Cortina Holdings Limited

ANNUAL REPORT
2006

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Cortina Holdings Limited is a leading retailer and distributor of international luxury timepieces in Asia.

Backed by more than 30 years of operating experience, the success of the Group can be attributed to its wide distribution network covering both Southeast Asia and Northeast Asia, innovative retail concepts, dealerships in over 50 international watch brands and a strong management team.

The retail network encompasses 12 boutiques located in major cities in the region; namely: Singapore, Malaysia, Thailand and Hong Kong. The Group's retail innovativeness is best illustrated by its award-winning Cortina Watch Espace and the Couture Gallery.

Cortina's strong and long-term relationships with its principals are reflected by the recent opening of exclusive boutiques in partnership with brands like IWC and Jaeger-LeCoultre in the upmarket Siam Paragon shopping mall in Bangkok, Thailand.

Besides carrying well-known international watch brands, Cortina Holdings is also the exclusive dealer for prestigious names such as Blancpain, Cartier CPCP, Chronoswiss, Porsche Design, Jean-Mairet & Gillman and Omega Bijoux for Singapore and selected countries and territories. Pacific Time Pte Ltd, a wholly-owned subsidiary, holds the agency rights to distribute Concord, Locman and Underwood (London) in Asia.

Dear Shareholders,

We are pleased to present another year of growth for the Group.

Performance Review

During the financial year under review, Cortina posted a 6.2% rise in sales to $167.7 million. This increase is mainly attributed to the sales increase of $15.8 million from the retail business because of the positive economic and retail environment. This increase in sales mitigated the sales decline in the distribution business which recorded a $6.1 million fall to $44.3 million due to intense competition and lower demand.

Nonetheless, the Group remained profitable, achieving a 16.9% increase in profit attributable to shareholders to $3.6 million resulting in earnings per share of 2.3 cents.

In line with the Group's positive results and to thank shareholders for their loyal support, the Board of Directors is proposing a net dividend of 1 cent per ordinary share.

Corporate Review

During the year, we undertook a private placement of 15 million new shares to strengthen our balance sheet. The exercise resulted in net proceeds of approximately $5.36 million which were mainly used for the repayment of loans.

In Malaysia, our Malaysian subsidiary, Cortina Watch Sdn Bhd divested its entire 20% equity investment in Chopard (Malaysia) Sdn Bhd for 600,000 Swiss francs and this resulted in a net gain of $211,000.00 to the Group.

At the operational level, the year was filled with activities and developments which leveraged on our core strengths in retailing, brand management and Cortina's strong retail and distribution network in the region.

Retail

Our mission is to continually add breadth and depth to our product offering in addition to providing innovative retail presentation and concepts. There were many positive developments for Cortina's retail business in 2005:

In Singapore, Cortina Watch Pte Ltd, our wholly owned subsidiary, was appointed as an authorised retailer for Rolex at Raffles City boutique.

We also introduced a bold, new and innovative retail concept known as the Couture Gallery at the Paragon which is located in the heart of the high pedestrian traffic area along Orchard Road.

The Group's existing retail store at this shopping mall was specially redesigned and an entirely new area was created from existing space within the shop to allow for more prominent displays of jewellery timepieces.

In Malaysia, Cortina's signature Espace concept boutique at StarHill Gallery in Kuala Lumpur reopened its doors after a major renovation. The expanded retail area allows for more individual private space when it comes to the viewing of selected brands and timepieces in our signature shop-in-shop boutique. The Cortina Watch Espace at StarHill complements our retail outlet at Kuala Lumpur Plaza.

Cortina Watch Espace Singapore

In Thailand, the Group deepened the relationships with key principals, having secured the management rights for the IWC and Jaeger-LeCoultre mono-brand boutiques at the upmarket Siam Paragon Mall, Bangkok. The exclusive boutiques were launched amidst much fanfare.

We are particularly pleased with such developments as it reflects well on our strong partnerships with our principals. Moreover, such on-going activities strengthen our position as a leading luxury watch retailer in the region.

In Hong Kong, we opened a Locman boutique at the International Finance Centre. Through our subsidiary, we have also entered into a partnership with Citimex Venture in the distribution of timepieces from this very same Italian brand.

Distribution

The management of brands is a key pillar of the Group's overall business. We are pleased to report that exclusive rights to distribute Porsche Design timepieces for Singapore, Malaysia and Indonesia have been secured.

We are making steady progress in Northeast Asia, having won the distribution rights for Concord in Taiwan. We are committed to the Taiwanese market and have invested NT$8.25 million ($427,217.00) into a 55% owned subsidiary with a local partner to develop the watch business there.

Our portfolio of exclusive brands includes Andersen Geneve, Blancpain, Cartier CPCP, Chronoswiss, Concord, Jean-Mairet & Gillman, Locman, Montre Royale, Omega Bijoux and Underwood for Singapore and certain territories in this region.


Cortina Watch Paragon, Couture Gallery

Locman Boutique, Hong Kong

Rolex Boutique, Raffles City

IWC Boutique, Siam Paragon


Jaegar-LeCoultre Boutique, Siam Paragon

Cortina Watch Espace Thailand

Customer Service

Buying a watch is a unique shopping experience which must be enjoyable as well. This rightfully explains why we pride ourselves in providing innovative retail concepts like the Espace and the Couture Gallery.

The concept of time and space goes hand-in-hand when customers enter our retail outlets and their senses are given a good taste of what luxury, comfort and personal shopping experiences are all about.

Customer service ranks among the top priorities at Cortina Watch. The Group is pleased to participate in the GEMS (Go the Extra Mile for Service) programme which is conducted on a national level in Singapore. The objective of GEMS is to improve the overall industry standards of service levels in this country.

In addition, the Group remains committed to maintaining high levels of customer service standards through regular qualitative and product training programmes.


Andersen Geneve


Carlo Ferrara


Chronoswiss


Concord


Jean-Mairet & Gillman


Locman


Montre Royale


Porsche Design


Schwarz Etienne


Underwood

Cortina Watch Espace Malaysia

Appreciation

My deepest appreciation goes out to our management, staff, shareholders, customers and business partners for their continued support and encouragement. The outlook for the current financial year is as challenging as always but with a dynamic and innovative team, we remain positive about our future. Barring any unforeseen circumstances, we expect another year of profitability.

Thank you.

Lim Keen Ban, Anthony
Chairman & Managing Director

Cortina Watch Espace Malaysia, Façade

Overview


Private Room

Blancpain and Chopard Boutiques

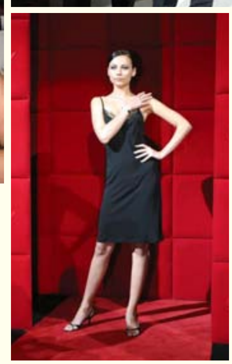
Cartier Boutique

Concord Boutique

UNVEILING THE COUTURE GALLERY
SEP 05, SINGAPORE Cortina Watch proudly unveiled the new Cortina Watch Couture Gallery at Paragon, showcasing jewellery timepieces crafted by gifted artisans. The luxurious gallery was the perfect venue for several exclusive events, including a Chopard fashion show and the launch of the Ebel High Jewellery collection by Ebel ambassador Maggie Cheung.

LAUNCH OF IWC INGENIEUR
OCT 05, SINGAPORE Along with IWC Ingenieur and Mercedes AMG, Cortina Watch celebrated the launch of The Ingenieur at Cortina Watch Paragon.

CHRONOSWISS IN SINGAPORE
OCT 05, SINGAPORE Guests of Cortina Watch were invited to a sumptuous German Dinner & Beer Affair hosted by Chronoswiss and Cortina Watch. The nostalgic Raffles House at Fort Canning Park was transformed to a Chronoswiss House where legendary founder and Master watchmaker of Chronoswiss Mr Gerd R Lang and his beloved watchmaker daughter Ms Natalie Lang mesmerised guests with their charms and passion for the craft of watch making.



LAUNCH OF BREITLING BENTLEY MULLINER
JUL 05, SINGAPORE It was a night of prestige and luxury as guests feasted their eyes on the fine watches from the Breitling for Bentley collection and the elegant Bentley limousines on display. The limited edition Mulliner Perpetual, a creation that was inspired by Bentley's exclusive Mulliner factory in Crewe, was launched exclusively at Cortina Watch Espace, Millenia Walk to much rousing success.

CINDY CRAWFORD LAUNCHES THE OMEGA BIJOUX COLLECTION

AUG 05, MALAYSIA Omega ambassador Cindy Crawford made her first visit to Malaysia to grace the launch of the Omega Bijoux jewellery collection, exclusively at Cortina Watch Espace, Starhill Gallery, Kuala Lumpur.

ROLEX PRINCE PRIVATE PREVIEW

JUL 05, MALAYSIA In conjunction with celebrations for the newly-renovated Rolex boutique at Cortina Watch Espace, Starhill Gallery, Kuala Lumpur, Cortina Watch held a private preview of the Rolex Prince Collection.

PATEK PHILIPPE BASELWORLD 2005 PRIVATE PREVIEW

AUG 05, MALAYSIA Cortina Watch and Patek Philippe hosted a Private Preview of Patek Philippe's Baselworld 2005 Collection at JW Marriott Hotel, Kuala Lumpur.

CORTINA WATCH ESPACE THAILAND TURNS ONE

NOV 05, THAILAND Cortina Watch Espace Erawan Bangkok celebrated her 1st Anniversary with a gala reception at the All Seasons Place, Bangkok, marking a significant milestone for Cortina Watch. Customers, business associates and friends of the media – many of whom came dressed according to the 'pirate' theme – were treated to an unforgettable night of good food and great entertainment.

CONCORD INTRODUCES DELIRIUM

AUG 05, THAILAND To commemorate the launch of The Delirium, Cortina Watch held a 'deliriously' elegant cocktail party with special performances by the Bangkok Symphony Orchestra, a soprano vocalist and a showcase of exquisite Delirium timepieces.

"AROUND THE WORLD" WITH JEAN-MAIRET & GILLMAN

SEP 05,THAILAND Watch lovers and collectors shared an evening of viewing and discussing JMG watches with founder Mr Cesar Jean-Mairet at Ma Maison, Nai Lert Park, Bangkok, Thailand.

LOCMAN OPENS IN HONG KONG

DEC 05, HONG KONG The first Locman flagship store opened in Hong Kong's Central district with an event entitled "Il Tempo dell'Eleganza", or "The Time of Elegance". The event was graced by Locman President and CEO Mr Marco Mantovani and celebrity guests Ms Mandy Cho, Mr Bobby Au Yeung and Mr Lam Fung.

AUDEMARS PIGUET "AS TIME GOES BY" EXHIBITION

OCT 05, THAILAND Cortina Watch and Audemars Piguet hosted a private preview in conjunction with the launch of *"As Time Goes By. The Art of Complex Watches"* showcasing over two centuries of Audemars Piguet's technical expertise and watchmaking tradition.

LAUNCH OF CONCORD IN TAIWAN

NOV 05, TAIWAN Fans of Concord in Taiwan rejoiced as the luxurious Swiss Watch brand re-entered the Taiwan market through the appointment of Pacific Time Co. Limited as agent.

GIRARD-PERREGAUX PRIVATE PREVIEW

FEB 06, THAILAND Cortina Watch and Girard-Perregaux warmly welcomed a select gathering of guests for a private preview and Thai debut of Girard-Perregaux's renowned High Complications collection.

Mr Long Foo Pieng, Benny
Non-Executive Director

Mr Ch'ng Jit Koon
Independent Director

Mr Lim Jit Yaw, Jeremy
Executive 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

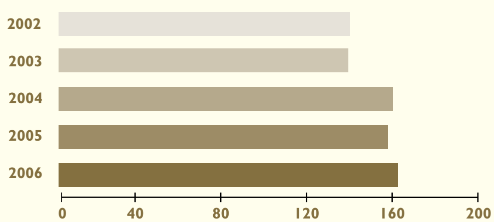
Mr Lau Ping Sum, Pearce
Independent Director

Mr Seet Keong Sam, Lawrence
Independent Director

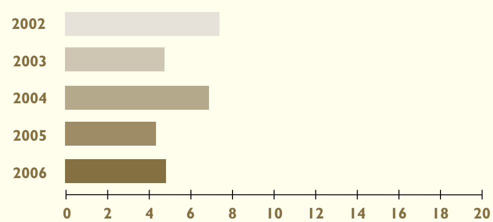
FINANCIAL HIGHLIGHTS

S$ MILLION	FY2006	FY2005	FY2004	FY2003	FY2002
Turnover	167.7	158.0	161.8	140.2	140.4
Profit Before Tax	4.8	4.4	7.0	4.7	7.4
Profit After Tax	3.3	3.2	6.1	3.7	5.6
Dividend (Net)	1.6	1.5	1.7	1.5	5.1
Shareholders' Equity	70.8	63.5	62.0	58.3	48.4
CENTS					
Basic Earnings Per Share	2.3	2.0	4.0	2.6	5.0
Net Assets Per Share	42.7	42.2	41.2	38.7	43.0

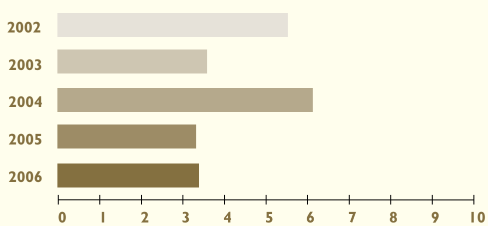
Turnover (S$m)



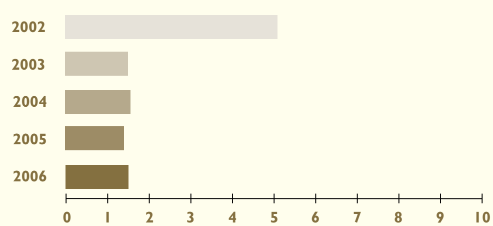
Profit Before Tax (S$m)



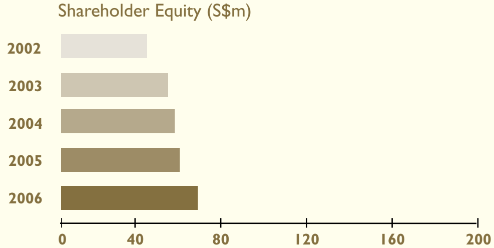
Profit After Tax (S$m)



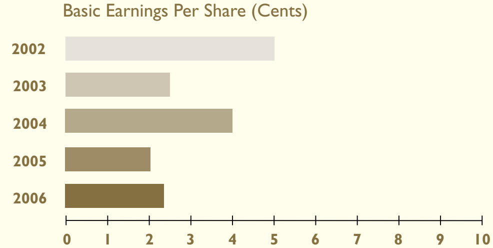
Dividend (Net) (S$m)



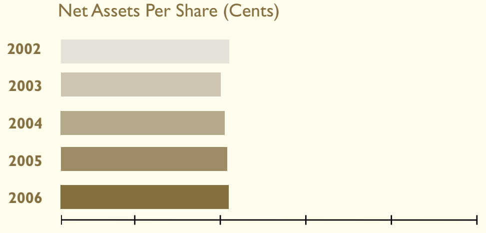
Shareholder Equity (S$m)



Basic Earnings Per Share (Cents)



Net Assets Per Share (Cents)



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	*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 Choong Mee Fong, ACIS	
	Ms Lim Ka Bee, ACIS	
AUDIT COMMITTEE	Mr Seet Keong Sam, Lawrence	*Chairman*
	Mr Lau Ping Sum, Pearce	
	Mr Ch'ng Jit Koon	
REMUNERATION COMMITTEE	Mr Lau Ping Sum, Pearce	*Chairman*
	Mr Ch'ng Jit Koon	
	Mr Foo See Jin, Michael	
NOMINATING COMMITTEE	Mr Ch'ng Jit Koon	*Chairman*
	Mr Seet Keong Sam, Lawrence	
	Mr Yu Chuen Tek, Victor	
	Mr Lau Ping Sum, Pearce	

REGISTERED OFFICE

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

REGISTRAR AND SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore 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: Ms Ooi Chee Kar
Year of Appointment: Financial year ended 31 March 2005

Cortina Holdings Ltd (the "Company") is committed to achieving and maintaining high standards of corporate governance principles and processes in managing the business and affairs, so as to improve the performance, accountability, and transparency of the Company and its subsidiaries (collectively called the "Group"). The Company has therefore adopted and complied, where feasible with the principles set out in the Code of Corporate Governance ("the Code") issued by the Corporate Governance Committee since it was officially listed on the main board of Singapore Exchange Securities Trading Limited (SGX-ST) in Year 2002.

The Company will continue to review and refine the principles and processes in order to keep pace with changing business and regulatory environments.

This Report is broadly divided into four main sections, consistent with the Code as follows:

- Board Matters
- Remuneration Matters
- Accountability and Audit
- Communication with Shareholders

BOARD MATTERS

The Board's Conduct of its Affairs
Principle 1: Every company should be headed by an effective Board to lead and control the company

The principal functions of the Board are to establish strategic business policies and objectives of the Group, monitor the financial performance of the Group and oversee the performance of management in its control of the Group's businesses and corporate affairs in order to protect and enhance the interest of the Company, its shareholders and employees.

The Board has formed specialised committees namely the Audit Committee, the Nominating Committee and the Remuneration Committee to assist in carrying out and discharging its duties and responsibilities efficiently and effectively.

Regular meetings are held to deliberate the strategic policies of the Group including significant acquisitions and disposals, review and approve annual budgets, review the performance of the business and approve the public release of periodic financial results.

The Board has authorised an approval sub-limit to Management for investment purpose in order to achieve operational efficiency. The Management is, however, required to act in the best interests of the Company and notify the Board and relevant authority of such investment and to follow up with directors' resolution affirming the investment.

The following table discloses the number of meetings held for Board and Board Committees and the attendance of all directors for the financial year ended 31 March 2006.

	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE
Number of meetings held	4	5	2	1
NAME OF DIRECTORS	**NUMBER OF MEETINGS ATTENDED**			
Executive Directors				
Lim Keen Ban	4	-	2	-
Yu Chuen Tek	4	5	-	1
Lim Jit Ming	4	-	-	-
Lim Jit Yaw *	4	-	-	-
Non-Executive Directors				
Long Foo Pieng	4	-	-	-
Foo See Jin	2	-	-	-
Independent Directors				
Lau Ping Sum, Pearce	4	5	2	-
Seet Keong Sam	4	5	-	1
Ch'ng Jit Koon	4	-	2	1

* Re-designated as Executive Director on 1 June 2006.

All directors are provided with relevant information on the Company's policies and procedures including issues relating to corporate governance.

The executive directors regularly take part in trade fairs, seminars and relevant gatherings to keep pace with the latest developments and trends of the watch industry while non-executive directors and newly appointed directors familiarise themselves with the Company's business strategies by having discussions with Board's members, regular contact with management and visits to the operational boutiques.

The directors are also regularly kept informed of the changes in law and regulations and are encouraged to attend seminars and training in their relevant fields.

Board's Composition and Balance

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

The Board presently comprises nine directors including an executive chairman, three executive directors and five non-executive directors of which three are independent. They are well equipped as a group with the necessary knowledge and experience and are capable of providing core competencies as set out by the Code.

The Board is satisfied with its current size and composition and with its ability to meet the Company's needs under the existing scope and nature of the operations. The Board will continually review its size and composition to ensure that it remains appropriate in the light of changing business and regulatory environments.

The profiles and key information of the Board members and key executives as of the date of this report are as follows:

DIRECTORS

Lim Keen Ban, Anthony is one of the founders of our Group and was appointed Managing Director since 1972 and was last re-elected as Director pursuant to Section 153(6) of the Companies Act, Cap. 50 in 2005. He is again due for re-election at the forthcoming Annual General Meeting. 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 50 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 has been our Director since 1987 and was appointed Executive Director in 1995. He was last re-elected in 2005. 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 has been an Executive Director of our Group since 1992. He is 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, strategic planning and is actively involved in development of new markets. He has been with the Group since 1980 and has 26 years of experience and know-how of the watch retail and distribution industry.

Lim Jit Yaw has been appointed as Executive Director with effect from 1 June 2006. He was previously a Non-Executive Director and has been with the Group since 2002. He was last re-elected in 2005. He was appointed Operations Manager in 2000 and was subsequently promoted to Operations Director and Regional General Manager in 2003 and 2004 respectively. His duties include the management of the overall operations and merchandising of retail outlets in Singapore, Malaysia, Thailand and Indonesia. 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 majoring in Accounting and Finance. He was admitted as a member of Young Business Leaders Forum in 2006.

Foo See Jin 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 2005. He has been in the food and beverage industry for over 40 years and was operations manager at the Yi Ru Vegetarian Restaurant, Neptune Theatre and Marina Mandarin of the Mandarin Group.

Long Foo Pieng is a Non-Executive Director of our Group since 2000. He is due for re-election at the forthcoming Annual General Meeting. 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.

Seet Keong Sam was appointed as Independent Director in 2002 and was last re-elected as Director in 2005. Mr Seet has extensive experience in the accounting practice having been in the industry for over 31 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.

Lau Ping Sum, Pearce was appointed as Independent Director in 2002. He was last re-elected in 2004. 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 from the Australian National University and a Diploma in Business Administration from the National University of Singapore.

Ch'ng Jit Koon, was appointed as Independent Director in 2003. Mr Ch'ng was last re-elected as Director pursuant to Section 153(6) of the Companies Act, Cap. 50 in 2005. He is again due for re-election at the forthcoming Annual General Meeting. He is a Justice of the Peace, and was a Member of Parliament from 1968 to 1996. He was holding the post of Senior Minister of State when 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, Fund Raising Committee of NTU 21st Century Fund; Chairman, Oral History Advisory Committee; Chairman, Traditional Chinese Medicine Practitioners Board and Member of Board of Trustees, Chinese Development Assistance Council.

KEY EXECUTIVES

Mr Ngai Kok Hoong, the Financial Controller, is responsible for the Group's accounting and financial planning and control. He also oversees the Group's information technology matters. Prior to joining us in 2003, he was the Financial Controller of a public listed manufacturing company. He has more than 18 years of experience in the accounting profession. He is a fellow member of the Association of Chartered Certified Accountants and member of Institute of Certified Public Accountants of Singapore.

Lim Yin Chian, Sharon is the Marketing Director of the Group and has been with us for over 13 years. She is primarily responsible for the Group's overall marketing strategies, including brand management. Ms Lim was also appointed Executive Director of Pacific Time Pte Ltd in 2003, and is responsible for the overall business development and distribution operations for South East Asia. 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 of 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 in 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 retail outlet as well as being in charge of the financial aspects of the division.

Krist Chatikaratana, is the General Manager of our subsidiary in Thailand, Cortina Watch (Thailand) Co.Ltd. He joined the Group in 2004 and is responsible for the overall operations of the company. His responsibilities include business development and overseeing the daily retail operations, financial and marketing affairs of the company. Prior to this, he was the Vice President of a luxury watch company. He graduated from Boston University, United States of America with a Bachelor in Economics and Finance.

Chairman & Managing Director

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

The Company has not adopted the recommendation of the Code to have separate appointment of Chairman and Managing Director as Mr Lim Keen Ban is the Chairman and Managing Director of the Company. He has executive responsibilities for the Group's performance and also ensures the responsibilities as set out in the Code are properly discharged.

There are three independent directors out of the nine directors currently sitting in the Board. All directors have unrestricted access to the Company's records and information and have separate and independent access to the Management team and the Company Secretary at all times. All directors are also provided with complete and adequate information before every Board Meeting. The Board is therefore of the view that there is a strong independent element on the Board to ensure a balance of power and authority in the Board.

The Board will continually evaluate and monitor the appropriateness of this structure and ensure that it is in the best interests of the Company and its shareholders.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board. As a principle of good corporate governance, all directors should be required to submit themselves for re-nomination and re-election at regular intervals.

The Company has established a Nominating Committee (the "NC") which is guided by the Terms of Reference approved by the Board.

The NC comprises Mr Ch'ng Jit Koon, Committee Chairman, Mr Seet Keong Sam and Mr Yu Chuen Tek and Mr Lau Ping Sum, Pearce who has been appointed as an additional member with effect from 25 May 2006. A majority of the NC members are independent non-executive directors. Mr Ch'ng Jit Koon, Mr Seet Keong Sam and Mr Lau Ping Sum are considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The NC ensures a formal and transparent process for the appointment of new directors and re-election of directors to the Board having regard to their academic background, working experience, management skill, attendance, preparedness, participation, candour and other salient factors.

The NC reviews and determines annually whether a director is independent or a director is able and has adequately carried out his duties as a director. The NC will then make the necessary recommendations to the Board for re-nomination and re-election purposes.

The Company's Articles of Association requires one-third of the directors to retire by rotation at every Annual General Meeting. They can be re-elected if eligible. The Managing Director appointment is not subject to this retirement by rotation.

Board Performance

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

The NC, as set out in the Terms of References, is responsible for reviewing and evaluating the Board's performance. The evaluations are based on certain objective performance criteria which are decided by the NC.

The Board is currently in the course of reviewing a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual director to the effectiveness of the Board in accordance with the revised Code of Corporate Governance 2005.

Access to Information

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

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 have separate and independent access to the Management team and the Company Secretary at all times and are provided with complete and adequate information before every Board Meeting.

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.

The Company Secretary attends all Board meetings and is responsible for advising the Company on compliance requirements pursuant to respective statutes and regulations. The Company Secretary also attends most Audit Committee Meetings.

REMUNERATION MATTERS

Procedure for Developing Remuneration Policies

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

Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more for this purpose. A proportion of the remuneration, especially that of executive directors, should be linked to performance.

Disclosure of Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report.

The Company has established a Remuneration Committee ("RC") which is to recommend to the Board a framework of remuneration for the Board and key executives, determine remuneration packages for each executive director and the Managing Director. The RC is also to recommend to the Board the terms of renewal of service agreements for directors who entered service agreement with the Company.

In compliance of the revised Code of Corporate Governance 2005, Mr Foo See Jin, a Non-Executive Director, has been appointed as a member of the RC in place of Mr Lim Keen Ban, an Executive Director, with effect from 25 May 2006.

Upon the above change being effected, the Members of the RC of the Company which now comprises entirely non-executive directors, a majority of whom are independent. The RC members are Mr Lau Ping Sum, Committee Chairman, Mr Ch'ng Jit Koon (Member) and Mr Foo See Jin (Member). The RC, in its review of executive compensation matters, will procure professional consultancy as and when deemed necessary.

The level and mix of each remuneration package of the directors and key executives are designed after considering the market's pay and employment conditions, individual's level of responsibilities, company's relative performance and the performance of individual directors and key executives.

For the financial year ended 31 March 2006, the RC recommended that all directors be paid a basic fee of S$25,000.00, 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 Annual General Meeting.

The Company has no employee share scheme as of the date of this report.

The following table discloses the breakdown of Directors' remuneration in percentage terms for financial year ended 31 March 2006.

RENUMERATION BAND AND NAME OF DIRECTOR	BASED / FIXED	VARIABLE OR PERFORMANCE-RELATED INCOME / BONUSES	DIRECTOR'S FEES
$750,000 to $1,000,000			
Lim Keen Ban	61%	33%	6%
$500,000 to $749,999			
Yu Chuen Tek	70%	23%	7%
Lim Jit Ming	68%	28%	4%
Below $250,000			
Lim Jit Yaw	58%	30%	12%
Foo See Jin	–	–	100%
Long Foo Pieng	–	–	100%
Lau Ping Sum, Pearce	–	–	100%
Seet Keong Sam	–	–	100%
Ch'ng Jit Koon	–	–	100%

Remuneration of top Key Executives (who are not Directors of the Company)
For the financial year ended 31 March 2006, the top key executives (who are not Directors of the Company) of the Group are Ngai Kok Hoong, Lim Yin Chian, Tshai Kin Chon, Cheah Yok Kian and Krist Chatikaratana. The remuneration of each of these key executives did not exceed S$250,000.

There are two immediate family members of the Managing Director whose remuneration exceeded S$150,000 for the financial year ended 31 March 2006.

ACCOUNTABILITY AND AUDIT

Accountability
Principle 10: The Board is accountable to the shareholders while the Management is accountable to the Board.

The Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance, financial position and prospects when it announces the interim and full year financial results of the Group. Periodic announcement on business and other developments of the Group via SGX-ST's SGXNET or press release will keep our shareholders informed about the progress of the Group.

The Management provides the Board with detailed management accounts and commentary of the Group's performance and financial position on a quarterly basis. This assists the Board when it formulates business strategies and directions for the Group.

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

The establishment of an Audit Committee ("AC") is to assist the Board in discharging its fiduciary responsibilities pertaining to accountability to the Company's shareholders and maintaining high standards of corporate governance.

In compliance with the revised Code of Corporate Governance 2005, Mr Ch'ng Jit Koon, a Non-Executive and Independent Director, has been appointed as a member of the Audit Committee in place of Mr Yu Chuen Tek, an Executive Director, with effect from 25 May 2006. Mr Ch'ng is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Upon the above change being effected, the Members of the Audit Committee of the Company will now comprise entirely non-executive and independent directors. They are Mr Seet Keong Sam, Committee Chairman, Mr Lau Ping Sum (Member) and Mr. Ch'ng Jit Koon (Member).

The AC scope of authority, as defined by its Terms of Reference, includes:

- reviews with the external auditors, the audit plan, the evaluation of the internal accounting controls, audit reports and any matters which the external auditors wish to discuss (in the absence of management, where necessary);

- reviews with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems;

- reviews any significant findings of internal investigations and management's response;

- makes recommendations to the Board on the appointment of external auditors, the audit fee and any questions of their resignation or dismissal;

- reviews and approves the appointment, replacement, reassignment or the dismissal of the internal auditors;

- monitors interested person transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of action that raises questions of management integrity. The Committee is also required to ensure that directors report such transactions annually to shareholders via annual report;

- review half yearly reporting to SGX-ST and year end annual financial statements of the Group before submission to the Board, focusing on

  – going concern assumption
  – compliance with accounting standards and regulatory requirements
  – any changes in accounting policies and practices
  – significant issues arising from the audit
  – major judgmental areas; and

- any other functions which may be agreed by the Audit Committee and the Board.

The Audit Committee has presented a report to the Board in respect of:

(i) the co-operation given by the Company's officers and whether the Audit Committee in the course of carrying out its duties, was obstructed or impeded by management;

(ii) the adequacy of the Group's internal accounting control system and its internal control procedures relating to interested person transactions;

(iii) compliance with legal and other regulatory requirements; and

(iv) any other matter which in the Audit Committee's opinion, should be brought to the attention of the Board.

The AC meets regularly and also holds internal meetings and discussions with the management from time to time. The AC has full discretion to invite any Director or executive officer to attend its meetings. The AC has reasonable resources to enable it to discharge its function properly. The AC has conducted an annual review of non-audit services provided by its external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before confirming their re-nomination.

ACCOUNTABILITY AND AUDIT

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

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

The Management of the Company has implemented a system of internal controls and procedures, including financial, operational and compliance controls, within the Group to safeguard the shareholders' interests and Group's assets as well as to managing risk.

The Board acknowledges its overall responsibilities for the Group's system of internal controls and risk management, but recognises that no cost effective internal control system will preclude all errors and irregularities.

An independent public accounting firm has been appointed to perform periodic internal audits for the Group. Prior to the appointment, the AC had reviewed and is of the view that the internal auditors are independent and have adequate resources and abilities to carry out the internal audit function.

The internal auditors perform detailed work to assist the AC and the Board in the evaluation of the internal controls, financial and accounting matters and financial risk management. They report directly to the AC and administratively also reports to the Managing Director.

Based on internal and management controls in place, the Board is satisfied that there are adequate internal controls in the Group.

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

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

The 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:

- SGXNET and news releases;
- Press releases on major developments;
- Disclosure to the SGX-ST;
- 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 chairpersons of the AC, the NC and the RC shall be present at the AGM to address questions raised. The auditors, Messrs PricewaterhouseCoopers, have been invited to be present to assist the directors in addressing relevant queries raised.

DEALING IN SECURITIES

The Group has adopted the SGX-ST's best practices guide with regard to dealing with the Company's securities. The directors and senior management are advised not to deal in Company's share during the period commencing one month before the announcement of the Group's financial results and ending on the date of announcement.

The directors and senior management are also advised the relevant provisions under the Securities and Futures Act of Singapore for dealing with the Company's shares while in possession of unpublished material price-sensitive information in relation to the shares.

MATERIAL CONTRACTS

The Company has renewed the Service Agreements, which were entered with three Executive Directors namely Mr Lim Keen Ban, Mr Yu Chuen Tek and Mr Lim Jit Ming on 17 July 2002, upon review carried out by Audit Committee and Nominating Committee and approval granted by Board of Directors. The new service agreements will take effect from 17 July 2005 for a period of three years each, unless otherwise terminated by either party giving to the other not less than six calendar months prior notice.

The Company has entered into a Service Agreement with Mr Lim Jit Yaw, Executive Director on 1 June 2006 for a period of three years, unless otherwise terminated by either party giving to the other not less than six calendar months prior notice.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy, which sets out the procedures for the notification to and approval by Audit Committee, in relation to transactions with interested persons. There was no interested person transaction which requires disclosure or shareholders' approval under SGX-ST rules regulating interested persons transactions.

FINANCIAL REPORT

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 March 2006 and the balance sheet of the Company at 31 March 2006.

Directors

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

Lim Keen Ban
Yu Chuen Tek
Lim Jit Ming
Lim Jit Yaw
Foo See Jin
Long Foo Pieng
Lau Ping Sum, Pearce
Seet Keong Sam
Ch'ng Jit Koon

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 and related corporations, except as follows:

	HOLDINGS REGISTERED IN NAME OF DIRECTOR OR NOMINEE		HOLDINGS IN WHICH A DIRECTOR IS DEEMED TO HAVE AN INTEREST	
	At 31.3.2006	At 1.4.2005	At 31.3.2006	At 1.4.2005
The Company (Ordinary Shares)				
Lim Keen Ban	-	2,592,485	53,112,425	49,345,005
Yu Chuen Tek	14,585,015	14,585,015	10,328,000	118,000
Lim Jit Ming	-	1,092,040	53,112,425	50,845,450
Lim Jit Yaw	-	617,235	53,112,425	51,320,255
Foo See Jin	8,757,320	8,757,320	-	-
Long Foo Pieng	11,864,940	11,864,940	-	-
Lau Ping Sum, Pearce	30,000	30,000	-	-

Directors' interests in shares or debentures (continued)

(b) At the beginning and 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 shares held by the Company in all its subsidiaries.

(c) The directors' interests in the share capital or debentures of the Company and related corporations as at 21 April 2006 were the same as at 31 March 2006.

Directors' contractual benefits

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

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.

Audit Committee ("AC")

The AC comprises Mr Seet Keong Sam, Committee Chairman, Mr Lau Ping Sum and Mr Ch'ng Jit Koon, who replaces Mr Yu Chuen Tek as an AC member with effect from 25 May 2006. With the appointment of Mr Ch'ng, all members of the AC are now independent, non-executive directors.

The AC carried out its functions in accordance with section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditors;

- the audit plan of the Company's auditors and their report on the weaknesses of internal accounting controls arising from their audit examination; and

- the balance sheet of the Company and the financial statements of the Group for the year ended 31 March 2006 before their submission to the board of directors, as well as the auditors' report on the balance sheet of the Company and the financial statements of the Group.

Audit Committee (continued)

The AC has conducted an annual review of non-audit services provided by its external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before confirming their re-nomination.

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

25 May 2006

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2006

In the opinion of the directors,

(a) the balance sheet of the Company and the financial statements of the Group as set out on pages 36 to 86 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 2006 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) 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

25 May 2006

AUDITORS' REPORT TO THE MEMBERS OF CORTINA HOLDINGS LIMITED

We have audited the accompanying financial statements of Cortina Holdings Limited set out on pages 36 to 86 for the financial year ended 31 March 2006, comprising the balance sheet of the Company and the consolidated financial statements of the Group. 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 balance sheet of the Company and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Companies Act, Cap 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2006 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers
Certified Public Accountants

Singapore, 25 May 2006

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2006

		THE GROUP	
	Notes	**2006 $'000**	2005 $'000
Sales	5	**167,721**	158,000
Other gains (net)	5	**1,193**	158
Expenses:			
- Cost of inventories recognised as an expense		**(138,051)**	(132,769)
- Staff costs	6(a)	**(8,952)**	(8,231)
- Rental expense – operating leases		**(5,848)**	(4,453)
- Depreciation and impairment adjustment of property, plant and equipment	15	**(2,005)**	(1,590)
- Finance expenses	6(b)	**(2,681)**	(1,601)
- Other	6(c)	**(6,372)**	(5,241)
Total expenses		**(163,909)**	(153,885)
Profit before share of results of associated companies		**5,005**	4,273
Share of (losses)/profits of associated companies		**(167)**	79
Profit before income tax		**4,838**	4,352
Income tax expense	7	**(1,571)**	(1,178)
Net profit		**3,267**	3,174
Attributable to:			
Equity holders of the Company		**3,607**	3,086
Minority interest		**(340)**	88
		3,267	3,174
Earnings per share attributable to the equity holders of the Company Basic and diluted	8	**2.3 cents**	2.0 cents

The accompanying notes form an integral part of these financial statements.
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		THE GROUP		THE COMPANY	
	Notes	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000
ASSETS					
Current assets					
Cash and cash equivalents	9	**1,466**	3,559	**68**	80
Trade and other receivables	10	**10,770**	11,532	**29,977**	26,393
Inventories	11	**135,076**	109,973	**-**	-
Other current assets	12	**2,368**	2,827	**11**	5
		149,680	127,891	**30,056**	26,478
Non-current assets					
Investments in associated companies	13	**3,473**	4,180	**1,000**	1,000
Investments in subsidiaries	14	**-**	-	**10,235**	10,235
Property, plant and equipment	15	**11,181**	8,930	**1,387**	1,391
Deferred income tax assets	16	**766**	689	**409**	427
		15,420	13,799	**13,031**	13,053
Total assets		**165,100**	141,690	**43,087**	39,531
LIABILITIES					
Current liabilities					
Trade and other payables	17	**25,134**	20,072	**1,195**	1,138
Current income tax liabilities	7	**1,284**	1,329	**-**	-
Borrowings	18	**59,632**	50,007	**150**	150
		86,050	71,408	**1,345**	1,288
Non-current liabilities					
Borrowings	18	**3,578**	2,783	**225**	375
Deferred income	20	**307**	250	**-**	-
Deferred income tax liabilities	16	**22**	18	**-**	-
Provision	21	**272**	-	**-**	-
		4,179	3,051	**225**	375
Total liabilities		**90,229**	74,459	**1,570**	1,663
NET ASSETS		**74,871**	67,231	**41,517**	37,868
EQUITY					
Share capital	22	**35,481**	30,116	**35,481**	30,116
Currency translation reserve		**(718)**	(512)	**-**	-
Retained earnings	23	**36,006**	33,904	**6,036**	7,752
		70,769	63,508	**41,517**	37,868
Minority interests		**4,102**	3,723	**-**	-
Total equity		**74,871**	67,231	**41,517**	37,868

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 2006

	NOTE	SHARE CAPITAL & SHARE PREMIUM $'000	CURRENCY TRANSLATION RESERVE $'000	RETAINED EARNINGS $'000	MINORITY INTEREST $'000	TOTAL $'000
Balance at 1 April 2005		**30,116**	**(512)**	**33,904**	**3,723**	**67,231**
Net loss recognised directly in equity – currency translation differences		-	(206)	-	-	(206)
Net profit for the financial year		-	-	3,607	(340)	3,267
Total recognised gains for the financial year		**-**	**(206)**	**3,607**	**(340)**	**3,061**
Issue of shares	22	5,475	-	-	-	5,475
Share issue expenses	22	(110)	-	-	-	(110)
Dividends	24	-	-	(1,505)	-	(1,505)
Effect of dilution of equity interest in a subsidiary		-	-	-	7	7
Issuance of subsidiaries' shares to minority shareholders		-	-	-	712	712
Balance at 31 March 2006		**35,481**	**(718)**	**36,006**	**4,102**	**74,871**
Balance at 1 April 2004		30,116	(577)	32,504	79	62,122
Currency translation differences		-	388	-	-	388
Translation reserve realised upon partial disposal of a subsidiary		-	(323)	-	-	(323)
Net gain recognised directly in equity		-	65	-	-	65
Net profit for the financial year		-	-	3,086	88	3,174
Total recognised gains for the financial year		-	65	3,086	88	3,239
Dividends	24	-	-	(1,686)	-	(1,686)
Issuance of subsidiary's shares to minority shareholders		-	-	-	1,735	1,735
Acquisition of subsidiary	9	-	-	-	170	170
Partial disposal of equity interest in a subsidiary		-	-	-	1,651	1,651
Balance at 31 March 2005		30,116	(512)	33,904	3,723	67,231

The accompanying notes form an integral part of these financial statements.
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For the financial year ended 31 March 2006

	NOTE	2006 $'000	2005 $'000
Cash flows from operating activities			
Net profit		**3,267**	3,174
Adjustments for:			
Tax		**1,571**	1,178
Depreciation and impairment adjustment of property, plant and equipment		**2,005**	1,590
Property, plant and equipment written off		**566**	5
Interest income		**(3)**	-
Interest expense		**2,681**	1,601
Loss on dilution/partial disposal of equity interests in subsidiaries		**7**	372
Gain on disposal of an associated company of a subsidiary		**(211)**	-
Gain on disposal of property, plant and equipment		**(186)**	(99)
Amortisation of deferred income		**(162)**	(141)
Share of results of associated companies		**167**	(79)
Operating cash flow before working capital change		**9,702**	7,601
Change in operating assets and liabilities			
Trade and other receivables		**771**	(125)
Inventories		**(25,399)**	(11,105)
Other current assets		**464**	1,991
Trade and other payables		**5,120**	(10,868)
Deferred income	20	**219**	230
Cash used in operations		**(9,123)**	(12,276)
Income tax paid		**(1,685)**	(1,344)
Interest paid on overdrafts and trust receipts		**(1,942)**	(1,285)
Net cash used in operating activities		**(12,750)**	(14,905)
Cash flows from investing activities			
Payments for property, plant and equipment		**(4,342)**	(5,084)
Interest received		**3**	-
Proceeds from disposal of a subsidiary		**-**	1,601
Acquisition of subsidiary, net of cash acquired	9	**-**	(218)
Proceeds from disposal of property, plant and equipment		**232**	191
Proceeds from disposal of an associated company		**791**	-
Net cash used in investing activities		**(3,316)**	(3,510)

The accompanying notes form an integral part of these financial statements.
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For the financial year ended 31 March 2006

CONSOLIDATED CASH FLOW STATEMENT (continued)

	NOTE	2006 $'000	2005 $'000
Cash flows from financing activities			
Net proceeds from issuance of shares	22	**5,365**	-
Proceeds on issuance of subsidiary's shares to minority shareholder		**712**	1,735
Proceeds from short-term borrowings, net of payments		**4,913**	21,703
Proceeds from term loans		**1,560**	-
Repayment of term loans		**(536)**	(370)
Repayments of finance lease liabilities		**(250)**	(347)
Other interest paid		**(739)**	(316)
Dividends paid		**(1,505)**	(1,686)
Net cash provided by financing activities		**9,520**	20,719
Net (decrease) / increase in cash and cash equivalents held		**(6,546)**	2,304
Cash and cash equivalents at beginning of the financial year		**(76)**	(2,432)
Effects of exchange rate changes on cash and cash equivalents		**12**	52
Cash and cash equivalents at end of the financial year	9	**(6,610)**	(76)

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

1. GENERAL

The Company is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The address of its registered office is 250 North Bridge Road, #16-01 Raffles City Tower, Singapore 179101.

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 its subsidiaries are distribution and retailing of watches.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

During the financial year ended 31 March 2006, the Group adopted the new or revised FRS and Interpretations to FRS ("INT FRS") that are applicable in the current financial year. The 2006 financial statements have been prepared and its comparatives amended as required, in accordance with the relevant provisions in the respective FRS and INT FRS.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The following are the FRS that are relevant to the Group:

FRS 1	(revised 2004)	Presentation of Financial Statements
FRS 2	(revised 2004)	Inventories
FRS 8	(revised 2004)	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10	(revised 2004)	Events after the Balance Sheet Date
FRS 16	(revised 2004)	Property, Plant and Equipment
FRS 17	(revised 2004)	Leases
FRS 21	(revised 2004)	The Effects of Changes in Foreign Exchange Rates
FRS 24	(revised 2004)	Related Party Disclosures
FRS 27	(revised 2004)	Consolidated and Separate Financial Statements
FRS 28	(revised 2004)	Investments in Associates
FRS 31	(revised 2004)	Interests in Joint Ventures
FRS 32	(revised 2004)	Financial Instruments: Disclosure and Presentation
FRS 33	(revised 2004)	Earnings per Share
FRS 36	(revised 2004)	Impairment of Assets
FRS 38	(revised 2004)	Intangible Assets
FRS 39	(revised 2004)	Financial Instruments: Recognition and Measurement
FRS 103		Business Combinations

The adoption of the above FRS did not result in substantial changes to the Group's accounting policies, except as disclosed in note 3.

(b) Revenue recognition

Revenue for the Group comprises the fair value for the sale of goods, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

(1) Sale of goods

Revenue from sale of goods is recognised when a Group entity has delivered the products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue recognition (continued)

(2) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cashflow discounted at original effective interest rate of the instrument, and thereafter amortising the discount as interest income.

(3) Dividend income

Dividend income is recognised when the right to receive payment is established.

(4) Rental income

Rental income from operating leases on leasehold property is recognised on a straight-line basis over the lease term.

(c) Group accounting

(1) Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest.

Please refer to Note 2(f) for the accounting policy on goodwill on acquisition of subsidiary.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency with the accounting policies adopted by the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Group accounting (continued)

(1) Subsidiaries (continued)

Minority interest is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the parent. It is measured at the minority interest's share of the fair values of the subsidiaries' identifiable assets and liabilities at the date of acquisitions, adjusted by the minority interest's share of post-acquisition results and share of post-acquisition movements in reserves, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are taken to the consolidated income statement, unless the minority has a binding obligation to, and is able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority are taken to the consolidated income statement until the minority's share of losses previously taken to the consolidated income statement is fully recovered.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposal to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiaries.

Please refer to note 2(g) for the Company's accounting policy on investments in subsidiaries.

(2) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Investments in associated companies in the consolidated balance sheet includes goodwill identified on acquisition, where applicable.

Equity accounting involves recording investments in associated companies initially at cost, and recognising the Group's share of its associated companies' post-acquisition results and its share of post-acquisition movements in reserves against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its investment in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Group accounting (continued)

(2) Associated companies (continued)

In applying the equity method, 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. Where necessary, adjustments are made to the financial statements of associated companies to ensure consistency with the policies adopted by the Group.

Please refer to note 2(g) for the Company's accounting policy on investments in associated companies.

(3) Transaction costs

External costs directly attributable to an acquisition are included as part of the cost of acquisition.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (note 2(h)).

(1) Components of costs

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

(2) Depreciation

Depreciation is calculated using a straight-line method to allocate the depreciable amounts of property, plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

Freehold property	50 years
Leasehold property	Shorter of 50 years and the remaining lease term
Office equipment	3 – 5 years
Furniture and fittings	4 – 6 years
Motor vehicles	5 years
Renovation	4 – 6 years

The residual values and useful lives of property, plant and equipment are reviewed and adjusted if appropriate, at each balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(3) Subsequent Expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

(4) Disposal

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

(e) Borrowing costs

Borrowing costs are taken to the income statement over the period of borrowing using the effective interest method.

(f) Goodwill

Goodwill represents the excess of the cost of an acquisition of subsidiaries or associated companies over the fair value of the Group's share of their net identifiable assets of the acquired subsidiaries or associated companies at the date of acquisition.

Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisition of associated companies is included in "investments in associated companies".

Goodwill recognised as intangible assets is tested at least annually for impairment and carried at cost less accumulated impairment losses (note 2(h)).

Gains and losses on the disposal of the subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold.

(g) Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are stated at cost less accumulated impairment losses in the Company's balance sheet. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

On disposal of an investment, including subsidiaries and associated companies, the difference between net disposal proceeds and its carrying amount is taken to the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of non-financial assets

(1) Goodwill is tested annually for impairment, as well as when there is any indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units (CGU) expected to benefit from the business combination in which the goodwill arose.

An impairment loss is recognised in the income statement when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

Impairment loss on goodwill is not reversed in a subsequent period.

(2) Property, plant and equipment and investments in subsidiaries and associated companies are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs to.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income statement.

An impairment loss for an asset other than goodwill, is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance for impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the income statement.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is primarily determined on a specific 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.

(k) Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction cost incurred. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the period of the borrowings using the effective interest method.

(l) Leases

(1) When a group company is the lessee:

Finance leases

Lease of assets in which the Group assumes substantially the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease 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 taken to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leases (continued)

(1) When a group company is the lessee: (continued)

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement 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) When a group company is the lessor:

Operating leases

Rental income (net of any incentives given to lessees) from leasehold properties leased out under operating leases is recognised on a straight-line basis over the lease term.

(m) 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. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

(o) Provisions for other liabilities and charges

Provisions for asset dismantlement, removal or restoration are recognised when the Group has a legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate is adjusted against the cost of the related property, plant and equipment unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset and the changes in the liability is recognised in profit or loss immediately.

(p) Employee benefits

(1) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds does not hold sufficient assets to pay all employee benefits relating to employee service in the current and preceding financial years. The Group's contribution to defined contribution plans are recognised in the financial year to which they relate.

(2) Employee leave entitlement

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Derivative financial instruments

The Group enters into forward currency exchange contracts to hedge its exposure to currency risks arising from non-functional currency of denominated receivables and payables. These derivatives entered into by the Group, while providing economic hedges, do not qualify for hedge accounting under the specific rules of FRS 39 (revised 2004). Accordingly they are initially recognised at fair value on the date the contracts are entered into and subsequently remeasured at their fair value at the balance sheet date. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. The Group has recognised all such financial instruments as derivative assets or derivative liabilities and changes in the fair value are included in the statement of income.

(r) Fair value estimation

The carrying amount of current receivables, cash and cash equivalents and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(s) Currency translation

(1) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The consolidated financial statements and balance sheet of the Company are presented in Singapore Dollars, which is the functional and presentation currency of the Company.

(2) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Currency translation (continued)

(3) Translation of Group entities' financial statements

The results and financial position of group entities (none of which has the currency of a hyper inflationary economy) that have functional currencies other than Singapore Dollars are translated into Singapore Dollars as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) All resulting exchange differences are taken to the currency translation reserve.

Goodwill and fair value adjustments arising on acquisition of a foreign operation pre 1 April 2005 are treated as non-monetary foreign currency assets and liabilities of the acquirer and recorded at the exchange rate at the date of the transaction.

(4) Consolidation adjustments

On consolidation, currency translation differences arising from the net investment in foreign operations are taken to the foreign currency translation reserve. When a foreign operation is disposed of, such currency translation differences are recognised in the income statement as part of the gain or loss on disposal.

(t) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

(u) Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, deposits with financial institutions and bank overdrafts. Bank overdrafts are included in borrowings on the balance sheets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Deferred income

Deferred income is stated at cost less accumulated amortisation. Deferred income is amortised using the straight line method over a period of 3 years.

(w) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments, other than for the acquisition of businesses, are taken to equity as a deduction, net of tax, from the proceeds.

(x) Dividend

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders.

3. EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW OR REVISED FRS

The effects on adoption of the following FRS on 1 April 2005 are set out below:

3.1 FRS 16 (revised 2004) Property, plant and equipment

Previously, in accordance with the requirements of FRS 16 (now superseded by FRS 16 (revised 2004), residual values were estimated only at the date of acquisition and not subsequently increased for changes in price.

The Group has re-measured the residual value of its property, plant and equipment on 1 April 2005 and 31 March 2006 in accordance with the requirements of FRS16 (revised 2004) which requires the re-measurement of the residual values of an item of property, plant and equipment at least at each financial year end. This change did not materially affect the financial statements for the year ended 31 March 2005 and 2006.

3.2 FRS 27 (revised 2004) Consolidated and Separate Financial Statements

Previously, there was no requirement for the presentation of minority interests within equity. FRS 27 (revised 2004) requires minority interests to be presented with equity of the Group retrospectively.

3. EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW OR REVISED FRS (CONTINUED)

3.3 FRS 39 (revised 2004) Financial Instruments: Recognition and Measurement and FRS 32 (revised 2004) Financial Instruments: Disclosure and Presentation

(a) Impairment and uncollectibility of trade and other receivables

Previously, the Group maintained a general provision against its trade and other receivables for risks that were not specifically identified by any customer. On adoption of FRS39 (revised 2004), the Group is now required to assess at each balance sheet date if there is any objective evidence that a financial asset or group of financial assets is impaired (note 2(i)). Impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables (note 2(i)).

This change did not materially affect the financial statements for the year ended 31 March 2005 and 2006.

(b) Accounting for derivative financial instruments

The Group enters into forward currency exchange contracts to hedge its exposure to currency risks arising from non-functional currency denominated receivables and payables. Previously, the notional principal amounts of the forward currency exchange contracts were recorded as off-balance sheet items. The fair values of the forward foreign exchange contracts were not separately recognised. These derivatives entered into by the Group, while providing economic hedges, do not qualify for hedge accounting under the specific rules of FRS 39 (revised 2004). Accordingly, they are initially recognised at their fair values on the date the contracts are entered into and subsequently remeasured at their fair values at the balance sheet date. The fair value of forward foreign exchange contracts are determined using forward exchange market rates at the balance sheet date. The Group has now recognised all such financial instruments as derivative assets or derivative liabilities and changes in their fair values are included in the income statement.

The changes described above were not effected prospectively on 1 April 2005 as required by FRS 39 (revised 2004) as the effect on the balance sheet as at 1 April 2005 is not material.

The effects on the balance sheet as at 31 March 2006 and income statement for the year ended are not material. The details of the outstanding forward contracts are set out in note 27(i).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosure of contingent assets and liabilities. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

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

Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant assumption is required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of taxation and deferred taxation are disclosed in the balance sheet.

5. REVENUE AND OTHER GAINS (NET)

	THE GROUP	
	2006 $'000	2005 $'000
Sale of goods	**167,721**	158,000
Other gains/(losses):		
Rental income	**63**	51
Amortisation of deferred income (note 20)	**162**	141
Gain on disposal of an associated company of a subsidiary	**211**	-
Gain on disposal of property, plant and equipment	**186**	99
Loss on dilution/partial disposal of equity interests in subsidiaries	**(7)**	(372)
Net foreign exchange gain	**402**	153
Interest income	**3**	-
Others	**173**	86
Other gains (net)	**1,193**	158
	168,914	158,158

6. EXPENSES

(a) Staff costs

	THE GROUP	
	2006 $'000	2005 $'000
Wages and salaries	**8,319**	7,670
Employer's contribution to defined contribution plans	**589**	549
Termination benefits	**44**	12
	8,952	8,231

6. EXPENSES (CONTINUED)

(b) Finance expense

	THE GROUP	
	2006 $'000	2005 $'000
Interest expense:		
– Bank overdrafts	**547**	410
– Bank loans	**698**	271
– Trust receipts	**1,395**	875
– Finance lease liabilities	**41**	45
	2,681	1,601

(c) Other expenses

	THE GROUP	
	2006 $'000	2005 $'000
Included in other expenses are the followings:-		
Auditors' remuneration :		
– auditors of the company		
– current year	**134**	119
– over provision in prior years	**-**	(25)
– other auditors	**39**	40
Non-audit fee paid/payable to auditors of the company	**23**	81
Property, plant and equipment written off	**566**	5

7. INCOME TAX

(a) Income tax expense

	THE GROUP	
	2006 $'000	2005 $'000
Income tax expense attributable to profit is made up of:		
Current income tax		
– Singapore	**1,170**	888
– Foreign	**183**	200
Deferred income tax (note 16)	**(111)**	412
	1,242	1,500
Under/(over) provision in preceeding financial years:		
– Current income tax	**292**	(183)
– Deferred income tax (note 16)	**37**	(139)
	1,571	1,178

7. INCOME TAX (CONTINUED)

(a) Income tax expense (continued)

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

	THE GROUP	
	2006 $'000	2005 $'000
Profit before tax	**4,838**	4,352
Less : Share of losses/(profits) of associated companies	**167**	(79)
	5,005	4,273
Income tax expense calculated at statutory tax rate of 20% (2005: 20%)	**1,001**	854
Singapore statutory stepped income exemption	**(21)**	(21)
Effect of different tax rates in other countries	**(121)**	16
Income not subject to tax	**(430)**	(33)
Expenses not deductible for tax purposes	**731**	536
Effect of change in tax rate (note 16)	**-**	101
Deferred income tax assets not recognised on unutilised tax losses	**48**	47
Utilisation of previously unrecognised:		
– tax losses	**34**	2
– capital allowances	**-**	(2)
Income tax expense	**1,242**	1,500

7. INCOME TAX (CONTINUED)

(b) Movements in current income tax liabilities

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Balance at beginning of the financial year	**1,329**	2,199	**-**	316
Currency translation differences	**(3)**	7	**-**	-
Income tax paid	**(1,685)**	(1,344)	**-**	-
Current financial year's income tax expense	**1,353**	1,088	**-**	-
Over-provision in prior financial years	**292**	(183)	**-**	(316)
Additional group relief claimed for prior financial years (note 16)	**(2)**	(438)	**-**	-
Balance at end of the financial year	**1,284**	1,329	**-**	-

8. EARNINGS PER SHARE

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

	THE GROUP	
	2006	2005
Net profit attributable to members of Cortina Holdings Limited ($'000)	**3,607**	3,086
Weighted average number of ordinary shares in issue for basic earnings per share	**158,961,977**	150,578,415
Basic earnings per share	**2.3 cents**	2.0 cents

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	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Cash at bank and on hand	**1,466**	3,559	**68**	80

The carrying amounts of cash at bank and on hand approximate their fair values.

Cash at bank and on hand are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Singapore Dollars	**590**	2,930	**68**	68
Hong Kong Dollars	**84**	41	**-**	-
Malaysian Ringgit	**35**	17	**-**	-
Thai Baht	**236**	486	**-**	-
Swiss Francs	**384**	51	**-**	-
Others	**137**	34	**-**	12
	1,466	3,559	**68**	80

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

	THE GROUP	
	2006 $'000	2005 $'000
Cash at bank and on hand (as above)	**1,466**	3,559
Less: Bank overdrafts (note 18)	**(8,076)**	(3,635)
Cash and cash equivalents per consolidated cash flow statement	**(6,610)**	(76)

9. CASH AND CASH EQUIVALENTS (CONTINUED)

Acquisition of subsidiary

The cashflow effects of the acquisition of subsidiary were as follows:

	2005 $'000
Cash and cash equivalents	37
Other receivables	10
Other current assets	379
Total assets	426
Other payables	(1)
Net identifiable assets	425
Less: Minority interest	(170)
Net identifiable assets purchased with cash	255
Less: Cash and cash equivalents in subsidiary	(37)
Net cash outflow from acquisition of a subsidiary	218

10. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Trade receivables – Third parties	**7,977**	8,951	**2**	-
Less: Allowance for impairment of trade receivables	**(7)**	(91)	**-**	-
Trade receivables – net	**7,970**	8,860	**2**	-
Recoverables and other receivables	**2,771**	2,575	**1,620**	1,623
Due from subsidiaries (non-trade)	**-**	-	**28,373**	24,788
Less: Allowance for impairment of receivables	**-**	-	**(18)**	(18)
	-	-	**28,355**	24,770
Due from minority shareholder (non-trade)	**9**	89	**-**	-
Due from related party (non-trade)	**10**	8	**-**	-
Derivative receivables	**10**	-	**-**	-
	10,770	11,532	**29,977**	26,393

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

The carrying amounts of trade and other receivables approximate their fair values.

Included in other receivables of the Company is an amount of $1,620,170 (2005: $1,618,001) representing the approximate consideration receivable for the transfer of losses for tax purposes 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.

Related party refers to a company owned by a director of a subsidiary. The non-trade amounts due from subsidiaries, minority shareholders and related parties are unsecured, interest-free, and are repayable on demand.

Impairment loss on trade receivables written back and included in "other expenses" amounted to $84,000 (2005: $Nil).

Impairment loss on trade receivables recognised as an expense and included in "other expenses" amounted to $Nil (2005: $28,000).

Trade and other receivables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Singapore Dollars	**7,569**	8,297	**29,977**	26,076
Hong Kong Dollars	**218**	360	**-**	317
Malaysian Ringgit	**215**	384	**-**	-
Thai Baht	**1,370**	718	**-**	-
Euro	**190**	184	**-**	-
Swiss Francs	**1,154**	1,505	**-**	-
Others	**54**	84	**-**	-
	10,770	11,532	**29,977**	26,393

11. INVENTORIES

	THE GROUP	
	2006 $'000	2005 $'000
Finished goods for resale	**135,076**	109,973

During the financial year, the Group reversed an allowance of $759,000 (2005: $961,000) made in prior years as the inventories were subsequently sold above their carrying values. The reversal has been included in "cost of inventories recognised as an expense" in the income statement.

12. OTHER CURRENT ASSETS

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Deposits	**2,133**	2,472	**-**	-
Prepayments	**235**	355	**11**	5
	2,368	2,827	**11**	5

The carrying amounts of deposits approximate their fair values.

13. INVESTMENTS IN ASSOCIATED COMPANIES

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Equity investments, at cost			**1,000**	1,000
At beginning of the financial year	**4,180**	4,290		
Currency translation differences	**40**	(189)		
Disposal	**(580)**	-		
Share of (losses)/profits after tax	**(167)**	79		
At end of the financial year	**3,473**	4,180		

13. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

The summarised gross financial information of associated companies is as follows:

	THE GROUP	
	2006 $'000	2005 $'000
– Assets	**7,933**	14,137
– Liabilities	**697**	4,235
– Revenues	**337**	7,161
– Net (loss)/profit	**(471)**	249

Details of significant associated companies are provided in note 30.

Disposal of equity stake in an associated company

On 21 October 2005 , the Group disposed of its effective 14% equity interest in Chopard (Malaysia) Sdn Bhd for a cash consideration of CHF600,000 ($792,900).

14. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2006 $'000	2005 $'000
Equity investments, at cost	**12,773**	12,773
Less: Impairment	**(2,538)**	(2,538)
	10,235	10,235

Details of significant subsidiaries are provided in note 30.

Incorporation of a subsidiary

On 16 September 2005, the wholly-owned subsidiary of the Company, Pacific Time Pte Ltd, incorporated a company, Pacific Time Co., Ltd, in Taiwan.

Pacific Time Co., Ltd has a registered capital of NT$15,000,000 and is principally engaged in the distribution of watches. Pacific Time Pte Ltd's total investment in Pacific Time Co., Ltd is NT$8,250,000 (approximately $427,217) representing 55% of its registered capital. The subsidiary contributed revenue of $256,207 and net loss of $50,624 to the Group for the period from 16 September 2005 to 31 March 2006.

14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Dilution of equity stake in a subsidiary

On 1 August 2005, the Company diluted its equity interest in Pactime HK Limited from 100% to 70% when the subsidiary issued shares to a minority shareholder for cash amounting to HK$1,700,000 (approximately $370,000).

The share of net assets attributable to the minority shareholder amounted to $377,000 .The difference between the purchase consideration and share of net assets attributable to minority interest has been included in income statement.

15. PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD PROPERTY $'000	LEASEHOLD PROPERTY $'000	OFFICE EQUIPMENT $'000	FURNITURE & FITTINGS $'000	MOTOR VEHICLES $'000	RENOVATION $'000	TOTAL $'000
(a) The Group							
Cost							
At 1 April 2005	2,474	2,954	1,192	4,294	1,876	1,569	14,359
Currency translation differences	33	18	-	(8)	2	4	49
Additions	-	1,223	201	1,311	387	1,702	4,824
Disposals and write-offs	-	-	(51)	(534)	(455)	(762)	(1,802)
At 31 March 2006	**2,507**	**4,195**	**1,342**	**5,063**	**1,810**	**2,513**	**17,430**
Accumulated depreciation							
At 1 April 2005	45	919	726	1,609	720	755	4,774
Currency translation differences	-	-	-	(1)	-	6	5
Disposals and write-offs	-	-	(45)	(273)	(411)	(461)	(1,190)
Depreciation charge	50	71	193	873	337	543	2,067
At 31 March 2006	**95**	**990**	**874**	**2,208**	**646**	**843**	**5,656**
Accumulated impairment charge							
At 1 April 2005	-	655	-	-	-	-	655
Reversals	-	(62)	-	-	-	-	(62)
31 March 2006	**-**	**593**	**-**	**-**	**-**	**-**	**593**
Net book value							
At 31 March 2006	**2,412**	**2,612**	**468**	**2,855**	**1,164**	**1,670**	**11,181**

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	FREEHOLD PROPERTY $'000	LEASEHOLD PROPERTY $'000	OFFICE EQUIPMENT $'000	FURNITURE & FITTINGS $'000	MOTOR VEHICLES $'000	RENOVATION $'000	TOTAL $'000
(a) The Group							
Cost							
At 1 April 2004	-	2,954	872	2,855	1,649	1,336	9,666
Currency translation differences	(42)	-	(3)	(9)	(3)	(18)	(75)
Additions	2,516	-	383	1,730	525	297	5,451
Disposals and write-offs	-	-	(60)	(282)	(295)	(46)	(683)
At 31 March 2005	2,474	2,954	1,192	4,294	1,876	1,569	14,359
Accumulated depreciation							
At 1 April 2004	-	860	597	1,339	595	554	3,945
Currency translation differences	(1)	-	(1)	(11)	(1)	(9)	(23)
Disposals and write-offs	-	-	(57)	(276)	(206)	(46)	(585)
Depreciation charge	46	59	187	557	332	256	1,437
At 31 March 2005	45	919	726	1,609	720	755	4,774
Accumulated impairment charge							
At 1 April 2004	-	502	-	-	-	-	502
Adjustments	-	153	-	-	-	-	153
31 March 2005	-	655	-	-	-	-	655
Net book value							
At 31 March 2005	2,429	1,380	466	2,685	1,156	814	8,930
(b) The Company							
Cost							
At 1 April 2005	-	2,954	164	-	-	-	3,118
Disposals	-	-	(35)	-	-	-	(35)
At 31 March 2006	-	**2,954**	**129**	-	-	-	**3,083**
Accumulated depreciation							
At 1 April 2005	-	919	153	-	-	-	1,072
Disposals	-	-	(35)	-	-	-	(35)
Depreciation charge	-	59	7	-	-	-	66
At 31 March 2006	-	**978**	**125**	-	-	-	**1,103**

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	FREEHOLD PROPERTY $'000	LEASEHOLD PROPERTY $'000	OFFICE EQUIPMENT $'000	FURNITURE & FITTINGS $'000	MOTOR VEHICLES $'000	RENOVATION $'000	TOTAL $'000
(b) The Company (continued)							
Accumulated impairment charge							
At 1 April 2005	-	655	-	-	-	-	655
Additions	-	(62)	-	-	-	-	(62)
31 March 2006	-	**593**	-	-	-	-	**593**
Net book value							
31 March 2006	-	**1,383**	**4**	-	-	-	**1,387**
Cost							
At 1 April 2004	-	2,954	196	-	-	-	3,150
Additions	-	-	8	-	-	-	8
Disposals	-	-	(40)	-	-	-	(40)
At 31 March 2005	-	2,954	164	-	-	-	3,118
Accumulated depreciation							
At 1 April 2004	-	860	131	-	-	-	991
Disposals	-	-	(37)	-	-	-	(37)
Depreciation charge	-	59	59	-	-	-	118
At 31 March 2005	-	919	153	-	-	-	1,072
Accumulated impairment charge							
At 1 April 2004	-	502	-	-	-	-	502
Additions	-	153	-	-	-	-	153
31 March 2005	-	655	-	-	-	-	655
Net book value							
At 31 March 2005	-	1,380	11	-	-	-	1,391

(c) Additions in the consolidated financial statements include $210,000 (2005: $367,000) motor vehicles leased under finance leases. At the balance sheet date, the carrying amount of property, plant and equipment of the Group under finance lease agreements included in motor vehicles amounted to $1,144,000 (2005: $1,130,000) (note 18(a)).

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(d) During the financial year, an impairment loss on certain leasehold and buildings of S$62,000 was written back to bring their carrying values to their recoverable values based on independent quotations from third parties. This impairment written back has been included in "Depreciation and impairment adjustment of property, plant and equipment" in the income statement.

(e) Bank loans of $2,574,000 (2005: $1,887,000) are secured on the freehold and leasehold properties of the Group with carrying value of $3,582,000 (2005: $2,429,000) (note 18(a)).

16. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown in the balance sheets as follows:

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Deferred income tax assets	**(766)**	(689)	**(409)**	(427)
Deferred income tax liabilities	**22**	18	**-**	-
	(744)	(671)	**(409)**	(427)
The amounts shown in the balance sheets include the following:				
Deferred income tax assets to be recovered after more than 12 months	**(657)**	(662)	**(407)**	(425)

16. DEFERRED INCOME TAXES (CONTINUED)

The movements in the deferred income taxes account are as follows:

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Balance at beginning of the financial year	**(671)**	(1,387)	**(427)**	(735)
Currency translation differences	**(1)**	5	**-**	-
Effect of change in tax rate (note 7(a))	**-**	101	**-**	67
Tax (credited)/charged to income statement (note 7(a))	**(111)**	311	**20**	(3)
Under/(over) provision in prior years (note 7(a))	**37**	(139)	**(4)**	(194)
Amount utilised for group relief for prior financial years (note 7(b))	**2**	438	**2**	438
Balance at end of the financial year	**(744)**	(671)	**(409)**	(427)

The movements in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

The Group	**ACCELERATED TAX DEPRECIATION $'000**
Deferred income tax liabilities	
At 1 April 2005	208
Tax charged to income statement	59
At 31 March 2006	267
At 1 April 2004	160
Effect of changes in tax rate	(15)
Tax charged to income statement	63
At 31 March 2005	208

16. DEFERRED INCOME TAXES (CONTINUED)

	TAX LOSSES $'000	DECELERATED TAX DEPRECIATION $'000	PROVISIONS $'000	UNREALISED FOREIGN EXCHANGE LOSSES $'000	OTHERS $'000	TOTAL $'000
The Group (continued)						
Deferred income tax assets						
At 1 April 2005	(428)	(35)	(335)	(38)	(43)	(879)
Currency translation differences	1	1	(1)	(1)	(1)	(1)
Tax (credited)/charged to income statement	(12)	(4)	(188)	47	24	(133)
Additional group tax relief utilised for prior financial years (note 7(b))	2	-	-	-	-	2
At 31 March 2006	(437)	(38)	(524)	8	(20)	(1,011)
At 1 April 2004	(764)	(29)	(625)	(129)	-	(1,547)
Effect of change in tax rate	69	-	47	-	-	116
Currency translation differences	-	-	3	1	1	5
Tax charged/(credited) to income statement	(171)	(6)	240	90	(44)	109
Additional group tax relief utilised for prior financial years (note 7(b))	438	-	-	-	-	438
At 31 March 2005	(428)	(35)	(335)	(38)	(43)	(879)

The Company	ACCELERATED TAX DEPRECIATION $'000
Deferred income tax liability	
At 1 April 2005	1
Tax credited to income statement	(2)
At 31 March 2006	(1)
At 1 April 2004	4
Tax credited to income statement	(3)
At 31 March 2005	1

16. DEFERRED INCOME TAXES (CONTINUED)

The Company (continued)	TAX LOSSES $'000
Deferred income tax asset	
At 1 April 2005	(428)
Tax charged to income statement	18
Additional group tax relief utilised for prior financial years (note 7b)	2
At 31 March 2006	(408)
At 1 April 2004	(739)
Effect of change in tax rate	67
Tax credited to income statement	(194)
Additional group tax relief utilised for prior financial years (note 7b)	438
At 31 March 2005	(428)

The unutilised tax losses available to the Group and the Company for set off against future taxable income, subject to meeting certain statutory requirements amount to $2,585,000 (2005:$ 2,841,000) and $2,040,000 (2005: $2,139,000), respectively. These tax losses have no expiry date except for amounts of $9,000 and $398,000 which will expire in 2010 and 2011 respectively. Included in the Group's unutilised tax losses are unrecognised tax losses amounting to approximately $426,000 (2005: $103,000) of certain subsidiaries as there is no reasonable probability that future taxable profits will be available to utilise them.

17. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Trade payables to:				
- third parties	**14,365**	10,958	**-**	-
- associated company	**4,022**	4,095	**-**	3
- a minority shareholder of a subsidiary	**462**	138	**-**	-
Advances and deposits from customers	**2,032**	2,215	**5**	-
Other payables	**1,328**	179	**58**	41
Accrued operating expenses	**2,837**	2,397	**896**	858
Due to subsidiaries (non-trade)	**-**	-	**236**	236
Due to associated company (non-trade)	**88**	90	**-**	-
	25,134	20,072	**1,195**	1,138

17. TRADE AND OTHER PAYABLES (CONTINUED)

The carrying amounts of trade and other payables approximate their fair values. The non-trade amounts due to subsidiaries and associated companies are unsecured, interest-free, and are repayable upon demand.

Trade and other payables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Singapore Dollars	**21,379**	17,230	**1,195**	1,138
Hong Kong Dollars	**1,280**	1,165	**-**	-
Malaysian Ringgit	**471**	318	**-**	-
Thai Baht	**330**	239	**-**	-
Swiss Francs	**1,296**	968	**-**	-
Euro	**21**	138	**-**	-
Others	**357**	14	**-**	-
	25,134	20,072	**1,195**	1,138

18. BORROWINGS

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Current				
Bank overdrafts	**8,076**	3,635	**-**	-
Bank loans	**17,174**	3,489	**150**	150
Trust receipts	**34,172**	42,659	**-**	-
Finance lease liabilities (note 19)	**210**	224	**-**	-
	59,632	50,007	**150**	150
Non-current				
Bank loans	**2,923**	2,102	**225**	375
Finance lease liabilities (note 19)	**655**	681	**-**	-
	3,578	2,783	**225**	375
Total borrowings	**63,210**	52,790	**375**	525

18. BORROWINGS (CONTINUED)

(a) Security granted

The finance lease liabilities and hire purchase creditors are effectively secured as the rights to the property, plant and equipment of the Group (note 15) revert to the lessor in the event of default by the Group. Loans of $2,574,000 (2005: $1,887,000) are secured over the Group's freehold and leasehold properties (see note 15(e)). The other borrowings are unsecured.

(b) Maturity of borrowings

The current borrowings have an average maturity of 2.56 months (2005: 2.46 months) from the end of the financial year. The non-current borrowings (excluding finance lease liabilities (note 19) have the following maturity:

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Later than 1 year and not later than 5 years	**1,532**	1,280	**225**	375
Later than 5 years	**1,391**	822	**-**	-
	2,923	2,102	**225**	375

(c) Currency risk

The carrying amount of total borrowings are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Singapore Dollars	**35,471**	37,593	**375**	525
Hong Kong Dollars	**2,383**	2,125	**-**	-
Malaysian Ringgit	**14,657**	9,188	**-**	-
Thai Baht	**10,699**	3,884	**-**	-
	63,210	52,790	**375**	525

18. BORROWINGS (CONTINUED)

(d) Effective interest rates

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

	THE GROUP		THE COMPANY	
	2006 %	2005 %	**2006 %**	2005 %
Bank overdrafts	**6.5**	5.6	**-**	-
Bank loans	**5.6**	5.0	**5.2**	3.6
Trust receipts	**4.8**	3.6	**-**	-
Finance lease liabilities	**4.4**	4.1	**-**	-

The exposure of current and non-current borrowings to interest rate repricing risks is disclosed in Note 27(ii).

(e) Carrying amounts and fair values

The carrying amounts of borrowings approximate their fair value except for the following bank loans with fixed interest rates as follows:

	CARRYING AMOUNTS		FAIR VALUES	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
The Group				
Bank Loans	**-**	2,066	**-**	1,980

19. FINANCE LEASE LIABILITIES

	THE GROUP	
	2006 $'000	2005 $'000
Minimum lease payment due:		
- Not later than one financial year	**244**	258
- Later than 1 financial year but not later than 5 financial years	**687**	677
- Later than 5 financial years	**15**	65
Minimum lease payments	**946**	1,000
Less: Future finance charges	**(81)**	(95)
Present value of finance lease liabilities	**865**	905

The present value of finance lease liabilities are analysed as follows:

	THE GROUP	
	2006 $'000	2005 $'000
Not later than one year (note 18)	**210**	224
Later than one year (note 18):		
Later than one year but not later than five years	**640**	618
Later than five years	**15**	63
	655	681
	865	905

20. DEFERRED INCOME

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

20. DEFERRED INCOME (CONTINUED)

	THE GROUP	
	2006 $'000	2005 $'000
At beginning of the financial year	**250**	161
Additions during the financial year	**219**	230
Amortisation for the financial year (note 5)	**(162)**	(141)
At end of the financial year	**307**	250
Gross deferred income	**569**	603
Accumulated amortisation	**(262)**	(353)
	307	250

21. PROVISION

This relates to provision for costs of dismantling, removal and restoration of property, plant and equipment.

22. SHARE CAPITAL OF CORTINA HOLDINGS LIMITED

Issued and fully paid ordinary share capital

	No. of shares		Amount			
	Authorised share capital	Issued share capital	Authorised share capital $'000	Share capital $'000	Share premium $'000	Total $'000
2006						
Balance at beginning of financial year	240,000,000	150,578,415	48,000	30,116	-	30,116
Proceeds from share issue (note (a) below)	-	15,000,000	-	3,000	2,475	5,475
Share issue expense	-	-	-	-	(110)	(110)
Effects of Companies (Amendment) Act 2005 (note (b) below)	(240,000,000)	-	(48,000)	2,365	(2,365)	-
Balance at end of financial year	-	165,578,415	-	35,481	-	35,481
2005						
Balance at beginning and end of financial year	240,000,000	150,578,415	48,000	30,116	-	30,116

22. SHARE CAPITAL OF CORTINA HOLDINGS LIMITED (CONTINUED)

(a) On 9 September 2005, the Company issued 15,000,000 ordinary shares of $0.365 each at a premium of $0.165 per share to provide funds for the expansion of the Group's operations.

(b) Under the Companies (Amendment) Act 2005 that came into effect on 30 January 2006, the concept of par value and authorised share capital are abolished and the amount in the share premium account as of 30 January 2006 is required to become part of the Company's share capital.

23. RETAINED EARNINGS

(a) Retained earnings of the Group which are fully distributable except for retained earnings of associated companies comprise:

	THE GROUP	
	2006	2005
	$'000	$'000
Company	**6,036**	7,752
Subsidiaries	**27,417**	23,432
Associated companies	**2,553**	2,720
	36,006	33,904

(b) Movements in retained earnings for the Company are as follows:

	THE COMPANY	
	2006	2005
	$'000	$'000
At beginning of the financial year	**7,752**	8,981
Net (loss) / profit for the financial year	**(211)**	457
Dividends paid (note 24)	**(1,505)**	(1,686)
At end of the financial year	**6,036**	7,752

Movements in retained earnings for the Group are shown in the Consolidated Statement of Changes in Equity.

24. DIVIDENDS

	THE COMPANY	
	2006	2005
	$'000	$'000
Ordinary dividends paid:		
Final dividend of 1.25 cents (2005: 1.40 cents) per share, paid net of tax at 20% (2005: 20%)	**1,505**	1,686

The directors have proposed a final dividend for 2006 of 1.25 cents per share amounting to a total of $1,655,784 net of tax at 20%. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 March 2007.

25. CONTINGENT LIABILITIES

Details and estimates of maximum amounts of contingent liabilities are as follows:

	THE COMPANY	
	2006 $'000	2005 $'000
Corporate guarantees in respect of bank facilities utilised by subsidiaries	**63,345**	52,882
Undertaking to provide continuing financial support to subsidiaries in a net liability position	**735**	299

26. COMMITMENTS

(a) Capital commitments

Capital commitments for the acquisition of property, plant and equipment not recognised in the financial statements are as follows:

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Expenditure contracted for	**-**	1,176	**-**	-

26. COMMITMENTS (CONTINUED)

(b) Operating lease commitments – where a group company is the lessee

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.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are payable as follows:

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Not later than 1 financial year	**6,115**	4,618	**-**	-
Later than 1 financial year but not later than 5 financial years	**6,246**	5,239	**-**	-
	12,361	9,857	**-**	-

(c) Operating lease commitments – where a group company is the lessor

The future aggregate minimum lease payments under non-cancellable operting lease contracted for at the balance sheet date but not recognised as receivables are as follows:

	THE GROUP AND THE COMPANY	
	2006 $'000	2005 $'000
Not later than 1 financial year	**19,600**	19,600

27. 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 mainly in Asia and is exposed to foreign exchange risk principally in respect of Swiss Francs, Hong Kong Dollars, Thai Baht and Malaysian Ringgit.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Foreign exchange risk (continued)

The Group monitors the foreign currency exchange rate movements closely to ensure that its exposure is minimised. To manage their foreign exchange risk arising from future commercial transaction and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, where considered appropriate.

As at year-end, the Group has outstanding forward foreign exchange contracts with notional amounts totaling $564,000 (2005: $1,458,000). The net favourable fair values of the forward foreign contracts for the Group are $10,000 (2005: $6,000 unfavourable)

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest risk mainly arises from borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk and the Group's borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to borrow substantially at variable rate. The Group monitors the interest rate movements closely to ensure that such borrowings are maintained at favourable rates.

The tables below set out the Group's and the Company's exposure to interest rate risks on its borrowings, categorised by the earlier of contractual repricing or maturity dates of its interest rates.

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Variable rates				
– Less than 6 months	62,290	46,713	375	525
– 6 – 12 months	-	3,106	-	-
Sub-total	62,290	49,819	375	525
Fixed rates				
– Less than 1 year	264	564	-	-
– 1 to 5 years	641	1,523	-	-
– Over 5 years	15	884	-	-
Sub-total	920	2,971	-	-
Total	63,210	52,790	375	525

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Credit risk

A substantial portion of the Group's sales is collected in cash and in credit cards. Credit is extended only to selected customers with adequate financial standing and appropriate credit history. Senior management reviews and closely monitors all outstanding receivables on a periodic basis. Where necessary, customers may also be requested to provide security or advance payment. The Group's policy does not permit unsecured 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 Group management monitors the utilisation of the bank facilities and ensures compliance with financial covenants.

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 commercial terms:

	THE GROUP	
	2006	2005
	$'000	$'000
Purchase of goods from a minority shareholder of a subsidiary	**1,444**	1,244
Purchase of goods from an associated company	**158**	672
Rental income received/receivable from an associated company	**(18)**	(18)
Advertising rebates received/receivable from a minority shareholder of a subsidiary	**(54)**	(89)

Outstanding balances at 31 March 2006, arising from sale/purchase of goods and services are set out in notes 10 and 17 respectively.

(b) Key management remuneration

Key management 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 2006, the total key management remuneration is as follows:

28. RELATED PARTY TRANSACTIONS (CONTINUED)

	THE GROUP		THE COMPANY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Salaries and other short-term employee benefits	**3,616**	3,786	**818**	799
Post-employment benefits – contribution to CPF	**118**	120	**-**	-
Total	**3,734**	3,906	**818**	799

Remuneration of the directors of the Company for 2006 amounted to $2,207,000 (2005: $2,544,000) and are in the following remuneration bands:

	2006	2005
Above $500,000	**3**	3
Below $250,000	**6**	6
Total	**9**	9

29. SEGMENT INFORMATION

(a) Primary reporting format – geographical segments

	SOUTHEAST ASIA $'000	NORTHEAST ASIA $'000	ELIMINATION $'000	GROUP $'000
Financial year ended 31 March 2006				
Sales				
- External sales	150,391	17,330	-	167,721
- Inter-segment sales	2,074	279	(2,353)	-
	152,465	17,609	(2,353)	167,721
Segment results	6,489	1,455	779	8,723
Unallocated costs				(1,037)
				7,686
Finance expenses				(2,681)
Share of losses of associated companies	(19)	(148)	-	(167)
Profit before tax				4,838
Tax				(1,571)
Net profit				3,267

29. SEGMENT INFORMATION (CONTINUED)

	SOUTHEAST ASIA $'000	NORTHEAST ASIA $'000	ELIMINATION $'000	GROUP $'000
Segment assets	143,531	18,193	(863)	160,861
Associated companies	3,194	279	-	3,473
Unallocated assets				766
Consolidated total assets				165,100
Segment liabilities	23,939	2,638	(864)	25,713
Unallocated liabilities				64,516
Consolidated total liabilities				90,229
Other segment items				
Capital expenditure	4,390	434	-	4,824
Depreciation	1,872	195	-	2,067
Impairment adjustment of property, plant and equipment	(62)	-	-	(62)
Financial year ended 31 March 2005				
Sales				
- External sales	141,205	16,795	-	158,000
- Inter-segment sales	2,608	246	(2,854)	-
	143,813	17,041	(2,854)	158,000
Segment result	6,852	384	(92)	7,144
Unallocated costs				(1,270)
				5,874
Finance expenses				(1,601)
Share of profits of associated companies	11	68	-	79
Profit before tax				4,352
Tax				(1,178)
Net profit				3,174
Segment assets	123,332	15,018	(1,529)	136,821
Associated companies	3,752	428	-	4,180
Unallocated assets				689
Consolidated total assets				141,690

29. SEGMENT INFORMATION (CONTINUED)

	SOUTHEAST ASIA $'000	NORTHEAST ASIA $'000	ELIMINATION $'000	GROUP $'000
Segment liabilities	19,317	2,316	(1,311)	20,322
Unallocated liabilities				54,137
Consolidated total liabilities				74,459
Other segment items				
Capital expenditure	5,429	22	-	5,451
Depreciation	1,313	124	-	1,437
Impairment loss of property, plant and equipment	153	-	-	153

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 operates in one business segment, namely the distribution and retailing of watches. Accordingly, no business segment information is presented.

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

	THE GROUP	
	2006 $'000	2005 $'000
Southeast Asia	**119,491**	102,086
Northeast Asia	**43,978**	49,795
Others	**4,252**	6,119
	167,721	158,000

30. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP

	Name of company [Country of incorporation]	Principal activities	Country of business	Effective equity holding 2006 %	2005 %
(a)	Significant subsidiaries				
	Held by the Company				
	Chronoswiss Asia Pte Ltd(1) [Singapore]	Import and export of Chronoswiss watches	Singapore	**90**	90
	Cortina Watch HK Limited(3) [Hong Kong]	Retail, import and export of watches	Hong Kong	**100**	100
	Cortina Watch Pte Ltd(1) [Singapore]	Retail, import and export of watches, pens, lighters and clocks	Singapore	**100**	100
	Cortina Watch Sdn Bhd(2) [Malaysia]	Retail, import and export of watches, pens, lighters and clocks	Malaysia	**70**	70
	Pactime HK Limited(3) [Hong Kong]	Import and export of watches	Hong Kong	**70**	100
	Pacific Time Pte Ltd(1) [Singapore]	Import and export of watches	Singapore	**100**	100
	Cortina Watch (Thailand) Co. Thailand Ltd(4) [Thailand]	Retailing of watches	Thailand	**60**	60
	Held by subsidiaries				
	Pacific Time Co., Ltd(6) [Taiwan]	Distribution of watches	Taiwan	**55**	-
(b)	Significant associated companies				
	Held by the Company				
	Montre Royale Distributors (Singapore) Pte. Ltd(1) [Singapore]	Dealers in watches	Singapore	**50**	50
	Wholly owned subsidiary of Montre Royale Distributors (Singapore) Pte. Ltd: Societe Anonyme De La Montre Royale(5) [Switzerland]	Commision agents and general trading	Switzerland	**-**	-
	Held by the subsidiaries				
	Altina (H.K.) Limited(3) [Hong Kong]	Import, export and trading of watches	Hong Kong	**50**	50
	Chopard (Malaysia) Sdn Bhd [Malaysia]	Dealers in watches, sunglasses and jewellery	Malaysia	**-**	14

30. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP (CONTINUED)

(1) Audited by PricewaterhouseCoopers, Singapore
(2) Audited by RSM Robert Teo, Kuan & Co, Malaysia
(3) Audited by Ronald W.F. Ko & Co., Hong Kong
(4) Audited by RSM Nelson Wheeler Audit Limited, Thailand
(5) Audited by Cabinet de Revision & Conseil S.A., Switzerland
(6) Audited by Sun Rise CPAs & Co, Taiwan

31. COMPARATIVE INFORMATION

Cash discounts amounting to $1,514,000 for the previous financial year have been reclassified to cost of inventories recognised as an expense to conform with the current year's presentation which is more appropriate:

The impact on the respective items on the income statements for the year ended 31 March 2005 are as follows:

	AS PREVIOUSLY REPORTED	AS RECLASSIFIED
	$'000	$'000
Cost of inventories recognised as an expense	(145,891)	(144,377)
Other operating income	2,044	530

32. NEW ACCOUNTING STANDARDS AND RECOMMENDED ACCOUNTING POLICIES

The Group have assessed the new accounting standards and FRS Interpretations that are mandatory for the Group for period beginning on or after 1 April 2006. The adoption of those relevant standards and interpretations is not expected to significantly affect the financial statements.

33. 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 25 May 2006.

Authorised Share Capital	:	S$48,000,000
Issued and Fully Paid-up Capital	:	S$35,481,183
Class of Shares	:	Ordinary Share
Voting Rights	:	One vote per share

TWENTY LARGEST SHAREHOLDERS
As at 2 June 2006

S/N	Name of shareholders	No. of shares	%
1	LIM KEEN BAN HOLDINGS PTE LTD	51,457,490	31.08
2	DBS NOMINEES PTE LTD	20,631,000	12.46
3	PHILLIP SECURITIES PTE LTD	14,526,000	8.77
4	YU CHUEN TEK	14,038,015	8.48
5	CITIBANK NOMINEES SINGAPORE PTE LTD	11,864,940	7.17
6	FOO SEE JIN	8,757,320	5.29
7	WONG KWOK KUEN	7,000,000	4.23
8	YU LEE CHIUN	6,880,010	4.16
9	YU YUNG TEK	6,880,010	4.16
10	HSBC (SINGAPORE) NOMINEES PTE LTD	4,750,000	2.87
11	FONG TIT FUNG	3,445,000	2.08
12	LONG AH HIAN	2,475,695	1.50
13	HUI YI WAN	2,200,000	1.33
14	MING YAW PTE LTD	1,654,935	1.00
15	HOW SOW CHUEN	1,383,000	0.84
16	UNITED OVERSEAS BANK NOMINEES PTE LTD	582,000	0.35
17	CHEAH YOK KIAN	350,000	0.21
18	CHIA KUM HO	350,000	0.21
19	TAN SOO SONG	250,000	0.15
20	LIM PIN	221,000	0.13
	TOTAL:	**159,696,415**	**96.47**

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS
As at 2 June 2006

Size of Holdings	No. of shareholders	%	No. of shares	%
1 - 999	-	-	-	-
1,000 - 10,000	524	82.52	1,986,000	1.20
10.001 - 1,000,000	96	15.12	5,649,000	3.41
1,000,001 and above	15	2.36	157,943,415	95.39
	635	100.00	165,578,415	100.00

SHAREHOLDING STATISTICS

As at 2 June 2006

Substantial Shareholders

	No. of shares registered in the name of substantial shareholders	No. of shares which substantial shareholders are deemed to be interested	Total	%
LIM KEEN BAN HOLDINGS PTE LTD	51,457,490	1,654,935 (1)	53,112,425	32.08
LIM KEEN BAN	-	53,112,425 (2)	53,112,425	32.08
CHIA NYOK SONG @ CHEAH YOKE HENG	-	53,112,425 (3)	53,112,425	32.08
LIM JIT MING	-	53,112,425 (4)	53,112,425	32.08
LIM JIT YAW	-	53,112,425 (5)	53,112,425	32.08
LIM YIN CHIAN	-	53,112,425 (6)	53,112,425	32.08
MING YAW PTE LTD	1,654,935	-	1,654,935	1.00
YU CHUEN TEK	14,585,015 (7)	10,328,000 (8)	24,913,015	15.05
MARIA NORMA D YU	118,000	24,795,015 (9)	24,913,015	15.05
RENNICK PTE LTD	10,210,000	-	10,210,000	6.17
HENRY TAY YUN CHWAN	20,533,000 (10)	-	20,533,000	12.40
LONG FOO PIENG	11,864,940 (11)	-	11,864,940	7.17
FOO SEE JIN	8,757,320	-	8,757,320	5.29

(1) This represents Lim Keen Ban Holdings Pte Ltd's deemed interest of 1,654,935 shares held in the name of Ming Yaw Pte Ltd (a company owned by Mr Lim Keen Ban, Mdm Chia Nyok Song @ Cheah Yoke Heng, Mr Lim Jit Ming, Mr Lim Jit Yaw and Ms Lim Yin Chian).

(2) This represents Mr Lim Keen Ban's deemed interest of 53,112,425 shares held in the name of the following:
(a) 51,457,490 shares held by Lim Keen Ban Holdings Pte Ltd; and
(b) 1,654,935 shares held by Ming Yaw Pte Ltd (a company owned by Mr Lim Keen Ban, Mdm Chia Nyok Song @ Cheah Yoke Heng, Mr Lim Jit Ming, Mr Lim Jit Yaw and Ms Lim Yin Chian).

(3) This represents Mdm Chia Nyok Song @ Cheah Yoke Heng's deemed interest of 53,112,425 shares held in the name of the following:
(a) 51,457,490 shares held by Lim Keen Ban Holdings Pte Ltd; and
(b) 1,654,935 shares held by Ming Yaw Pte Ltd (a company owned by Mr Lim Keen Ban, Mdm Chia Nyok Song @ Cheah Yoke Heng, Mr Lim Jit Ming, Mr Lim Jit Yaw and Ms Lim Yin Chian).

(4) This represents Mr Lim Jit Ming's deemed interest of 53,112,425 shares held in the name of the following:
(a) 51,457,490 shares held by Lim Keen Ban Holdings Pte Ltd; and
(b) 1,654,935 shares held by Ming Yaw Pte Ltd (a company owned by Mr Lim Keen Ban, Mdm Chia Nyok Song @ Cheah Yoke Heng, Mr Lim Jit Ming, Mr Lim Jit Yaw and Ms Lim Yin Chian).

(5) This represents Mr Lim Jit Yaw's deemed interest of 53,112,425 shares held in the name of the following:
(a) 51,457,490 shares held by Lim Keen Ban Holdings Pte Ltd; and
(b) 1,654,935 shares held by Ming Yaw Pte Ltd (a company owned by Mr Lim Keen Ban, Mdm Chia Nyok Song @ Cheah Yoke Heng, Mr Lim Jit Ming, Mr Lim Jit Yaw and Ms Lim Yin Chian).

(6) This represents Ms Lim Yin Chian's deemed interest of 53,112,425 shares held in the name of the following:
(a) 51,457,490 shares held by Lim Keen Ban Holdings Pte Ltd; and
(b) 1,654,935 shares held by Ming Yaw Pte Ltd (a company owned by Mr Lim Keen Ban, Mdm Chia Nyok Song @ Cheah Yoke Heng, Mr Lim Jit Ming, Mr Lim Jit Yaw and Ms Lim Yin Chian).

(7) This includes Mr Yu Chuen Tek's direct interest of 547,000 shares held in the name of United Overseas Bank Nominees Pte Ltd.

(8) This represents Mr Yu Chuen Tek's deemed interest of 10,328,000 shares held in the name of the following:
(a) 118,000 shares held by Mrs Maria Norma D Yu (spouse of Mr Yu Chuen Tek); and
(b) 10,210,000 shares held by Rennick Pte Ltd (a company owned by Mr Yu Chuen Tek and Mrs Maria Norma D Yu).

(9) This represents Mrs Maria Norma D Yu's deemed interest of 24,795,015 shares held in the name of the following:
(a) 14,585,015 shares held by Mr Yu Chuen Tek (spouse of Mrs Maria Norma D Yu); and
(b) 10,210,000 shares held by Rennick Pte Ltd (a company owned by Mr Yu Chuen Tek and Mrs Maria Norma D Yu).

(10) This represents Mr Long Foo Pieng's direct interest of 11,864,940 shares held in the name of Citibank Nominees (Singapore) Pte Ltd.

(11) This represents Mr Henry Tay Yun Chwan's direct interest of 20,533,000 shares held in the name of UOB Nominees (HK) Ltd.

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 2 June 2006, approximately 17.99% 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
Company Registration No. 197201771W

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Esplanade Room 2, Level 4, Carlton Hotel-Singapore, 76 Bras Basah Road, Singapore 189558 on Friday, 14 July 2006 at 9.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and consider the Audited Accounts of the Company for the financial year ended 31 March 2006 and the Directors' Report and the Auditors' Report thereon. **(RESOLUTION 1)**

2. To declare a First and Final Dividend of 1 cent per ordinary share (after 20% income tax) for the financial year ended 31 March 2006. **(RESOLUTION 2)**

3. To approve the Directors' Fees of S$337,500.00 for the financial year ended 31 March 2006. **(RESOLUTION 3)**

4. To re-elect the following Directors retiring pursuant to Section 153(6) of the Companies Act, Cap. 50:
   Mr Lim Keen Ban **(RESOLUTION 4)**
   Mr Ch'ng Jit Koon **(RESOLUTION 5)**

   (See Explanatory Note 1)

5. To re-elect the following Directors retiring pursuant to Article 91 of the Company's Articles of Association:
   Mr Lim Jit Ming **(RESOLUTION 6)**
   Mr Long Foo Pieng **(RESOLUTION 7)**

6. To re-appoint PricewaterhouseCoopers as auditors of the Company and to authorise the Directors to fix their remuneration. **(RESOLUTION 8)**

AS SPECIAL BUSINESS

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

   Authority to allot and issue shares

   (a) That, pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:
      (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
      (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
      (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

   (b) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's issued share capital, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) 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;

a) new shares arising from the conversion or exercise of convertible securities, or
b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and
c) any subsequent consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(See Explanatory Note 2) **(RESOLUTION 9)**

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

Dated this 29th day of June 2006

BY ORDER OF THE BOARD
Lim Ka Bee
Company Secretary

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead.
2. A proxy need not be a member of the Company.
3. If the appointor 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 Raffles City Tower, Singapore 179101 not later than 48 hours before the time appointed for the Meeting.

Explanatory Notes:

1. Mr Ch'ng Jit Koon will, upon re-election as Director of the Company, remain as Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of The Singapore Exchange Securities Trading Limited.

2. The ordinary resolution in item no. 7 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 at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

CORTINA HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 197201771W

PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy Cortina Holdings Limited shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent 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.

* I/We ____

of ____

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

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

* and/or

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Esplanade Room 2, Level 4, Carlton Hotel-Singapore, 76 Bras Basah Road, Singapore 189558 on Friday, 14 July 2006 at 9.00 a.m. and at any adjournment thereof.

* I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For	Against
1.	To receive and consider the Audited Accounts of the Company for the financial year ended 31 March 2006 and the Directors' Report and the Auditors' Report thereon.		
2.	To declare a First and Final Dividend of 1 cent per ordinary share (after 20% income tax) for the financial year ended 31 March 2006.		
3.	To approve the Directors' Fees of S$337,500.00 for the financial year ended 31 March 2006.		
4.	To re-elect Mr Lim Keen Ban as a Director of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50.		
5.	To re-elect Mr Ch'ng Jit Koon as a Director of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50.		
6.	To re-elect Mr Lim Jit Ming as a Director of the Company pursuant to Article 91 of the Company's Articles of Association.		
7.	To re-elect Mr Long Foo Pieng as a Director of the Company pursuant to Article 91 of the Company's Articles of Association.		
8.	To re-appoint PricewaterhouseCoopers as auditors of the Company and to authorise the Directors to fix their remuneration.		
9.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		

Dated this ______ day of ____________________ 2006

Total Number of Shares Held

____
Signature(s) of Member(s) / Common Seal
* Delete accordingly

IMPORTANT: Please read notes overleaf.

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AFFIX STAMP

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

2ND FOLD HERE

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 Raffles City Tower, 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 the 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.

1ST FOLD HERE

CORPORATE OFFICE

SINGAPORE

Cortina Holdings Limited
250 North Bridge Road
#16-01 Raffles City Tower
Singapore 179101
Tel: (65) 6339 9447
Fax: (65) 6336 7913
www.cortina.com.sg

OFFICES

SINGAPORE

Cortina Watch Pte Ltd
250 North Bridge Road
#16-01 Raffles City Tower
Singapore 179101
Tel: (65) 6339 9447
Fax: (65) 6336 4939 / 6336 7913
Regional General Manager:
Jeremy Lim
www.cortinawatch.com

MALAYSIA

Cortina Watch Sdn Bhd
C7 and C8, Ground Floor
Block C, K.L. Plaza
179 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: (03) 2148 2814
Fax: (03) 2145 1866
General Manager: Ivan Tshai

HONG KONG

Cortina Watch HK Limited
3F Wing Cheong House
53 Queen's Road Central
Hong Kong
Tel: (852) 2537 6236
Fax: (852) 2537 9612
Executive Director: Dorris Cheah

THAILAND

Cortina Watch (Thailand) Co Ltd
Room A, 4th Floor Erawan Bangkok
494 Ploenchit Road
Lumpini, Pathumwan
Bangkok 10330
Tel: (66) 2250 7991
Fax: (66) 2250 7992
General Manager: Krist Chatikaratana

CORTINA WATCH ESPACE

SINGAPORE

Millenia Walk
9 Raffles Boulevard
#01-62/65A
Singapore 039596
Tel: (65) 6339 1728
Fax: (65) 6339 3458
Key Personnel: Sonny Tan

MALAYSIA

Star Hill Gallery
UG19/UG24, Upper Ground Floor
181 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: (03) 2142 1171/1161
Fax: (03) 2142 1172
Key Personnel: Teh Chin Soon

THAILAND

Erawan Bangkok
1st Floor, Room 110, 112, 116
Erawan Bangkok
494 Ploenchit Road
Lumpini, Pathumwan
Bangkok 10330
Tel: (66) 2250 7888 / 2250 7999
Fax: (66) 2250 7799
Key Personnel: Krist Chatikaratana

CORTINA WATCH BOUTIQUES

SINGAPORE

Lucky Plaza
#01-32, 304 Orchard Road
Singapore 238863
Tel: (65) 6734 3668
Fax: (65) 6738 1873
Key Personnel: Joseph Lay

Paragon
#01-13/15, 290 Orchard Road
Singapore 238859
Tel: (65) 6235 0084
Fax: (65) 6736 1641
Key Personnel: Eric Cheah

Raffles City Shopping Centre
#01-36, 252 North Bridge Road
Singapore 179103
Tel: (65) 6339 9185
Fax: (65) 6339 1566
Key Personnel: Sunny Lau

MALAYSIA

K.L.Plaza
G32, 179 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: (03) 2145 5171
Fax: (03) 2145 3089
Key Personnel: Mustaffa Kamal

Berjaya Times Square
G48, No 1 Jalan Imbi,
55100 Kuala Lumpur
Tel: (03) 2143 1923
Fax: (03) 2143 1787
Key Personnel: Samantha Chen

HONG KONG

Queen's Road Central
53 Queen's Road Central
Tel: (852) 2522 0645
Fax: (852) 2522 8898
Key Personnel: Raymond Lee

BRAND BOUTIQUES

THAILAND

IWC Boutique
1st Floor, Room 128
Siam Paragon Shopping Centre
991 Rama I Road
Pathumwan Bangkok 10330
Tel: (66) 2610 9485
Fax: (66) 2610 9480
Key Personnel: Krist Chatikaratana

Jaeger-LeCoultre Boutique
1st Floor, Room 128
Siam Paragon Shopping Centre
991 Rama I Road
Pathumwan Bangkok 10330
Tel: (66) 2610 9484
Fax: (66) 2610 9480
Key Personnel: Krist Chatikaratana

HONG KONG

Locman Boutique
Shop 2026-27, Podium Level 2
IFC Mall, 1 Harbour View Street
Central, Hong Kong
Tel: (852) 2295 0788
Fax: (852) 2111 8600
Key Personnel: Mark Quek

DISTRIBUTION DIVISION

SINGAPORE

Chronoswiss Asia Pte Ltd
3791 Jalan Bukit Merah
#09-29/30, E-Centre @ Redhill
Singapore 159741
Tel: (65) 6271 9600
Fax: (65) 6271 4711
Executive Director: Sharon Lim

Pacific Time Pte Ltd
3791 Jalan Bukit Merah
#09-29/30, E-Centre @ Redhill
Singapore 159741
Tel: (65) 6271 9600
Fax: (65) 6271 4711
Executive Director: Sharon Lim

HONG KONG

Pactime HK Limited
Unit 705, 7th Floor
Emperor Group Centre
288 Hennessy Road, Hong Kong
Tel: (852) 2111 2000
Fax: (852) 2111 2001
Managing Director: Mark Quek

TAIWAN

Pacific Time Co., Ltd.
7Fl.-2, No.21, Sec. 1
Tunhua South Road
Taipei, Taiwan, R.O.C.
Tel: (886) 2 25706789
Fax: (886) 2 25702341
Managing Director: Douglas Shih

Cortina Holdings Limited

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Co. Reg. No: 197201771W

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