreneurial drive. Over the last 30 years, the company has been building upon these fundamentals to become a leading retailer and distributor of fine luxury watches. Today, Cortina is looking to build upon its strengths to exploit market opportunities around the region and focus on the company's future.

From left:

Mr Lim Jit Yaw, Jeremy	*Non-Executive Director*
Mr Long Foo Pieng, Benny	*Non-Executive Director*
Mr Ch'ng Jit Koon	*Independent Director*
Mr Lim Jit Ming, Raymond	*Executive Director*
Mr Lim Keen Ban, Anthony	*Chairman & Managing Director*
Mr Yu Chuen Tek, Victor	*Executive Director*
Mr Foo See Jin, Michael	*Non-Executive Director*
Mr Lau Ping Sum, Pearce	*Independent Director*
Mr Seet Keong Sam, Lawrence	*Independent Director*

Directors

Lim Keen Ban, Anthony is one of the founders of our Group and was appointed the Managing Director since 1972. He is our Chairman and Managing Director and is responsible for the overall management, strategic planning and business development of the Group. In addition, Mr Lim also heads the distribution business and was instrumental in building up the distribution business over the last twenty years. He has over 45 years of experience in the business of watch retailing and distribution and has gained extensive knowledge of the industry over the years. Mr Lim is currently the President of the Singapore Clock & Watch Trade Association.

Yu Chuen Tek, Victor is our Director since 1987 and was appointed Executive Director in 1995. Mr Yu was last re-elected in 2002 and will be due for re-election at the forthcoming Annual General Meeting. His main portfolio includes strategic planning and overseeing the finance and corporate affairs to ensure the Group's growth is aligned with our corporate objective. Mr Yu holds a Bachelor of Business Administration degree from the University of Singapore. He was the Singapore Honorary Consul General to Papua New Guinea from 1988 to 1992.

Lim Jit Ming, Raymond is an Executive Director of our Group since 1992 and was re-elected as Director in 2002. He is also due for re-election at the forthcoming Annual General Meeting. He is responsible for the overall regional business development and retail/distribution operations of the Group. He plays a pivotal role in assisting the Managing Director in the overall management and strategic planning. In addition, Mr Lim is actively involved in the development of other markets. He has been with the Group since 1980 and has over 20 years of experience and know-how of the watch retail and distribution industry.

Lim Jit Yaw, Jeremy is appointed as a Non-Executive Director and Executive Officer of our Group in 2002. He oversees the retail operations of both Singapore and Malaysia with a total of 6 outlets. His duties include the management of the overall operations and merchandising of retail outlets. Prior to joining us in 2000, he was an audit senior with KPMG Singapore from 1997 to 2000. Mr Lim graduated from Edith Cowan University, Australia with a Bachelor of Business degree majoring in Accounting and Finance.

Foo See Jin, Michael is one of the founders of our Group and has been a Non-Executive Director of our Group since 1972. He was last re-elected in 2002 and will be due for re-election at the forthcoming Annual General Meeting. He has been in the food and beverage industry for over 36 years, and was an operations manager at the Yi Ru Vegetarian Restaurant, Neptune Theatre and Marina Mandarin of the Mandarin Group.

Long Foo Pieng, Benny is appointed as a Non-Executive Director of our Group in 2000 and was last re-elected in 2002. He also plays a part in the Group's business as he was appointed the sales executive in the Group's fully-owned subsidiary Pacific Time in 2002. His role includes the sales and distribution of brands under Pacific Time. Prior to joining us, he was an aircraft engine specialist with Pratt and Whitney Canada (S.E.A.) Pte Ltd. Mr Long holds an Associate Degree in Aviation Maintenance Technology from Embry-Riddle Aeronautical University in Florida, the United States of America.

Independent Directors

Lau Ping Sum, Pearce was appointed Independent Director in 2002. Having held management positions in both the public and the private sectors, Mr Lau is currently executive director of the People's Action Party Community Foundation and People's Action Party Headquarters. Mr Lau was the Member of Parliament for Yio Chu Kang and Ang Mo Kio GRC from 1980 to 1996. He is a director of several publicly listed and private companies. Mr Lau holds a Bachelor of Economics degree from the Australian National University and a Diploma in Business Administration from the National University of Singapore.

Seet Keong Sam, Lawrence was appointed Independent Director in 2002. Mr Seet has extensive experience in the accounting practice having been in the industry for over 30 years. He was a general audit partner with PricewaterhouseCoopers before retiring in 1999. Mr Seet is a member of both the Institute of Certified Public Accountants of Singapore and the Institute of Chartered Accountants in England and Wales.

Ch'ng Jit Koon, was appointed Independent Director in 2003 and will be due for re-election at the forthcoming Annual General Meeting. He is a Justice of Peace, and was a Member of Parliament from 1968 to 1996. He was appointed the Senior Parliamentary Secretary to the Prime Minister from 1982 to 1984, the Minister of State for Community Development from 1984 to 1991 and Senior Minister of State from 1991 until he retired in January 1997. Mr Ch'ng holds directorships in several listed and private companies, and also serves in several community organisations such as Chairman, Board of Governors in The Chinese High School; Chairman, School Management Committee, Hwa Chong Junior College; and Chairman, Fund Raising Committee of NTU 21st Century Fund.

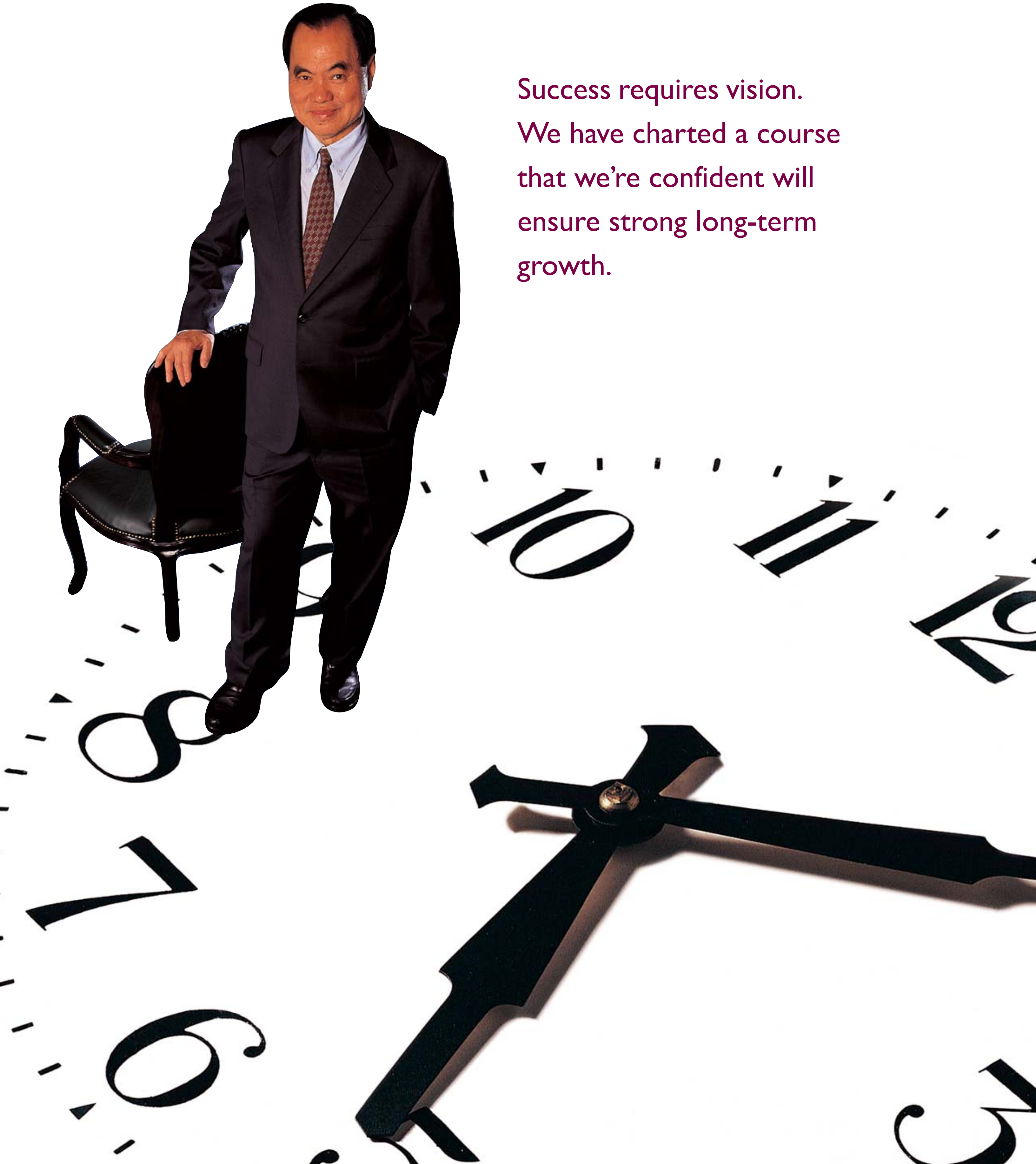
Key Management

Yuen King Yu, Andrew, the Financial Controller, takes charge of financial planning and controls; and also oversees the information technology division. Prior to joining us in 2000, he was an assistant director at Lloyds TSB Bank for 3 years. He has over 20 years of experience in the accounting profession. Mr Yuen has been an associate member of the Chartered Institute of Management Accountants since 1983, and has been an associate member of the Hong Kong Society of Accountants since 1984.

Lim Yin Chian, Sharon is the Marketing Director of our Group, and has been with us for over 10 years. She formulates the overall marketing strategies, including brand management, for the Group. Prior to joining us in 1992, Ms Lim worked at United Parcel Services (S) Pte Ltd as a sales and marketing executive after spending 2 years in the retail fashion industry in the United States of America. Ms Lim holds a Bachelor of Science in Marketing from the Indiana University at Bloomington, USA.

Tshai Kin Chon, Ivan is the General Manager of our subsidiary in Malaysia, Cortina Watch Sdn. Bhd. He is involved in the business development and the financial management of the subsidiary. In addition, he is also responsible for the day-to-day operations of the two retail outlets. Mr Tshai joined the Group since 1977 in Singapore, and was later appointed General Manager in 1982 to head the operations in Malaysia.

Cheah Yok Kian, Dorris is the Executive Director of our subsidiary in Hong Kong, Cortina Watch HK Limited. She has been with the Group since 1991 and was appointed Executive Director in 1993 to head the Hong Kong Division. She is responsible for the overall operations of the Hong Kong division. Her responsibilities include business development and overseeing the day-to-day management of the two retail outlets as well as being in charge of the financial aspects of the division.



Success requires vision. We have charted a course that we're confident will ensure strong long-term growth.

Dear Shareholders

On behalf of the Board, it is my pleasure to present to you our first annual report for the year ended 31 March 2003.

FY2003 was a challenging year for the Group with global uncertainties arising from the unrest in the Middle East, and a sluggish domestic economy. Notwithstanding, we have been able to continue our track record of profitability.

It bears testimony to the Group's unique strengths of enterprising management, strong portfolio of brands, service culture and core values of hard work, prudence and professionalism – attributes that enabled the Group to stay ahead of market trends and customers' needs over the last 30 years.

In view of our continued profitability and strong balance sheet, the Directors have recommended a first and final gross dividend of 6.41% per share, less tax at 22%.

Financial Review

For FY2003, the Group registered a net profit after tax and minority interests of $3.7 million, which was 34.4% lower than the previous year, while revenue remained at $140.2 million. The net profit included proceeds from the sale of a property. Excluding this, net profit would have been $2.7 million.

South East Asia, consisting mainly Singapore and Malaysia, saw external revenue rising by 4.6% to $109.3 million. Operating profit declined by 30.8% to $5.7 million amidst the general market downturn and intense competition. Higher rental and depreciation costs resulting from the opening of the new Espace Boutique in Kuala Lumpur also affected profits.

In North East Asia, which are sales from our Hong Kong office, we were able to maintain operating profit at $0.8 million on lower revenue of $30.9 million despite difficult trading conditions. This resulted from better terms obtained from purchases through close collaboration with suppliers.

During the year, we had to increase our inventory level by 15.3% to $92.1 million as we increased our distribution and retail activities with new agency lines and additional retail space in Malaysia. The management is continuously monitoring the stock level to ensure maximum efficiency of our inventory.

Enterprising management, strong portfolio of brands, service culture and core values of hard work, prudence and professionalism - these attributes have enabled Cortina to stay ahead of market trends and customers' needs over the last 30 years.

Through the Years...

1972
Started first Cortina Watch Centre in Singapore

1982
Expanded to Kuala Lumpur, Malaysia with first retail outlet

1993
Ventured into Hong Kong with first retail outlet

2001
Launched new concept - "Espace Boutique" - in Singapore, the largest watch boutique in Asia

2002
Listed on the Main Board of the Singapore Exchange

2002
Introduced "Espace Boutique" in Kuala Lumpur, the largest watch boutique in Malaysia

One of our founders, Mr Anthony Lim Keen Ban, in front of a Cortina outlet back in the 70s.

Always a Step Ahead

We are constantly working to develop the Cortina brand into a style icon, and to set new benchmarks in watch retailing and service standards. We are continuously reinventing ourselves to stay ahead of market trends and to exceed our customers' expectations in providing them with an unforgettable shopping experience. Our aim has always been to create a comfortable ambience that our customers can enjoy shopping in, which allows for privacy and product variety.

To this end, the management has been relentless in its efforts to pursue and introduce unique retail concepts. For example, we were the first and only luxury watch retailer and distributor to introduce the revolutionary Espace Boutique concept in Asia. This concept, which boasts boutiques-within-a-boutique, offers customers the luxury of indulging in the distinct ambience of individual brands all housed within one premise. Introduced in Singapore in FY2002 and Kuala Lumpur in FY2003, the Espace Boutiques have attracted much attention from our target customers and distinguished us from our competitors.

In keeping with the times, we have also upgraded our corporate logo and our existing stores are undergoing refurbishment to reflect a modern and elegant image, and build a stronger brand identity.

Staying Ahead in the Marketplace

In our efforts to stay ahead in Malaysia, which is one of our key markets, we launched the Cortina Watch Espace Boutique in Kuala Lumpur in August 2002. Located at Star Hill Centre at the heart of the shopping district, the approximately 4,000 square feet boutique has been recognised as the largest watch boutique in Malaysia by The Malaysia Book of Records.

We became the authorised dealer in Malaysia for *Rolex*, which is one of the renowned names amongst the international premium luxury watch brands. This will boost the variety in our portfolio of prestigious brands which we expect to have a positive impact on revenue and profit.

We are constantly working to develop the Cortina brand into a style icon, and to set new benchmarks in watch retailing and service standards.

By increasing our product offering, we hope to expand our customer base and strengthen customer loyalty.

StayingAhead in Product Offering

In line with our strategy to expand the breadth of our product coverage to cater to the varied tastes and changing needs of our customers, we secured the agency and distribution rights of three brands of luxury watches – all distinctive trendsetters embodying revolutionary ideas.

We are proud to have secured the exclusive distribution rights for *Locman*, a luxurious Italian watch brand in Asia, primarily Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand.

Favoured by international celebrities, *Locman* is synonymous with fashion-statement designs and enjoys a cult following amongst the fashion-conscious watch connoisseurs.

This range of watches has been attracting much attention amongst the local fashion-conscious and trendy consumers since its launch in Singapore in December 2002, and sales has been encouraging.

We also launched the Italian line of watches by *Carlo Ferrara*, a master craftsman who has been credited with inventing a new watch functioning system that allows the hour and minute hands to move along a straight line. This range of watches targets watch collectors who takes pride in technical and mechanical innovation. We hold the distribution rights for this brand in Singapore, Malaysia and Indonesia.

Another brand we introduced during the year was the *Scalfaro* brand of luxurious sports watches available in Cortina boutiques. This range caters to sporty watch collectors looking for timepieces with flawless workmanship and sophisticated design.

By increasing our product offering, we hope to expand our customer base and strengthen customer loyalty.

The *Espace Boutique* in Singapore, the largest watch boutique in Asia.

A comfortable shopping ambience that allows for privacy and product variety.

Our portfolio of selected premium watch brands ...

Audemars Piguet
Baume & Mercier
Bell & Ross
Blancpain
Breitling
Bvlgari

Carlo Ferrara
Cartier
Chopard
Christian Dior
Chronoswiss
Concord
Corum
Ebel

Girard Perregaux
Glashutte Original
Gucci
IWC
Jaeger-LeCoultre
Locman
Longines

Maurice Lacroix
Montblanc
Montre Royale
Officine Panerai
Omega

Patek Philippe
Piaget
Rado
Raymond Weil
Rolex
Scalfaro

Tag Heuer
Tissot
Tudor
Vacheron Constantin
Van Cleef & Arpels
Vulcain
Zenith

The *Espace Boutique* in Kuala Lumpur, the largest watch boutique in Malaysia.

Staying Ahead in Brand Promotion

As part of our promotional activities to further strengthen the Cortina brandname, we organised the second presentation of Jewellery Time during the year which brought together more than 800 jewellery timepieces totalling about $60 million in value. This 10-day event, which was held at our Paragon boutique and the atrium of the Paragon Shopping Centre, drew more than 315,000 visitors and served to reinforce Cortina's foothold as one of the dominant players in the luxury watch business.

Going Forward

For the current year, expectations would need to be tempered by the current uncertainties arising from the impact of SARS on the regional economies and tourist arrivals.

However, pockets of opportunities exist for us to grow in the medium term and our priorities are clear. We are looking for expansion opportunities in Malaysia, Indonesia, Singapore and Thailand while exercising prudence and caution. We will also continue to implement stringent cost control measures.

The management, through fortitude, flexibility and enterprising spirit, has taken the Group through numerous economic cycles and the ever-changing trends and market dynamics. It is these same attributes, together with our strong balance sheet, that will take the Group to ride on the next upswing.

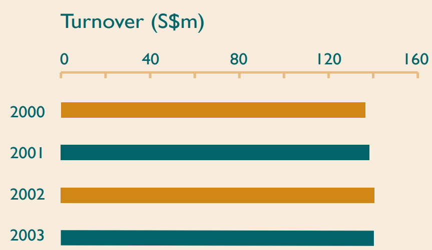
Appreciation

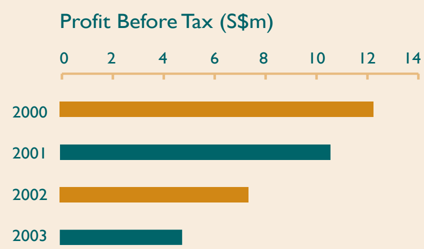
In conclusion, I would like to express my deepest appreciation to the Board of Directors for their invaluable contribution; the staff for their dedication and hard work; customers, business associates and shareholders for their unrelenting support. We look forward to your continued support.

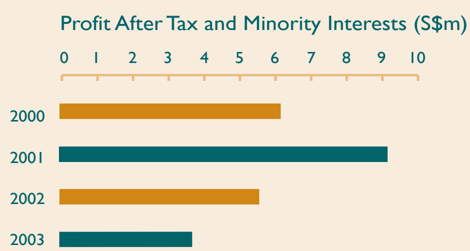
Lim Keen Ban, Anthony
Chairman & Managing Director

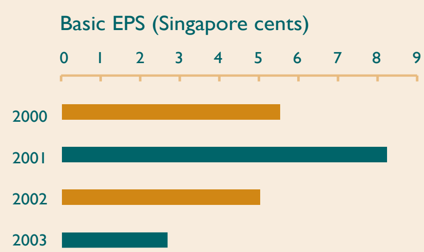
The management, through fortitude, flexibility and enterprising spirit, has taken Cortina through numerous economic cycles and the ever-changing trends and market dynamics.

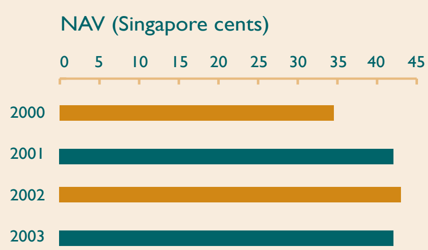
S$m	FY2000	FY2001	FY2002	FY2003
Turnover	136.1	138.0	140.4	140.2
Profit Before Tax	12.3	10.6	7.4	4.7
Profit After Tax and Minority Interests	6.2	9.2	5.6	3.7
Basic EPS (Singapore cents)	5.5	8.2	5.0	2.6
NAV (Singapore cents)	34.5	42.2	43.0	42.2











Board of Directors

Mr Lim Keen Ban, Anthony	*Chairman & Managing Director*
Mr Yu Chuen Tek, Victor	*Executive Director*
Mr Lim Jit Ming, Raymond	*Executive Director*
Mr Lim Jit Yaw, Jeremy	*Non-Executive Director*
Mr Foo See Jin, Michael	*Non-Executive Director*
Mr Long Foo Pieng, Benny	*Non-Executive Director*
Mr Lau Ping Sum, Pearce	*Independent Director*
Mr Seet Keong Sam, Lawrence	*Independent Director*
Mr Ch'ng Jit Koon	*Independent Director*

Company Secretaries

Ms Foo Soon Soo, FCIS, CPA, LLB (Hons)
Ms Choong Mee Fong, ACIS

Remuneration Committee

Mr Lau Ping Sum, Pearce (Chairman)
Mr Ch'ng Jit Koon
Mr Lim Keen Ban, Anthony

Audit Committee

Mr Seet Keong Sam, Lawrence (Chairman)
Mr Lau Ping Sum, Pearce
Mr Yu Chuen Tek, Victor

Nominating Committee

Mr Ch'ng Jit Koon (Chairman)
Mr Seet Keong Sam, Lawrence
Mr Yu Chuen Tek, Victor

Registered Office

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#16-01 Raffles City Tower
Singapore 179101
Tel: (65) 6339 9447
Fax: (65) 6336 7913
Website: http://www.cortina.com.sg

Registrar and Share Transfer Office

Barbinder & Co Pte Ltd
8 Cross Street #11-00
PWC Building
Singapore 048424

Person-in-charge: Ms Khor Yoke Kean

Auditors

PricewaterhouseCoopers
Certified Public Accountants
8 Cross Street #17-00
PWC Building
Singapore 048424

Partner-in-charge: Mr Leong Yit Siong
Year of Appointment: 2000

Cortina Holdings Limited is fully committed to integrity and fair dealing in all its activities. As part of this commitment, the Company shall uphold the standards of corporate governance and shall adopt the principles as set out in the Code of Corporate Governance ("the Code") issued by the Corporate Governance Committee in March 2001. This statement outlines the main corporate governance practices and procedures adopted by the Company.

Principle 1: The Board's Conduct of its Affairs

a. The principal functions of the Board are to protect and enhance long-term shareholder value, establish corporate strategies and to monitor the performance of management.

b. The Board is supported by specialised committees to assist it in the execution of its duties. These include the Audit Committee, the Nominating Committee and the Remuneration Committee. The majority of members in each committee is independent of the management.

c. The Board and the committees met once during the year ended 31 March 2003, since the listing of the Company on 29 July 2002. Attendance at these meetings are summarised as follows:-

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	Number of meetings							
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Lim Keen Ban	1	1	-	-	-	-	1	1
Yu Chuen Tek	1	1	1	1	1	1	-	-
Lim Jit Ming	1	1	-	-	-	-	-	-
Lim Jit Yaw	1	0	-	-	-	-	-	-
Foo See Jin	1	1	-	-	-	-	-	-
Long Foo Pieng	1	1	-	-	-	-	-	-
Lau Ping Sum, Pearce	1	1	1	1	-	-	1	1
Seet Keong Sam	1	1	1	1	1	1	-	-
Ch'ng Jit Koon (appointed in March 2003)	1	0	-	-	1	1	1	1

In the coming year, it is anticipated that the Board will meet on a regular basis.

d. The directors have received training in respect of their duties as directors through seminars, readings and direct consultation with the Company Secretary and solicitors. Our executive directors are the main drivers of the Group's affairs and operations, and provide the industry knowledge, managerial and operational expertise. They participate in trade fairs, seminars and gatherings of the watch industry to keep themselves updated of latest trends and developments in markets and products. All directors attend seminars/briefings on duties of directors. The non-executive directors familiarised themselves with the business of the Company through both formal and informal discussion with Board members, through constant contact with the management and through visits which they paid to the Company's operational outlets.

Principle 2: Board Composition and Balance

a. The Board comprises an executive chairman, 2 executive directors and 6 non-executive directors of which 3 are independent. The names and key information of the directors of the Company in office at the date of this statement are set out in the Board of Directors section.

b. The Board has evaluated its composition and is satisfied that it is currently appropriate. The Board will continually review its size and composition to ensure that it remains appropriate in the light of changing circumstances and other internal and external developments.

Principle 3: Chairman & Manging Director

a. Mr Lim Keen Ban is the Chairman and Managing Director of the Company. He has executive responsibilities for the Company's business performance and ensures that Board meetings are held as necessary. The Board has not adopted the recommendation of the Code to have separate appointments of Chairman and Managing Director.

b. The Board is satisfied with this structure and is of the view that there is already a sufficiently strong independent element on the Board to enable independent exercise of objective judgement of corporate affairs of the Company. The board will continually evaluate and monitor the appropriateness of this structure and ensure that it is in the best interest of the shareholders.

Principle 4: Board Membership
Principle 5: Board Performance

a. The Articles of Association of the Company provides for the retirement by rotation of one-third of the directors at each annual general meeting and they can be re-elected if eligible. The Managing Director appointment is not subject to this retirement by rotation.

b. The Company has established a Nominating Committee ("NC") to make recommendations to the Board on all board appointments. The NC comprises 3 directors, 2 of whom are both independent and non-executive:
   - Mr Ch'ng Jit Koon, Committee Chairman, independent director
   - Mr Seet Keong Sam, independent director
   - Mr Yu Chuen Tek, executive director

c. The NC works in accordance with written terms of reference duly adopted by the Board. It is responsible for:
   - The re-nomination of directors having regard to the directors' contribution and performance.
   - Determining on an annual basis whether a director is independent.
   - Deciding whether the directors have adequately carried out their duties as directors of the Company.

- Recommending to the Board new executive and non-executive directors.
- Recommending candidates as and when the need arises, as well as put in place plans for succession, including the positions of Chairman and Managing Director.

Principle 6: Access to Information

a. All directors have unrestricted access to the Company's records and information and shall receive management accounts so as to enable them to carry out their duties. All directors also have separate and independent access to the senior management and the Company Secretary at all times.
b. The Company Secretary attends all Board meetings and is responsible for advising the Company on compliance requirements pursuant to respective statutes and regulations.
c. Directors, individual and as a group, have the right to seek independent professional advice at the Company's expense, for the execution of their duties.
d. Our Board is provided with full background and explanatory papers in advance of all Board meetings.

Principle 7: Remuneration Policies
Principle 8: Level and Mix of Remuneration

a. The Company has established a Remuneration Committee ("RC") to review the remuneration of directors and key executives of the Company, in consultation with the Chairman of the Board, and recommend to the full Board for endorsements. The RC comprises 3 directors, 2 of which are both independent and non-executive:-
   - Mr Lau Ping Sum, Committee Chairman, independent director
   - Mr Ch'ng Jit Koon, independent director
   - Mr Lim Keen Ban, Chairman of the Board and Managing Director
b. The RC works in accordance with written terms of reference duly adopted by the Board. It has the following major responsibilities:
   - Recommend to the Board a framework of remuneration for the Board and key executives.
   - To determine remuneration packages for each executive director and the Managing Director.
   - For service contracts of directors, to review and to recommend to the Board the terms of renewal of service contracts.
c. None of the members specialise in the area of executive compensation. The RC, in its review of executive compensation matters, will procure professional consultancy as deemed necessary.
d. For the financial year ended 31 March 2003, the RC recommended that all directors be paid a basic fee of S$20,000, and a variable committee fee based on their participation in various committees. The proposed quantum of the directors' fees is subject to approval by shareholders at the AGM.

Principle 9: Disclosure of remuneration

Remuneration of directors for the year ended 31 March 2003 is summarised as follows:

Remuneration band and name of director	Base/Fixed	Variable or performance-related income/bonuses	Director's fees
$750,000 to $1,000,000			
Lim Keen Ban	60%	30%	10%
$500,000 to $749,999			
Yu Chuen Tek	66%	22%	12%
Lim Jit Ming	67%	27%	6%
Below $250,000			
Lim Jit Yaw	56%	30%	14%
Foo See Jin	–	–	100%
Long Foo Pieng	40%	7%	53%
Lau Ping Sum, Pearce	–	–	100%
Seet Keong Sam	–	–	100%
Ch'ng Jit Koon	–	–	100%

Remuneration of the top 5 executives who are not Directors of the Company for the year ended 31 March 2003:

Remuneration band for the 5 top-paid employees	Headcount	
	FY2003	FY2002
$150,000 to $250,000	5	4
Below $150,000	_	1

Four of these five top-paid employees for the year, as well as last year, are related to the Managing Director and two directors.

Principle 10: Accountability

In presenting the half-yearly and the annual financial statements and periodic announcements to shareholders, it is the aim of the Board to provide shareholders with a detailed assessment of the Group's financial position and prospects. The Management will provide the Board with detailed management accounts of the Group's performance, financial position and prospects on a quarterly basis.

Principle 11: Audit Committee

a. The Board has established an Audit Committee ("AC") to assist the Board in maintaining high standards of corporate governance, in particular reviewing the scope, cost effectiveness, independence and objectivity of the external auditors. The AC comprises 3 directors, 2 of which are both independent and non-executive:
   - Mr Seet Keong Sam, Committee Chairman, independent director
   - Mr Lau Ping Sum, independent director
   - Mr Yu Chuen Tek, executive director

   The independent directors of the AC believe that the AC benefits and would continue to benefit from experiences and expertise of the executive director in carrying out its function. There are corporate governance practices in place where a director will not recommend or participate in decisions of the Board or a Board committee he sits on if he is interested or deemed to be interested in the decision. The independent directors have performed and will continue to perform their duties independently of management. The Board is confident that the corporate governance of the Company has not been and will not be compromised by the existing composition of the AC.

b. The AC works in accordance with written terms of reference duly adopted by the Board. It has the following major responsibilities:
   - Reviews the scope, the audit plans and the results and effectiveness of the internal auditors and the external auditors.
   - Reviews any related significant findings and recommendations of the internal auditors and external auditors together with management response thereto; and the cooperation extended by management to the auditors.
   - Reviews the audit reports of the internal auditors and the external auditors.
   - Reviews the half-yearly and annual financial statements of the Company before their submission to the Board for review and subsequent announcement.
   - Reviews the appointment and re-appointment of external auditors.
   - Reviews the value and extent of the non-audit services provided by the external auditors, seeking to balance the maintenance of objectivity and value for money.
   - Reviews interested person transactions in accordance with the requirements of the listing rules of the SGX-ST.
   - Reviews annually the independence of the external auditors.

c. The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities and they have the accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgement.

d. The AC has unrestricted access to the management and the staff of the Company.

e. The AC had, as at the date of this report, met the internal auditors and the external auditors without the presence of management.

Principle 12: Internal Controls

The Company has implemented a system of internal controls and procedures, including financial, operational and compliance controls, to safeguard the Company's assets and shareholders' interest as well as to manage risk. 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.

Principle 13: Internal Audit

The Company has appointed Messrs Paul Wan & Co, an independent public accounting firm, to perform periodic internal audits. The internal auditors report directly to the AC and have direct access to the Chairman of the AC, and administratively, also reports to the Managing Director.

The AC has reviewed the Company's risk management and based on the internal auditors' reports and the internal controls in place, is satisfied that there are adequate internal controls in the Company.

Principle 14: Communication with Shareholders
Principle 15: Shareholder Participation

The Board believes in timely and regular communication with shareholders. In line with continuous disclosure obligations of the Company pursuant to the rules of the SGX-ST, the Board's policy is that all shareholders should be equally and timely informed of all major developments and events that impact the Company.

Information is communicated to our shareholders through:
- MASNETS and news releases;
- Press releases on major developments;
- Disclosure to the SGX-ST;
- Press and analysts briefing for the Group's financial results as well as other briefings, as appropriate;
- Annual reports that are prepared and issued to all shareholders; and
- The Group's website at www.cortina.com.sg

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. The Board encourages shareholders to attend the AGM and to stay informed of the Company's developments. All questions and views on matters affecting the Company are welcome. The directors will be present at the meeting to address relevant questions.

Risk Management Policies and Processes

The Board acknowledges risk is inherent in business and there are commercial risks to be taken in the course of generating a return on business activities. The Board's policy is that risks should be managed within the Group's overall risk tolerance.

The primary task of identifying business risks lies with the management, who will then table and recommend processes to the Board for their deliberation for formulating policies to deal with the risks. The Board will also approve the recommended processes in managing the risk, which could include hedging, reduction of exposure or limiting possible losses through controls.

The management of some of the processes would then be delegated to other staff who would control the risks within the defined framework.

For further information on financial risk management, please refer to the notes to the accounts.

Dealings in Securities

The Company has issued to its directors and officers a policy on dealings in the securities of the Company, adopting the guiding principles in the Best Practices Guide on Dealings in Securities issued by the SGX-ST.

Financial Report

The directors present their report to the members together with the audited financial statements of the Company and of the Group for the financial year ended 31 March 2003.

On 27 June 2002, the Company was converted to a public limited company and its name was changed to Cortina Holdings Limited. On 29 July 2002, the Company was admitted to the Official List of the Mainboard of the Singapore Exchange Securities Trading Limited.

Directors

The directors of the Company at the date of this report are:

Lim Keen Ban	
Yu Chuen Tek	
Lim Jit Ming	
Long Foo Pieng	
Foo See Jin	
Lim Jit Yaw	(appointed on 27 June 2002)
Lau Ping Sum, Pearce	(appointed on 27 June 2002)
Seet Keong Sam	(appointed on 27 June 2002)
Ch'ng Jit Koon	(appointed on 13 March 2003)

Principal activities

The principal activities of the Company consist of the provision of management and financial related services to its subsidiaries and associated companies, and investment holding. The principal activities of the subsidiaries are set out in note 33 to the financial statements.

In the previous financial year, the Company transferred its principal activities of being a dealer in watches, pens, lighters and clocks on an on-going basis to a subsidiary.

There have been no significant changes in the nature of the activities of the Company or of the Group during the financial year.

Results for the financial year

The consolidated profit after tax attributable to the members of the Company for the financial year is $3,658,000. The Company incurred a net loss after tax for the financial year of $433,000.

Material transfers to or from reserves and provisions

Details of material movements in reserves during the financial year are set out in the statements of changes in equity.

Material movements in provisions during the financial year are set out in the notes to the financial statements.

Acquisition and disposal of subsidiaries

There were no acquisitions or disposals of interests in subsidiaries during the financial year.

Issue of shares and debentures

On 26 July 2002, the Company increased its issued ordinary share capital from $22,515,683 to $30,115,683 by way of a share issue of 38,000,000 ordinary shares of $0.20 each at a premium of $0.03 per share for cash, pursuant to the invitation to the public to subscribe for shares in the Company. The newly issued shares rank pari passu in all respects with the previously issued ordinary shares.

There were no other issues of shares or debentures by any corporation in the Group during the financial year.

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares in, or debentures of, the Company, except as follows:

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.3.2003	At 1.4.2002 or date of appointment, if later	At 31.3.2003	At 1.4.2002 or date of appointment, if later
The Company				
(Ordinary shares of $0.20 each [1.4.2002: $1 each]) *				
Lim Keen Ban	2,592,485	6,188,491	48,851,005	3,828,607
Yu Chuen Tek	14,585,015	4,647,553	118,000	-
Lim Jit Ming	1,092,040	1,883,381	50,351,450	8,133,717
Lim Jit Yaw	617,235	617,235	50,826,255	49,468,255
Long Foo Pieng	11,864,940	4,248,837	-	-
Foo See Jin	8,757,320	1,751,464	-	-
Lau Ping Sum, Pearce	30,000	30,000	-	-

* On 27 June 2002, the ordinary shares of $1 each was sub-divided into ordinary shares of $0.20 each.

Directors' interests in shares or debentures *(continued)*

(b) At the end of the financial year, Messrs Lim Keen Ban, Lim Jit Ming and Lim Jit Yaw, who by virtue of their deemed interests of not less than 20% of the issued capital of the Company, are deemed to have interests in the share capital of all subsidiaries of the Company.

At the beginning of the financial year, Messrs Lim Keen Ban and Yu Chuen Tek, who by virtue of their interests of not less than 20% of the issued capital of the Company, are deemed to have interests in the share capital of all subsidiaries of the Company.

(c) The directors' interests in the share capital of the Company and of related corporations as at 21 April 2003 were the same as at 31 March 2003.

Dividends

The directors have proposed a final dividend for 2003 of approximately 1.28 cents per share amounting to a total of $1,505,784 net of tax at 22%. These financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the year ending 31 March 2004.

Bad and doubtful debts

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain the action taken in relation to the writing off of bad debts and providing for doubtful debts of the Company, and have satisfied themselves that all known bad debts of the Company had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amounts written off for bad debts or provided for doubtful debts in the Group inadequate to any substantial extent.

Current assets

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that current assets of the Company which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values or that adequate provisions had been made for the diminution in values of such current assets.

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report, which would render the values attributed to current assets in the consolidated financial statements misleading.

Charges on assets and contingent liabilities

At the date of this report, no charges have arisen since the end of the financial year on the assets of the Company or any corporation in the Group which secure the liability of any other person, nor has any contingent liability arisen since the end of the financial year in the Company or any other corporation in the Group.

Ability to meet obligations

No contingent or other liability of the Company or any other corporation in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company and the Group to meet their obligations as and when they fall due.

Other circumstances affecting the financial statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the consolidated financial statements which would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

Unusual items

In the opinion of the directors, the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Unusual items after the financial year

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than as disclosed in the financial statements of the Company and the consolidated financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or any other corporation in the Group.

No shares have been issued during the year by virtue of the exercise of options to take up unissued shares of the Company or any other corporation in the Group.

There were no unissued shares under option at the end of the financial year in respect of the Company or any other corporation in the Group.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to accept re-appointment.

On behalf of the directors

LIM KEEN BAN Director	YU CHUEN TEK Director

15 July 2003

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 30 to 67 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 March 2003, and of the results of the business, and changes in equity, of the Company and of the Group and the cash flows of the Group for the financial year then ended, and 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 directors

LIM KEEN BAN
Director

YU CHUEN TEK
Director

15 July 2003

AUDITORS' REPORT

To The Members Of Cortina Holdings Limited (Formerly known as Cortina Holdings Pte Ltd)

We have audited the financial statements of Cortina Holdings Limited and the consolidated financial statements of the Group for the financial year ended 31 March 2003 set out on pages 30 to 67. These financial statements are the responsibility of the Company's directors. 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 plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the accompanying financial statements of the Company and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:

  (i) the state of affairs of the Company and of the Group at 31 March 2003, the results and changes in equity of the Company and of the Group, and the cash flows of the Group for the financial year ended on that date; and

  (ii) the other matters required by section 201 of the Act to be dealt with in the financial statements of the Company and the consolidated financial statements of the Group; and

(b) the accounting and other records, and the registers 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.

We have considered the financial statements and auditors' reports of the subsidiaries of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of the subsidiaries are stated in note 33 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under section 207(3) of the Act.

PricewaterhouseCoopers
Certified Public Accountants

Singapore, 15 July 2003

INCOME STATEMENTS

For the financial year ended 31 March 2003

	Notes	The Group 2003 $'000	The Group 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
Sales	3	140,222	140,399	-	38,860
Other operating income	3	5,602	4,580	686	1,292
Changes in inventories of finished goods		13,259	3,264	-	5,781
Inventories consumed		(137,300)	(124,091)	-	(40,486)
Staff costs	4	(6,550)	(6,309)	(469)	(1,544)
Rental expenses		(4,255)	(3,791)	(55)	(828)
Depreciation	5	(1,011)	(888)	(42)	(244)
Other operating expenses		(3,548)	(4,064)	(396)	(1,541)
Operating profit/(loss)	5	6,419	9,100	(276)	1,290
Finance cost - net	6	(1,557)	(1,795)	-	(448)
Share of results of associated companies		(120)	127	-	-
Profit/(loss) before tax		4,742	7,432	(276)	842
Tax	7	(1,070)	(1,852)	(157)	(452)
Profit/(loss) from ordinary activities before minority interest		3,672	5,580	(433)	390
Minority interest		(14)	(3)	-	-
Profit/(loss) after tax attributed to members of the Company		3,658	5,577	(433)	390
Earnings per share					
Basic and diluted	8	2.6 cents	5.0 cents		

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 29.

BALANCE SHEETS

As at 31 March 2003

	Notes	The Group 2003 $'000	The Group 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
Current assets					
Cash and cash equivalents	9	549	1,618	29	238
Receivables	10	10,960	8,955	33,931	29,851
Inventories	11	92,075	79,827	-	-
Other current assets	12	2,100	2,393	4	773
		105,684	92,793	33,964	30,862
Non-current assets					
Investments in associated companies	13	4,228	4,447	1,000	1,000
Investments in subsidiaries	14	-	-	8,606	8,606
Property, plant and equipment	15	3,845	3,734	931	1,017
Deferred tax assets	16	1,149	1,991	736	1,991
		9,222	10,172	11,273	12,614
Total assets		114,906	102,965	45,237	43,476
Current liabilities					
Trade and other payables	17	24,767	24,444	3,905	5,017
Current tax	7	1,865	4,194	672	3,140
Provision for dividends		-	1,126	-	1,126
Borrowings from financial institutions	18	28,667	23,398	61	57
		55,299	53,162	4,638	9,340
Non-current liabilities					
Borrowings from financial institutions	18	838	847	49	110
Deferred tax liabilities	16	24	115	-	-
Deferred income	20	360	380	-	-
		1,222	1,342	49	110
Total liabilities		56,521	54,504	4,687	9,450
Net assets		58,385	48,461	40,550	34,026
Share capital and reserves					
Share capital	21	30,116	22,516	30,116	22,516
Capital reserve		-	1,441	-	1,441
Foreign currency translation reserve		252	957	-	-
Retained earnings	22	27,966	23,510	10,434	10,069
Interests of shareholders of the Company		58,334	48,424	40,550	34,026
Minority interests		51	37	-	-
		58,385	48,461	40,550	34,026

The accompanying notes form an integral part of these financial statements.
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2003

	Notes	Share capital $'000	Share premium $'000	Capital reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 April 2002		22,516	-	1,441	957	23,510	48,424
Net loss not recognised in income statement - currency translation adjustments		-	-	-	(705)	-	(705)
Net profit		-	-	-	-	3,658	3,658
Total recognised gains and losses for the financial year		-	-	-	(705)	3,658	2,953
Increase in shares pursuant to listing on stock exchange	21	7,600	1,140	-	-	-	8,740
Expenses on issue of shares		-	(1,140)	(643)	-	-	(1,783)
Transfer to retained earnings		-	-	(798)	-	798	-
Balance at 31 March 2003		30,116	-	-	252	27,966	58,334
Balance at 1 April 2001		22,516	-	1,441	500	23,059	47,516
Net gain not recognised in income statement - currency translation adjustments		-	-	-	457	-	457
Net profit		-	-	-	-	5,577	5,577
Total recognised gains for the financial year		-	-	-	457	5,577	6,034
Dividends	23	-	-	-	-	(5,126)	(5,126)
Balance at 31 March 2002		22,516	-	1,441	957	23,510	48,424

Included in the expenses on issue of shares is an amount of $728,000 (2002: NIL) which is other fees payable to auditors of the Company.

The accompanying notes form an integral part of these financial statements.
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STATEMENT OF CHANGES IN EQUITY - THE COMPANY

For the financial year ended 31 March 2003

	Notes	Share capital $'000	Share premium $'000	Capital reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 April 2002		22,516	-	1,441	10,069	34,026
Total recognised losses for the financial year - Net loss		-	-	-	(433)	(433)
Issue of shares pursuant to listing on stock exchange	21	7,600	1,140	-	-	8,740
Expenses on issue of shares		-	(1,140)	(643)	-	(1,783)
Transfer to retained earnings		-	-	(798)	798	-
Balance at 31 March 2003		30,116	-	-	10,434	40,550
Balance at 1 April 2001		22,516	-	1,441	14,805	38,762
Total recognised gains for the financial year - Net profit		-	-	-	390	390
Dividends	23	-	-	-	(5,126)	(5,126)
Balance at 31 March 2002		22,516	-	1,441	10,069	34,026

Included in the expenses on issue of shares is an amount of $728,000 (2002: NIL) which is other fees payable to auditors of the Company.

The accompanying notes form an integral part of these financial statements.
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CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2003

	Note	2003 $'000	2002 $'000
Cash flows from operating activities			
Profit before tax and share of results of associated companies		4,862	7,305
Adjustments for:			
Depreciation		1,011	888
Property, plant and equipment written off		37	12
Impairment charge		-	502
Interest income		-	(2)
Interest expense		1,557	1,797
Gain on disposal of property, plant and equipment		(1,088)	(578)
Amortisation of deferred income		(291)	(190)
Gain on disposal of other investments		-	(76)
Inventories written off		41	12
Bad debts written off		1	-
Operating cash flow before working capital change		6,130	9,670
Change in working capital			
Receivables		(2,060)	2,648
Inventories		(12,740)	(3,611)
Other current assets		283	(973)
Trade and other payables		473	(1,248)
Cash (used in)/generated from operations		(7,914)	6,486
Income tax paid		(2,591)	(2,299)
Interest paid		(1,121)	(1,348)
Net cash (outflow)/inflow from operating activities		(11,626)	2,839
Cash flows from investing activities			
Payments for property, plant and equipment		(1,388)	(1,745)
Interest received		-	2
Proceeds from disposal of property, plant and equipment		1,290	811
Proceeds from disposal of other investments		-	750
Net cash outflow from investing activities		(98)	(182)
Cash flows from financing activities			
Net proceeds from issue of shares		6,957	-
Net proceeds from/(repayment of) borrowings from financial institutions		10,289	(1,668)
Finance lease liabilities and hire purchase obligations		(366)	302
Interest paid		(436)	(449)
Dividends paid		(1,126)	(4,000)
Net cash inflow/(outflow) from financing activities		15,318	(5,815)
Net increase/(decrease) in cash and cash equivalents held		3,594	(3,158)
Cash and cash equivalents at the beginning of the financial year		(16,590)	(13,432)
Cash and cash equivalents at the end of the financial year	9	(12,996)	(16,590)

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 29.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

The Company is incorporated in, and domiciled in, Singapore. The address of its registered office is 250 North Bridge Road, #16-01, Singapore 179101.

On 27 June 2002, the Company was converted into a public limited company and renamed as Cortina Holdings Limited. On 29 July 2002, the Company was admitted to the Official List of the Mainboard of the Singapore Exchange Securities Trading Limited.

The principal activities of the Company consist of the provision of management and financial related services to its subsidiaries and associated companies, and investment holding. The principal activities of the subsidiaries and associated companies are set out in note 33 to the financial statements.

2. Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Statements of Accounting Standard. The financial statements have been prepared under the historical cost convention.

The financial statements are expressed in Singapore dollars.

(b) Basis of consolidation

The consolidated financial information includes the financial information of the Company and all its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired or disposed of are included in or excluded from income from the date of their acquisition or disposal. Intercompany balances and transactions and resulting unrealised profits are eliminated in full on consolidation. Where necessary, accounting policies of subsidiaries have been changed to ensure their consistency with those adopted by the Group.

2. Significant accounting policies *(continued)*

(b) Basis of consolidation *(continued)*

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is amortised using the straight-line method over its estimated useful economic life of up to a maximum of 20 financial years. Goodwill which is assessed as having no continuing economic value is written off to consolidated income statement.

Negative goodwill represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition. Negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities, that portion of negative goodwill is recognised in consolidated income statement when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in consolidated income statement over the remaining weighted average useful life of those assets.

Negative goodwill in excess of the fair values of those assets is recognised in consolidated income statement immediately.

(c) Foreign currencies

Transactions in foreign currencies during the financial year are converted to Singapore dollars at the rates of exchange prevailing on the transaction dates. Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange prevailing at the balance sheet date. Exchange differences arising are taken to the income statements.

For the purpose of consolidation of subsidiaries and the equity accounting of associated companies, in respect of foreign associated companies and foreign subsidiaries whose operations are not an integral part of the Company's operations, the balance sheets are translated into Singapore dollars at the exchange rates prevailing at the balance sheet date, and the results are translated using the weighted average exchange rates for the financial year. The exchange differences arising on translation of foreign subsidiaries, and the Group's share of exchange differences arising from the translation of foreign associated companies, are taken directly to the foreign currency translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on disposal.

2. Significant accounting policies *(continued)*

(d) Revenue recognition

Sales are stated net of sales returns, trade allowances, duties and taxes, and after eliminating sales within Group companies.

Sales of goods are recognised upon delivery of products to customers.

Commission income is recognised upon completion of services rendered.

Dividend income is recognised on a gross basis, as income in the accounting period in which a dividend is declared payable by the investee company.

Rental and interest income are recognised on an accrual basis.

(e) Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(f) Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank and on hand, net of bank overdrafts.

(g) Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2. Significant accounting policies *(continued)*

(h) Inventories

Inventories, comprising goods held for sale, are stated at the lower of cost and net realisable value. Cost is primarily determined on a specific identification basis and includes all costs in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

Provision is made where necessary for obsolete, slow-moving and defective inventories.

(i) Investments

Unquoted investments, including the investments in subsidiaries and associated companies that are intended to be held for the long term, are stated in the financial statements at cost less provision. This provision is made in recognition of a diminution in the value of the investments which is other than temporary, determined on an individual investment basis.

Profits or losses on disposal of investments are taken to the income statements.

(j) Associated companies

Investments in associated companies are accounted for using the equity method of accounting whereby the Group's share of profits less losses of associated companies is included in the consolidated income statement and the Group's share of net assets is included in the consolidated balance sheet. These amounts are taken from the most recent audited financial statements or unaudited management accounts of the companies concerned, made up to dates not more than six months prior to the end of the financial year of the Group. Where the accounting policies of associated companies do not conform with those of the Group, adjustments are made where the amounts involved are considered significant to the Group.

These are undertakings in which the Group generally has between 20% and 50% of the voting rights, and over which the Group has significant influence, but which it does not control. Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has assumed obligations or guaranteed obligations in respect of the associated company.

2. Significant accounting policies *(continued)*

(k) Property, plant and equipment and depreciation

Property, plant and equipment are stated at historical cost less accumulated depreciation.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Depreciation is calculated on a straight-line basis to write off the cost of property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

Freehold property	50 years
Leasehold property	50 years
Office equipment	3 - 10 years
Furniture and fittings	4 - 10 years
Motor vehicles	4 - 5 years
Renovation	4 - 6 years

(l) Leases

A distinction is made between finance leases or hire purchase contracts which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of the leased assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases and assets on hire purchase contracts are capitalised at the estimated present value of the underlying lease or hire purchase payments. Each lease or hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to income over the lease period. Property, plant and equipment acquired under finance leases or hire purchase contracts are depreciated over their useful lives.

Operating lease payments are charged to income statements on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2. Significant accounting policies *(continued)*

(m) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events that it is probable that an outflow of resources will be required to settle the obligations, and a reliable estimate of the amount of the obligation can be made.

(n) Employee benefits

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

(o) Share capital

External costs directly attributable to the issue of new shares are shown as a deduction, net of tax, in equity from the proceeds.

Dividends on ordinary shares are recognised as an appropriation of retained earnings in the financial year in which they are declared.

3. Revenue

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Sale				
Sale of goods	139,983	140,294	-	38,860
Commission income	239	105	-	-
	140,222	140,399	-	38,860
Other operating income				
Management fee income	-	-	613	-
Rental income	469	359	35	101
Cash discounts and rebates	3,888	3,245	-	1,075
Gain on disposal of property, plant and equipment	1,088	578	-	-
Gain on disposal of other investments	-	76	-	76
Net foreign exchange gain	1	47	-	-
Others	156	275	38	40
	5,602	4,580	686	1,292
Finance income				
Interest income (note 6)	-	2	-	498
	145,824	144,981	686	40,650

Rental income of the Group and the Company includes an amount of $291,000 (2002: $190,000) and Nil (2002: $63,000) respectively in respect of deferred income as disclosed in note 20 to the financial statements.

4. Staff costs

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Wages and salaries	5,598	5,514	469	1,314
Employer's contribution to provident funds	551	425	-	123
Termination benefits	-	11	-	-
Others	401	359	-	107
	6,550	6,309	469	1,544

The number of persons employed at the end of the financial year:

	The Group		The Company	
	2003	2002	2003	2002
Full time	120	117	3	3

5. Operating profit/(loss)

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Operating profit/(loss) is arrived at after:				
Charging:				
Auditors' remuneration				
- Auditors of the Company	104	59	37	27
- Other auditors *	29	22	-	-
Other fees paid/payable to auditors of the Company	72	26	38	12
Bad trade debts written off	1	-	-	-
Depreciation				
- Freehold property	3	6	-	-
- Leasehold property	42	42	42	42
- Office equipment	153	77	59	28
- Furniture and fittings	326	298	-	59
- Motor vehicles	235	294	-	99
- Renovation	252	171	-	16
Less: Recharge to a subsidiary	-	-	(59)	-
	1,011	888	42	244

* *Includes other members of the worldwide PricewaterhouseCoopers organisation.*

5. Operating profit/(loss) *(continued)*

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
***Charging:** (continued)*				
Impairment charge on leasehold property	-	502	-	502
Inventories written off	41	12	-	-
Loss on disposal of property, plant and equipment	-	-	-	44
Net foreign exchange loss	-	-	12	60
Property, plant and equipment written off	37	12	-	-
Rental expense - Operating leases	4,255	3,791	71	828
Less: Recharge to a subsidiary	-	-	(16)	-
	4,255	3,791	55	828
Provision for doubtful trade debts	1	-	-	-
Provision for doubtful debts relating to advances to a subsidiary	-	-	18	-
Provision for inventory obsolescence	2,939	2,610	-	-
And crediting:				
Write-back of provision for doubtful trade debts	50	65	-	-
Write-back of provision for inventory obsolescence no longer required	1,218	5,545	-	-
Write-back of provision for diminution in value of investments in subsidiaries	-	-	-	111

6. Finance cost - net

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Finance income				
Interest income				
- Subsidiaries	-	-	-	498
- Other bank deposits	-	2	-	-
	-	2	-	498

6. Finance cost - net *(continued)*

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Finance cost				
Interest expenses				
- Bank overdrafts	(1,121)	(1,348)	-	(764)
- Bank loan	(23)	(53)	-	(52)
- Trust receipts	(332)	(305)	-	(99)
- Finance lease liabilities and hire purchase creditors	(81)	(91)	(10)	(31)
Less: Recharge to a subsidiary	-	-	10	-
	(1,557)	(1,797)	-	(946)
Net	(1,557)	(1,795)	-	(448)

7. Tax

(a) Tax expense

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Tax expense attributable to profit/(loss) is made up of:				
Current income tax provision				
- Singapore	1,222	1,154	-	-
- Foreign	188	228	-	-
- Group relief transferred to a subsidiary	-	-	(49)	-
Deferred tax	(288)	760	206	667
Share of tax of associated companies	61	15	-	-
Over provision in preceding financial year				
- Current income tax	(104)	(246)	-	(215)
- Deferred tax	(9)	(59)	-	-
	1,070	1,852	157	452

The Company has transferred the benefit of current year's tax losses amounting to approximately $49,000 (2002: NIL) to a subsidiary subject to the agreement of the Inland Revenue Authority of Singapore.

7. Tax *(continued)*

(a) Tax expense *(continued)*

The tax expense on profit/(loss) differs from the amount that would arise using the Singapore standard rate of income tax to profit/(loss) before tax due to the following:

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Profit/(loss) before tax	4,742	7,432	(276)	842
Tax expense calculated at a statutory tax rate of 22% (2002: 24.5%)	1,043	1,821	(61)	206
Singapore statutory stepped income exemption	(23)	(26)	-	-
Effect of different tax rates in other countries	-	(34)	-	-
Non-allowable expenses	42	365	15	530
Deferred tax assets previously not recognised upon transfer of business to subsidiary	-	-	-	(69)
Effect of changes in tax rates	195	-	203	-
Overprovision in preceding financial year	(64)	(305)	-	(215)
Utilisation of previously unrecognised deferred tax assets	(150)	-	-	-
Deferred tax assets not recognised	27	31	-	-
	1,070	1,852	157	452

(b) Movements in provision for current tax

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Balance at the beginning of the financial year	4,194	5,355	3,140	5,030
Income tax paid	(2,591)	(2,299)	(2,468)	(1,675)
Current financial year's tax expense	1,410	1,382	-	-
Overprovision in preceding financial year	(104)	(246)	-	(215)
Transfer to other creditors	(1,049)	-	-	-
Exchange rate adjustments	5	2	-	-
Balance at the end of the financial year	1,865	4,194	672	3,140

7. Tax *(continued)*

(b) Movements in provision for current tax *(continued)*

The amount transferred to other creditors of approximately $1,049,000 relates to the consideration payable for the group relief received in respect of prior year's profit following changes in Singapore tax laws announced in the current year.

8. Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit after tax attributable to members of the Company by the weighted average number of ordinary shares in issue during the financial year:

	The Group	
	2003	2002
Net profit attributable to members of Cortina Holdings Limited ($'000)	3,658	5,577
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	138,502	112,578
Basic earnings per share	2.6 cents	5.0 cents

The weighted average number of ordinary shares for 2002 have been adjusted for the share split as disclosed in note 21(b) to the financial statements.

Diluted earnings per share is the same as basic earnings per share as the Company has not issued any options or warrants which would have a dilutive effect on earnings per share when exercised.

9. Cash and cash equivalents

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Cash at banks and on hand	549	1,618	29	238

9. Cash and cash equivalents *(continued)*

For the purposes of the consolidated cash flow statement, the year end consolidated cash and cash equivalents comprise the following:

	The Group	
	2003	2002
	$'000	$'000
Cash and bank balances (as above)	549	1,618
Less: Bank overdrafts (note 18)	(13,545)	(18,208)
Cash and cash equivalents per consolidated cash flow statement	(12,996)	(16,590)

10. Receivables

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Trade receivables				
- Third parties	9,071	7,742	14	-
- Minority shareholder	112	41	-	-
Less: Provision for doubtful trade debts	(268)	(386)	-	-
Trade receivables – net	8,915	7,397	14	-
Other debtors	1,818	1,321	1,098	2
Due from subsidiaries (non-trade)	-	-	32,837	29,849
Less: Provision for doubtful debts	-	-	(18)	-
	-	-	32,819	29,849
Due from an associated company (non-trade)	227	237	-	-
	10,960	8,955	33,931	29,851

Included in other debtors of the Company is an amount of $1,098,000 (2002: NIL) representing the approximate consideration receivable for the transfer of the losses to a subsidiary. This amount is provisional and will only be finalised upon the finalisation of the tax loss available for transfer with the tax authority.

The non-trade amounts due from subsidiaries and an associated company are unsecured, interest-free, and have no fixed terms of repayment.

10. Receivables *(continued)*

Movements in provision for doubtful trade debts are as follows:

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Balance at the beginning of the financial year	386	449	-	289
Provision during the financial year	1	-	-	-
Transfer to a subsidiary	-	-	-	(289)
Write-back made during the financial year	(50)	(65)	-	-
Write-off against provision	(64)	(2)	-	-
Exchange rate adjustments	(5)	4	-	-
Balance at the end of the financial year	268	386	-	-

Movements in provision for doubtful debts relating to advances to a subsidiary are as follows:

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Balance at the beginning of the financial year	-	-	-	-
Provision during the financial year	-	-	18	-
Balance at the end of the financial year	-	-	18	-

11. Inventories

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Inventories, at cost	69,955	58,989	-	-
Inventories, at net realisable value:				
At cost	28,718	27,836	-	-
Less: Provision for inventory obsolescence	(6,598)	(6,998)	-	-
	22,120	20,838	-	-
	92,075	79,827	-	-

11. Inventories *(continued)*

Movements in provision for inventory obsolescence are as follows:

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Balance at the beginning of the financial year	6,998	13,598	-	10,154
Transfer to a subsidiary	-	-	-	(10,154)
Provision for the financial year	2,939	2,610	-	-
Write-off against provision	(2,017)	(3,739)	-	-
Write-back of provision no longer required	(1,218)	(5,545)	-	-
Exchange rate adjustments	(104)	74	-	-
Balance at the end of the financial year	6,598	6,998	-	-

During the financial year, the Group reversed a provision of $1,218,000 (2002: $5,545,000) made in prior years as the inventories were subsequently sold above their carrying values.

12. Other current assets

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Prepayments	362	830	4	773
Deposits	1,738	1,563	-	-
	2,100	2,393	4	773

13. Investments in associated companies

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	1,702	1,702	1,000	1,000
Net tangible assets acquired	1,702	1,702		
Group's share of post acquisition retained profits and reserves of associated companies, net of dividends received	2,564	2,721		
Exchange rate adjustments	(38)	24		
	4,228	4,447		

Details of associated companies are provided in note 33.

14. Investments in subsidiaries

	The Company	
	2003	2002
	$'000	$'000
Unquoted equity shares, at cost	11,144	11,144
Less: Provision for diminution in value	(2,538)	(2,538)
	8,606	8,606

Movements in provision for diminution in value are as follows:

	The Company	
	2003	2002
	$'000	$'000
Balance at the beginning of the financial year	2,538	2,649
Provision written back during the financial year	-	(111)
Balance at the end of the financial year	2,538	2,538

Details of subsidiaries are provided in note 33.

15. Property, plant and equipment

	Freehold property $'000	Leasehold property $'000	Office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Renovation $'000	Total $'000
(a) The Group							
Cost							
At 1 April 2002	279	2,116	634	2,737	1,748	1,168	8,682
Additions	-	-	170	282	172	764	1,388
Disposals	(266)	-	(27)	(246)	(306)	(564)	(1,409)
Exchange rate adjustments	(13)	-	(3)	(37)	(3)	(20)	(76)
At 31 March 2003	-	2,116	774	2,736	1,611	1,348	8,585
Accumulated depreciation							
At 1 April 2002	67	764	315	1,501	977	822	4,446
Disposals	(67)	-	(25)	(233)	(305)	(540)	(1,170)
Depreciation charge	3	42	153	326	235	252	1,011
Exchange rate adjustments	(3)	-	(1)	(23)	(3)	(19)	(49)
At 31 March 2003	-	806	442	1,571	904	515	4,238
Accumulated impairment charge							
At 1 April 2002 and 31 March 2003	-	502	-	-	-	-	502
Net book value							
At 31 March 2003	-	808	332	1,165	707	833	3,845
Net book value							
At 31 March 2002	212	850	319	1,236	771	346	3,734
(b) The Company							
Cost							
At 1 April 2002	-	2,116	181	-	-	-	2,297
Additions	-	-	15	-	-	-	15
At 31 March 2003	-	2,116	196	-	-	-	2,312
Accumulated depreciation							
At 1 April 2002	-	764	14	-	-	-	778
Depreciation charge	-	42	59	-	-	-	101
At 31 March 2003	-	806	73	-	-	-	879
Accumulated impairment charge							
At 1 April 2002 and 31 March 2003	-	502	-	-	-	-	502
Net book value							
At 31 March 2003	-	808	123	-	-	-	931
Net book value							
At 31 March 2002	-	850	167	-	-	-	1,017

15. Property, plant and equipment *(continued)*

(c) At the balance sheet date, the net book value of property, plant and equipment of the Group and of the Company under finance lease agreements and hire purchase contracts included in office equipment, furniture and fittings, motor vehicles and renovation amounted to $1,394,000 (2002: $1,777,000) and $113,000 (2002: $167,000) respectively.

(d) Borrowings from financial institutions are secured on property, plant and equipment of the Group and the Company, amounting to $933,000 (2002: $1,957,000) and $110,000 (2002: $850,000) (note 18).

(e) The impairment charge in 2002 was for a leasehold property in the South East Asia segment. The recoverable amount (the higher of the value in use or net selling price) was determined at the cash-generating unit level (the segment) and represented the market value, determined by reference to the market valuation report performed for the asset as of 26 February 2001.

16. Deferred income taxes

Deferred tax liabilities of $530,000 (2002: $714,000) have not been established for the withholding and other taxes that would be payable on the retained earnings of a foreign subsidiary as the Company controls the dividend policy of the foreign subsidiary and the retained earnings are not likely to be distributed in the foreseeable future. The retained earnings totalled $8,837,000 at 31 March 2003 (2002: $8,404,000).

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Deferred tax (assets)/liabilities				
Balance at the beginning of the financial year	(1,876)	(2,578)	(1,991)	(2,658)
Effect of changes in tax rates	195	-	203	-
Tax (credited)/charged to income statements	(492)	701	3	667
Transfer to other debtors	1,049	-	1,049	-
Exchange rate adjustments	(1)	1	-	-
Balance at the end of the financial year	(1,125)	(1,876)	(736)	(1,991)

16. Deferred income taxes *(continued)*

The Group

The movements in the Group's deferred tax assets and liabilities during the financial year are as follows:

	Accelerated tax depreciation	Translation gains	Total
	$'000	$'000	$'000
Deferred tax liabilities			
At 1 April 2002	92	25	117
Effect of changes in tax rates	(8)	-	(8)
Tax charged/(credited) to income statement	18	(22)	(4)
Exchange rate adjustments	-	(1)	(1)
At 31 March 2003	102	2	104

	Tax losses	Provisions	Translation loss	Total
	$'000	$'000	$'000	$'000
Deferred tax assets				
At 1 April 2002	(1,993)	-	-	(1,993)
Effect of changes in tax rates	203	-	-	203
Tax credited to income statement	(51)	(418)	(19)	(488)
Transferred to other debtors	1,049	-	-	1,049
At 31 March 2003	(792)	(418)	(19)	(1,229)

The Company

The movements in the Company's deferred tax asset and liability during the financial year are as follows:

	Accelerated tax depreciation
	$'000
Deferred tax liability	
At 1 April 2002	1
Tax charged to income statement	2
At 31 March 2003	3

16. Deferred income taxes *(continued)*

The Company *(continued)*

	Tax losses
	$'000
Deferred tax asset	
At 1 April 2002	(1,992)
Effect of changes in tax rates	203
Tax charged to income statement	1
Transferred to other debtors	1,049
At 31 March 2003	(739)

The amount transferred to other debtors of approximately $1,049,000 relates to the consideration receivable for the group relief received in respect of prior year's profit following changes in Singapore tax laws announced in the current year.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relates to the same fiscal authority.

The following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Deferred tax assets	(1,149)	(1,991)	(736)	(1,991)
Deferred tax liabilities	24	115	-	-
	(1,125)	(1,876)	(736)	(1,991)
The amounts shown in the balance sheets include the following:				
Deferred tax assets to be recovered after more than 12 months	(1,130)	(1,991)	(736)	(1,991)
Deferred tax liabilities to be settled after more than 12 months	22	90	-	-
	(1,108)	(1,901)	(736)	(1,991)

17. Trade and other payables

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Trade creditors	13,520	11,305	-	-
Other creditors	2,471	3,013	44	214
Due to subsidiaries (non-trade)	-	-	136	136
Due to an associated company (trade)	4,075	3,946	-	-
Accrued operating expenses	1,727	2,016	751	503
Amount due to directors (non-trade)	2,974	4,164	2,974	4,164
	24,767	24,444	3,905	5,017

The non-trade amounts due to subsidiaries and directors are unsecured, interest-free, and with no fixed terms of repayment.

18. Borrowings from financial institutions

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Current				
Bank overdrafts	13,545	18,208	-	-
Bank loans	154	418	-	-
Trust receipts	14,528	4,320	-	-
Finance lease liabilities and hire purchase creditors (note 19)	440	452	61	57
	28,667	23,398	61	57
Non-current				
Bank loans	345	-	-	-
Finance lease liabilities and hire purchase creditors (note 19)	493	847	49	110
	838	847	49	110
Total borrowings	29,505	24,245	110	167

18. Borrowings from financial institutions *(continued)*

(a) Securities

The above banking facilities of the Group and the Company at the balance sheet date, except for those under finance lease agreements and hire purchase contracts, are guaranteed by the Company, two of the directors, and a financial institution. Included in the borrowings is an amount of approximately $2,086,000 which was secured by a shop lot that was sold before the end of the financial year.

In the preceding financial year, the above banking facilities of the Group and the Company, except for those under finance lease agreements and hire purchase contracts, are secured by way of a legal mortgage over the leasehold property of the Company and a first fixed and floating charge on all the assets of certain subsidiaries. These banking facilities are also guaranteed by the directors.

The finance lease liabilities and hire purchase creditors in respect of the property, plant and equipment are disclosed in note 15.

(b) Effective interest rates

The weighted average effective interest rates at the balance sheet date were as follows:

	The Group		The Company	
	2003	2002	2003	2002
	%	%	%	%
Bank overdrafts	5.4	6.6	-	-
Bank loans	8.4	6.2	-	-
Trust receipts	3.5	6.0	-	-
Finance lease liabilities and hire purchase creditors	4.6	6.5	7.4	7.4

(c) Carrying amounts and fair values

The carrying amounts of borrowings approximate their fair values as these instruments bear interest at variable rates except for a fixed rate portion of the bank loan where the fair value is:

	Carrying amounts		Fair values	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Bank loan	499	-	530	-

18. Borrowings from financial institutions *(continued)*

(d) Maturity of non-current borrowings

Maturity of non-current borrowings (excluding finance lease liabilities and hire purchase creditors) is as follows:

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Between 1 and 2 years	154	-	-	-
Between 2 and 5 years	191	-	-	-
	345	-	-	-

19. Finance lease liabilities and hire purchase creditors

The minimum lease payments under finance lease liabilities and hire purchase contracts are payable as follows:

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Not later than one financial year	484	525	67	67
Later than 1 financial year but not later than 5 financial years	479	905	50	117
Later than 5 financial years	48	-	-	-
Minimum lease payments	1,011	1,430	117	184
Less: Future finance charges	(78)	(131)	(7)	(17)
Provided for in the financial statements	933	1,299	110	167
Representing finance lease liabilities and hire purchase creditors				
Current (note 18)	440	452	61	57
Non-current (note 18)	493	847	49	110
	933	1,299	110	167
The present value of finance lease liabilities is as follows:				
Not later than 1 year	440	452	61	57
Later than 1 year but not later than 5 years	447	847	49	110
Later than 5 years	46	-	-	-
Total liability	933	1,299	110	167

20. Deferred income

This relates to one-time payment from suppliers for their share of costs incurred in the creation of boutique corners in two of the retail outlets over a period of 3 years.

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Deferred income	841	570	-	570
Accumulated amortisation	(481)	(190)	-	(63)
Transfer to a subsidiary	-	-	-	(507)
	360	380	-	-
Deferred income				
Unamortised balance at beginning of the financial year	380	-	-	-
Additions during the financial year	271	570	-	570
Amortisation for the financial year	(291)	(190)	-	(63)
Transfer to a subsidiary	-	-	-	(507)
Unamortised balance at end of the financial year	360	380	-	-

21. Share capital of Cortina Holdings Limited

(a) Authorised ordinary share capital

The total authorised number of ordinary shares is 240 million shares (2002: 25 million shares) with a par value of $0.20 per share (2002: $1 per share).

On 27 June 2002, the authorised ordinary share capital of 25,000,000 ordinary shares of $1 each at par was increased to 48,000,000 ordinary shares of $1 each by the creation of 23,000,000 new ordinary shares of $1 each.

On the same date, the authorised ordinary share capital of 48,000,000 ordinary shares of $1 each was sub-divided into 240,000,000 ordinary shares of $0.20 each.

21. Share capital of Cortina Holdings Limited *(continued)*

(b) Issued and fully paid ordinary share capital

	2003 Number of Shares	2002 Number of Shares	2003	2002
	'000	'000	$'000	$'000
Balance at the beginning of the financial year				
- At par value of $1 each	22,516	22,516	22,516	22,516
- Share split	90,062	-	-	-
- At par value of $0.20 each (2002: $1 each)	112,578	22,516	22,516	22,516
Issue of new shares during the financial year	38,000	-	7,600	-
Balance at the end of the financial year	150,578	22,516	30,116	22,516

On 27 June 2002, the issued and fully paid ordinary share capital of 22,515,683 ordinary shares of $1 each was sub-divided into 112,578,415 ordinary shares of $0.20 each.

On 26 July 2002, the Company increased its issued ordinary share capital from $22,515,683 to $30,115,683 by way of a share issue of 38,000,000 ordinary shares of $0.20 each at a premium of $0.03 per share for cash. The newly issued shares rank pari passu in all respects with the previously issued ordinary shares.

The movements in the share premium account are set out in the statement of changes in equity.

22. Retained earnings

(a) Retained earnings of the Group comprise:

	2003	2002
	$'000	$'000
Company	10,434	10,069
Subsidiaries	14,968	10,720
Associated companies	2,564	2,721
	27,966	23,510

(b) The retained profits of a foreign subsidiary amounting to $8,837,000 (2002: $8,404,000) will be subjected to further Singapore taxation if they are remitted to Singapore as dividends.

23. Dividends

	The Group and The Company 2003 $'000	2002 $'000
Ordinary dividends paid		
Final dividend of NIL (2002: 23.53 cents) per share, paid net of tax at 22% (2002: 24.5%), in respect of financial year 2001	-	4,000
Final dividend of NIL (2002: 6.62 cents) per share, declared net of tax at 22% (2002: 24.5%), in respect of financial year 2002	-	1,126
	-	5,126

The directors have proposed a final dividend for 2003 of approximately 1.28 cents per share amounting to a total of $1,505,784 net of tax at 22%. These financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the year ending 31 March 2004.

24. Contingent liabilities

	The Company 2003 $'000	2002 $'000
Corporate guarantees in respect of bank facilities utilised by subsidiaries	29,604	23,208
Undertaking to provide continuing financial support to subsidiaries in a net liability position	140	516

25. Commitments for expenditure

(a) Capital commitments

Capital commitments for the acquisition of property, plant and equipment not provided for in the financial statements:

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Expenditure contracted for	3,027	608	-	-

Included in expenditure contracted for is an amount of $2,647,000 which relates to a sale and purchase agreement signed by one of the subsidiary to purchase a shop lot unit in KL Plaza, Malaysia from their current lessor.

(b) Operating lease commitments

Commitments in relation to non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are payable as follows:

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Not later than 1 financial year	3,916	3,712	17	16
Later than 1 financial year but not later than 5 financial years	1,522	4,365	12	29
	5,438	8,077	29	45

The Group has various operating lease agreements for its store outlets. Most leases contain renewable options. Certain leases contain escalation clauses and provide for contingent rentals based on percentages of sales derived from the relevant outlets. The lease agreements do not contain any restriction on the Group's activities concerning dividends, additional debt or further leasing.

26. Financial risk management

Risk management is carried out under objectives and policies approved by the Board of Directors. The Group's activities expose it mainly to foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Board provides guidelines for overall risk management, as well as policies covering these specific areas.

(i) Foreign exchange risk

The Group operates in different countries and is exposed to foreign exchange risk principally in respect of Swiss Francs and Hong Kong dollars.

The Group monitors the foreign currency exchange rates movements closely to ensure that its exposures are minimised.

(ii) Interest rate risk

The Group's income and operating cash flows are sensitive to changes in market interest rates as it relies substantially on variable rate bank overdrafts, bank loans and trust receipts. The Group monitors the interest rates movements closely to ensure that such borrowings are maintained at favourable rates.

(iii) Credit risk

A substantial portion of the Group's sales is collected in cash and in credit cards, and some are on credit. Credit is extended only to selected customers with adequate financial standing and appropriate credit history. Senior management reviews all outstanding receivables on a periodic basis to keep a close monitor on credit risk. Where necessary, customers may also be requested to provide security or advance payment. The Group's policy does not permit non-secured credit risk to be significantly centralised in one customer or group of customers.

(iv) Liquidity risk

In addition to funds generated from its operations, the Group also maintains an adequate availability of funds through committed credit facilities provided by its bankers. The management monitors the utilisation of the bank facilities and ensures compliance with financial convenants.

27. Fair values

Other than the bank loan, the carrying amounts of financial assets and financial liabilities approximate their fair values at the balance sheet date. Information on the fair value of the bank loan is disclosed in note 18 (c) to the financial statements.

28. Related party transactions

(a) In addition to those related party transactions disclosed elsewhere in these financial statements, the following related party transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned:

	The Group	
	2003	2002
	$'000	$'000
Purchase of goods from an associated company	164	1,920
Rental income received/receivable from an associated company	(18)	(18)
Commission income received/receivable from a minority shareholder of a subsidiary	239	105

Outstanding balances at 31 March 2003, arising from sale/purchase of goods and services are set out in notes 10 and 17 respectively.

(b) Directors' remuneration

Directors' remuneration included fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company. Where the Group or the Company did not incur any costs, the value of the benefit is included. In 2003, the total directors' remuneration is as follow:

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Directors' remuneration				
- Directors of the Company*	2,304	2,294	660	798
- Directors of subsidiaries	213	154	-	-

** Included as directors' remuneration for directors of the Company at the Group's level is an amount of $134,000 (2002: $25,000) which is remuneration paid to directors of the Company who are employees of the subsidiaries but who are not directors in these subsidiaries.*

The banding of directors' remuneration is as follows:

	2003	2002
Number of directors of the Company in remuneration bands:		
Above $500,000	3	2
$250,000 to $499,999	-	1
Below $250,000	6	2
Total	9	5

29. Segment information

(a) Primary reporting format – geographical segments

	Southeast Asia $'000	Northeast Asia $'000	Elimination $'000	Group $'000
Year ended 31 March 2003				
Revenue				
- External sales	109,328	30,894	-	140,222
- Inter-segment sales	3,062	294	(3,356)	-
	112,390	31,188	(3,356)	140,222
Segment result	5,725	836	(142)	6,419
Finance costs – net				(1,557)
Share of results of associated companies	(194)	74	-	(120)
Profit before tax				4,742
Tax				(1,070)
Profit after tax				3,672
Minority interest				(14)
Net profit attributable to members of the Company				3,658
Segment assets	92,363	17,992	(826)	109,529
Associated companies	3,802	426	-	4,228
Unallocated assets				1,149
Consolidated total assets				114,906
Segment liabilities	21,423	4,388	(684)	25,127
Unallocated liabilities				31,394
Consolidated total liabilities				56,521
Capital expenditure	1,136	252	-	1,388
Depreciation	882	129	-	1,011

29. Segment information *(continued)*

(a) Primary reporting format – geographical segments *(continued)*

	Southeast Asia	Northeast Asia	Elimination	Group
	$'000	$'000	$'000	$'000
Year ended 31 March 2002				
Revenue				
- External sales	104,568	35,831	-	140,399
- Inter-segment sales	4,009	71	(4,080)	-
	108,577	35,902	(4,080)	140,399
Segment result	8,276	824	-	9,100
Finance costs – net				(1,795)
Share of results of associated companies	2	125	-	127
Profit before tax				7,432
Tax				(1,852)
Profit after tax				5,580
Minority interest				(3)
Net profit attributable to members of the Company				5,577
Segment assets	79,279	18,375	(1,127)	96,527
Associated companies	4,067	380	-	4,447
Unallocated assets				1,991
Consolidated total assets				102,965
Segment liabilities	22,718	4,359	(1,127)	25,950
Unallocated liabilities				28,554
Consolidated total liabilities				54,504
Capital expenditure	1,381	363	-	1,744
Depreciation	707	181	-	888
Impairment charge	502	-	-	502

The geographical segments have been determined by reference to the location of assets.

Inter-segment transactions are determined on an arm's length basis. Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, inventories, receivables and operating cash, and exclude investments and taxation. Segment liabilities comprise operating liabilities and exclude items such as taxation and borrowings. Capital expenditure comprises additions to property, plant and equipment.

(b) Secondary reporting format – business segment

The Group is operating in one business segment, namely the distribution and retailing of luxury watches. Accordingly, no business segment information is presented.

29. Segment information *(continued)*

(c) Revenue from sales to external customers, had it been classified based on customer-based geographical segment, is as follows:

	The Group	
	2003	2002
	$'000	$'000
Southeast Asia	70,065	57,201
Northeast Asia	66,331	79,208
Others	3,826	3,990
	140,222	140,399

30. Events occurring after balance sheet date

Subsequent to the financial year end, the Company signed a sale and purchase agreement for the purchase of 3 units of property at E-Centre, Bukit Merah. The net purchase price is $838,000. The units are intended for their own use in business expansion and for document storage.

31. Comparatives

The analysis of expenses in the income statements has been changed from the function of expense method to the nature of expense method, as the directors are of the view that the change will result in a more appropriate categorisation of its operating expenses and also facilitates the comparison of performance with companies in the same industry.

The income statements, had it been presented using the analysis of expenses by function, are as follows:

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Sales	140,222	140,399	-	38,860
Cost of sales	(124,041)	(120,827)	-	(34,706)
Gross profit	16,181	19,572	-	4,154
Other operating income	5,602	4,580	686	1,358
Distribution costs	(11,890)	(10,982)	-	(2,609)
Administrative expenses	(2,041)	(1,899)	(158)	(457)
Other operating expenses	(1,433)	(2,171)	(804)	(1,156)
Operating profit/(loss)	6,419	9,100	(276)	1,290

31. Comparatives *(continued)*

Where necessary, comparative figures have been adjusted to conform with the changes in presentation in the current financial year.

32. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Cortina Holdings Limited on 15 July 2003.

33. Companies in the Group

Name of company/ country of incorporation	Principal activities	Country of business	Equity holding		Cost of investment	
			2003	2002	2003	2002
			%	%	$'000	$'000
(a) Subsidiaries						
Held by the Company						
Chronoswiss Asia Pte Ltd [Singapore]	Commission agent for Chronoswiss watches	Singapore	90	90	90	90
Cortina Watch HK Limited[1] [Hong Kong]	Retail, import and export of watches	Hong Kong	100	100	2,529	2,529
Cortina Watch (Indochina) Pte Ltd [Singapore]	Import and export of watches and pens	Singapore	100	100	519	519
Cortina Watch International Pte Ltd [Singapore]	Dormant	Singapore	100	100	[5]	[5]
Cortina Watch Pte Ltd [Singapore]	Retail, import and export of watches, pens, lighters and clocks	Singapore	100	100	1,200	1,200
Cortina Watch Sdn Bhd[2] [Malaysia]	Trading in watches, pens, lighters and clocks	Malaysia	100	100	4,093	4,093
Pactime HK Limited[1] (formerly known as Forum Watch Company Limited) [Hong Kong]	Dormant	Hong Kong	100	100	2,613	2,613
Balance brought forward					11,044	11,044

33. Companies in the Group *(continued)*

Name of company/ country of incorporation	Principal activities	Country of business	Equity holding 2003 %	Equity holding 2002 %	Cost of investment 2003 $'000	Cost of investment 2002 $'000
(a) Subsidiaries *(continued)*						
Balance carried forward					11,044	11,044
Pacific Time Pte Ltd [Singapore]	Import and export of watches	Singapore	100	100	100	100
					11,144	11,144
Held by subsidiary						
Cortina Watch (Yangon) Limited[2] [Myanmar]	Retail, import and export of watches	Myanmar	100	100	-	-
(b) Associated companies						
Held by the Company						
Montre Royale Distributors (Singapore) Pte Ltd [Singapore]	Dealers in watches	Singapore	50	50	1,000	1,000
Wholly owned subsidiary of Montre Royale Distributors (Singapore) Pte Ltd:						
Societe Anonyme De[3] Montre Royale [Switzerland]	Commission agents and general trading	Switzerland	-	-	-	-
Held by the subsidiaries						
Altina (H.K.) Limited[1] [Hong Kong]	Import, export and trading of watches	Hong Kong	50	50	230	230
Chopard (Malaysia) Sdn Bhd[4] [Malaysia]	Dealers in watches, sunglasses and jewelry	Malaysia	20	20	472	472
					702	702
					1,702	1,702

(1) Companies audited by Ronald W.F. Ko & Co., Hong Kong
(2) Companies audited by other member firms of PricewaterhouseCoopers
(3) Company audited by Cabinet de Revision & Conseil S.A., Switzerland
(4) Company audited by Foo, Lee, An and Associates, Malaysia
(5) Cost of $2 each

As at 16 July 2003

Analysis of Shareholders by Range of Balances

Size of Holdings			No. of Shareholders	%	No. of Shares	%
1,000	-	10,000	1,155	81.80	4,486,000	2.98
10,001	-	1,000,000	243	17.21	13,545,470	9.00
1,000,001		and above	14	0.99	132,546,945	88.02
			1,412	100.00	150,578,415	100.00

List of Top Twenty Shareholders

S/No	Name of Shareholders	No. of Shares	% of Holdings
1	Lim Keen Ban Holdings Pte Ltd	45,337,500	30.11
2	Yu Chuen Tek	14,038,015	9.32
3	Long Foo Pieng	11,864,940	7.88
4	Long Foo Yong	11,864,935	7.88
5	Foo See Jin	8,757,320	5.82
6	United Overseas Bank Nominees Pte Ltd	8,063,000	5.35
7	Teo Cheng Tuan Donald	7,000,000	4.65
8	Yu Lee Chiun	6,880,010	4.57
9	Yu Yung Tek	6,880,010	4.57
10	Fong Tit Fung	2,717,000	1.80
11	Lim Keen Ban	2,592,485	1.72
12	Long Ah Hian	2,485,695	1.65
13	Kim Eng Ong Asia Secs Pte Ltd	2,065,000	1.37
14	Chia Nyok Song @ Cheah Yoke Heng	1,186,995	0.79
15	Lim Jit Ming	1,092,040	0.73
16	Tham Lai Wah	724,000	0.48
17	Lim Jit Yaw	617,235	0.41
18	Lim Yin Chian	617,235	0.41
19	G K Goh Stockbrokers Pte Ltd	556,000	0.37
20	Citibank Consumer Noms Pte Ltd	506,000	0.34
Total		135,845,415	90.22

Substantial Shareholders

	No. of shares registered in the name of substantial shareholders or nominee	No. of shares which substantial shareholders are deemed to be interested	Total	%
Lim Keen Ban Holdings Pte Ltd	45,337,500	-	45,337,500	30.11
Lim Keen Ban	2,592,485	48,851,005 (1)	51,443,490	34.16
Chia Nyok Song @ Cheah Yoke Heng	1,186,995	50,256,495 (2)	51,443,490	34.16
Lim Jit Ming	1,092,040	50,351,450 (3)	51,443,490	34.16
Lim Jit Yaw	617,235	50,826,255 (4)	51,443,490	34.16
Lim Yin Chian	617,235	50,826,255 (5)	51,443,490	34.16
Yu Chuen Tek	14,585,015	118,000 (6)	14,703,015	9.76
Long Foo Pieng	11,864,940	-	11,864,940	7.88
Long Foo Yong	11,864,935	-	11,864,935	7.88
Foo See Jin	8,757,320	-	8,757,320	5.82

(1) This represents Mr Lim Keen Ban's deemed interest of 48,851,005 shares held in the name of the following:
- (a) 45,337,500 shares held by Lim Keen Ban Holdings Pte Ltd;
- (b) 1,186,995 shares held by Mdm Chia Nyok Song @ Cheah Yoke Heng (spouse of Mr Lim Keen Ban);
- (c) 1,092,040 shares held by Mr Lim Jit Ming (son of Mr Lim Keen Ban);
- (d) 617,235 shares held by Mr Lim Jit Yaw (son of Mr Lim Keen Ban); and
- (e) 617,235 shares held by Ms Lim Yin Chian (daughter of Mr Lim Keen Ban).

(2) This represents Mdm Chia Nyok Song @ Cheah Yoke Heng's deemed interest of 50,256,495 shares held in the name of the following:
- (a) 45,337,500 shares held by Lim Keen Ban Holdings Pte Ltd;
- (b) 2,592,485 shares held by Mr Lim Keen Ban (spouse of Mdm Chia Nyok Song @ Cheah Yoke Heng);
- (c) 1,092,040 shares held by Mr Lim Jit Ming (son of Mdm Chia Nyok Song @ Cheah Yoke Heng);
- (d) 617,235 shares held by Mr Lim Jit Yaw (son of Mdm Chia Nyok Song @ Cheah Yoke Heng); and
- (e) 617,235 shares held by Ms Lim Yin Chian (daughter of Mdm Chia Nyok Song @ Cheah Yoke Heng).

(3) This represents Mr Lim Jit Ming's deemed interest of 50,351,450 shares held in the name of the following:
   (a) 45,337,500 shares held by Lim Keen Ban Holdings Pte Ltd;
   (b) 2,592,485 shares held by Mr Lim Keen Ban (father of Mr Lim Jit Ming);
   (c) 1,186,995 shares held by Mdm Chia Nyok Song @ Cheah Yoke Heng (mother of Mr Lim Jit Ming);
   (d) 617,235 shares held by Mr Lim Jit Yaw (brother of Mr Lim Jit Ming); and
   (e) 617,235 shares held by Ms Lim Yin Chian (sister of Mr Lim Jit Ming).

(4) This represents Mr Lim Jit Yaw's deemed interest of 50,826,255 shares held in the name of the following:
   (a) 45,337,500 shares held by Lim Keen Ban Holdings Pte Ltd;
   (b) 2,592,485 shares held by Mr Lim Keen Ban (father of Mr Lim Jit Yaw);
   (c) 1,186,995 shares held by Mdm Chia Nyok Song @ Cheah Yoke Heng (mother of Mr Lim Jit Yaw);
   (d) 1,092,040 shares held by Mr Lim Jit Ming (brother of Mr Lim Jit Yaw); and
   (e) 617,235 shares held by Ms Lim Yin Chian (sister of Mr Lim Jit Yaw).

(5) This represents Ms Lim Yin Chian's deemed interest of 50,826,255 shares held in the name of the following:
   (a) 45,337,500 shares held by Lim Keen Ban Holdings Pte Ltd;
   (b) 2,592,485 shares held by Mr Lim Keen Ban (father of Ms Lim Yin Chian);
   (c) 1,186,995 shares held by Mdm Chia Nyok Song @ Cheah Yoke Heng (mother of Ms Lim Yin Chian);
   (d) 1,092,040 shares held by Mr Lim Jit Ming (brother of Ms Lim Yin Chian); and
   (e) 617,235 shares held by Mr Lim Jit Yaw (brother of Ms Lim Yin Chian).

(6) This represents Mr Yu Chuen Tek's deemed interest of 118,000 shares held in the name of Mrs Maria Norma D Yu (spouse of Mr Yu Chuen Tek).

Public Shareholdings

Rule 723 of the Listing Manual of the SGX-ST requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) of a listed company in a class that is listed is at all times held by the public.

The Company has complied with Rule 723. As at 16 July 2003, approximately 23.75% of the Company's ordinary shares listed in the SGX-ST were held in the hands of the public.

CORTINA HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Empress Room 3, Level 2, Carlton Hotel-Singapore, 76 Bras Basah Road, Singapore 189558 on 15 August 2003 at 09.00 a.m. to transact the following business:-

Ordinary Business

1. To receive and consider the Audited Accounts for the financial year ended 31 March 2003 and the Reports of the Directors and Auditors thereon. *(Resolution 1)*

2. To approve the payment of a first and final dividend of 6.41% per ordinary share less Singapore income tax of 22% as recommended by the Directors for the financial year ended 31 March 2003. *(Resolution 2)*

3. To re-elect the following Directors who are retiring in accordance with the Company's Articles of Association:-

   (a) Mr Foo See Jin (Retiring under Article 91) *(Resolution 3)*
   (b) Mr Yu Chuen Tek (Retiring under Article 91) *(Resolution 4)*
   (c) Mr Lim Jit Ming (Retiring under Article 91) *(Resolution 5)*
   (d) Mr Ch'ng Jit Koon (Retiring under Article 97) *(Resolution 6)*

4. To approve Directors' fees for the financial year ended 31 March 2003. *(Resolution 7)*

5. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Resolution 8)*

Special Business

6. To consider and if thought fit, pass the following ordinary resolution, with or without modifications:-

   Authority to allot and issue shares

   "That, pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to issue shares and convertible securities in the Company (whether by way of rights, bonus or otherwise) at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities to be issued pursuant to this resolution does not exceed 50% of the issued share capital of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's issued share capital at the time this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent consolidation or subdivision of the Company's shares), and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."
   (Resolution 9)

7. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

Dated this 30th day of July 2003

By Order of the Board

Foo Soon Soo
Choong Mee Fong
Company Secretaries

Notes:

1) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy and vote in his stead.

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

3) If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4) The instrument appointing a proxy must be deposited at the registered office of the Company at 250 North Bridge Road, #16-01, Singapore 179101 not later than 48 hours before the time appointed for the Meeting.

Explanatory Notes:

1) The ordinary resolution in item no. 6 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 percent of the issued share capital of the Company for such purposes as they consider would be in the interests of the Company. Rule 806(3) of the Listing Manual of the Singapore Exchange Securities Trading Limited currently provides that the issued share capital of the Company for this purpose shall be the issued share capital at the time this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

2) Mr Yu Chuen Tek will, upon re-election as a director of the Company, remain as a member of the Audit Committee and will be considered non-independent for the purposes of Rule 704(8) of the Listing Manual of The Singapore Exchange Securities Trading Limited.

PROXY FORM

CORTINA HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy Cortina Holdings Limited's shares, this Annual Report 2003 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, ______________________________

of ______________________________

being *a member/members of Cortina Holdings Limited (the "Company"), hereby appoint

____

of ______________________________

*and/or, failing *him/her, ______________________________

of ______________________________

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at Empress Room 3, Level 2, Carlton Hotel-Singapore, 76 Bras Basah Road, Singapore 189558 on Friday, 15 August 2003 at 09.00 a.m. and at any adjournment thereof. The *proxy is/proxies are to vote on the business before the Meeting as indicated below. If no specific direction as to voting is 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 Meeting:-

Resolutions	For	Against
1. To receive and adopt the Accounts of the Company for the financial year ended 31 March 2003 and the Reports of Directors and Auditors thereon. *(Resolution 1)*		
2. To approve the payment of a first and final dividend of 6.41% per ordinary share less Singapore income tax of 22% as recommended by the Directors for the financial year ended 31 March 2003. *(Resolution 2)*		
3. To re-elect Mr Foo See Jin (Retiring under Article 91) *(Resolution 3)*		
4. To re-elect Mr Yu Chuen Tek (Retiring under Article 91) *(Resolution 4)*		
5. To re-elect Mr Lim Jit Ming (Retiring under Article 91) *(Resolution 5)*		
6. To re-elect Mr Ch'ng Jit Koon (Retiring under Article 97) *(Resolution 6)*		
7. To approve the Directors' fees for the financial year ended 31 March 2003. *(Resolution 7)*		
8. To re-appoint PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Resolution 8)*		
9. To authorise the Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50. *(Resolution 9)*		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Dated this ________ day of ____________ 2003

Total Number of Shares Held

____

Signature(s) of Member(s) / Common Seal

** Delete accordingly*

Notes:-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 250 North Bridge Road, #16-01, Singapore 179101 not later than 48 hours before the time set for the Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

Fold along this line

Affix
Postage
Stamp

The Company Secretary
CORTINA HOLDINGS LIMITED
250 North Bridge Road
#16-01 Raffles City Tower
Singapore 179101

Fold along this line