Cortina Holdings Limited

TWO THOUSAND

04

ANNUAL REPORT

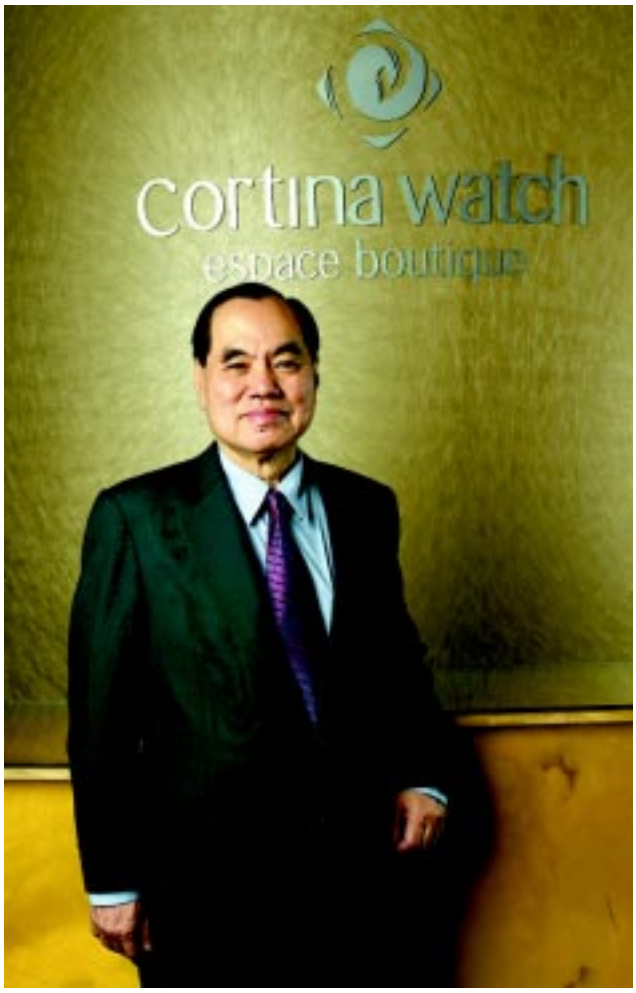
Contents

Founded in 1972, Cortina Holdings Limited today is an established player in the luxury watch retail and distribution industry in Asia.

Renowned for carrying high quality timepieces - over 3,000 models from 50 different international brands - and personalised service, Cortina Watch currently operates 8 retail outlets across Asia - Singapore, Malaysia and Hong Kong. By the fourth quarter this year, it will open the much lauded ESPACE boutique in Thailand. It also boasts a strong and profitable distribution network covering primarily South East Asia and North East Asia.

With sound business acumen and a progressive entrepreneurial spirit, Cortina Watch is today the sole agent of the prestigious Chronoswiss brand in Southeast Asia. It also holds the exclusive dealership of Blancpain and Scalfaro in Singapore and Malaysia. The Group's subsidiary Pacific Time Pte Ltd also holds the agency for Locman, Carlo Ferrara and Underwood (London).

With over 30 years regional experience and presence, Cortina Holdings Limited is committed to forge its relationships with all its business partners to enhance market position and increase market share and bring about increased returns on shareholders investments leveraging on its financial resources, strong branding and management capabilities.



LIM KEEN BAN, ANTHONY
Chairman & Managing Director

" Cortina Holdings Limited has shown resilience in a year fraught with global and economic uncertainties. We have weathered the difficult conditions of the past year well and this bears testimony to our strengths. I am proud to add that as a Group, we have a clear growth strategy, the financial resources and a committed dynamic management team and dedicated staff with the expertise and foresight to exploit market opportunities around the region and enhance shareholder value. "

Chairman's Statement

TO ALL SHAREHOLDERS

I am pleased to report that the financial year 2004 ended on a high note for Cortina Holdings Limited. Despite a slow down in retail spending in the first half of the financial year, we were able to bounce back in the second half and continue our track record of profitability. This was achieved largely through the Group's strategic planning and maximisation of our resources and prudent costs management. Effective execution of the various marketing activities to capture market share when consumer confidence returned helped contribute to the growth.

We successfully navigated our way through challenging times during the year, and even when many others went on stringent costs cutting measures, we increased our management team, renovated our boutiques and continued with our expansion plans. We stayed firm to our commitment of maximising shareholder value.

IMPROVED RESULTS

Group turnover for FY 2004 rose S$21.6 million to S$161.8 million, an increase of 15.4%, compared with S$140.2 million in FY 2003. The higher revenue was largely driven by higher demand for our products in both retail and distribution sectors in South East Asia region where consumer and market sentiment has improved in the second half of the financial year due to better economic outlook and SARS kept under control. Our retail business in Hong Kong had also benefited from the relaxation of rules regulating visitors from People's Republic of China (P.R.C).

The Group's operating expenses excluding finance cost had increased by S$1 million from S$15.4 million in FY 2003 to S$16.4 million in FY 2004. It was mainly due to increase in variable element of staff cost and sales-related operating expenses. However, the increase was compensated by a reduction of finance cost of S$0.3 million from S$1.6 million in FY 2003 to S$1.3 million in FY 2004 as a result of more favourable terms of banking facilities granted by our bankers and better management of such banking facilities.

For FY 2004, we had a positive share of results of our associated companies largely due to one of the associated companies turning into profit making position for FY 2004 as a result of higher sale revenue and lower operating expenses.

Focused on **Growth** and **Profitability** to enhance shareholder value

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1 Official launch of Omega Bijoux at Cortina Watch Espace Boutique by Omega Ambassador, Ms Anna Kournikova. **2** Ms Anna Kournikova with ardent fans at Cortina Watch (Paragon). **3** Chronoswiss Private Preview. **4** Locman Private Party. **5** Launch of Blancpain Fifty Fathoms. **6** An Evening with Mr Gerald Charles Genta.

Despite the net increase of S$0.7 million in our total operating expenses, the Group registered an improvement in net profit after tax of 65.4% to S$6.1 million in FY 2004.

SOUTH EAST ASIA

South East Asia consisting of our key markets, Singapore and Malaysia, accounts for 52% of the Group's turnover at S$84.2 million. The Singapore market remains a major contributor to our growth and performance. Whilst retail spending was visibly slow in the first half of the financial year, as soon as market recovery was in sight, we benefited from consumers pent-up need to spend, the festive season splurge and pre-GST hike spree. Our strong presence at home, a discerning and an extensive collection of exquisite timepieces as well as our good repute have helped us maintained good market presence.

Malaysia has proven to be a strong growing market as evident from the robust performance of our ESPACE boutique in Star Hill Centre, Malaysia. The contribution from the Malaysian market in the past year is very encouraging and we are optimistic for its continued growth. We will continue to nurture this market and maximise its potential.

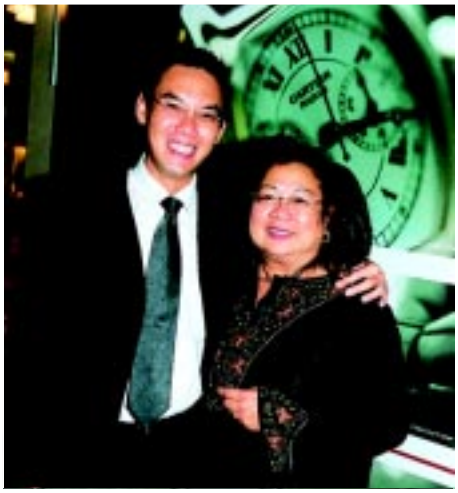
NORTH EAST ASIA

North East Asia, consisting of mainly Hong Kong's customers accounts for 44% of the Group's turnover at S$71.4 million. The retail market in Hong Kong rebounded towards the last quarter of the financial year ended 31 March 2004 largely due to relaxed socio-economic policies, increased brand consciousness amongst the mainland Chinese population, growing affluence of these Chinese consumers who have the propensity to spend.

DISTRIBUTION NETWORK PENETRATION

Pacific Time Pte Ltd, our distribution subsidiary, has also penetrated its distribution of Locman into Malaysia, Indonesia and Thailand. The expansion plans for Locman include the establishment of a Locman boutique in Indonesia which will serve to reinforce brand awareness and desirability. Its achievement in gaining the agency of Underwood has reinforced its credibility as a premium agent for the distribution of luxury timepieces and accessories. The Underwood label from London carries an exquisite range of handcrafted Italian-leather bound watch winders.

Lead with our **Strengths** and **Initiatives** to take watch retailing to new heights



1 An Evening with Mr Gerd R Lang, Founder and Master Watchmaker of Chronoswiss. **2&3** Collection Privee Cartier Paris Private Preview.
4 Visit by Ms Polly Vacher, Oris. **5** Vacheron Constantin Private Preview

REGIONAL EXPANSION

In line with our overseas expansion strategy, we will take the Group's unique ESPACE concept to Thailand. Nestled in the prime premium shopping district of Bangkok, the Cortina Watch ESPACE boutique at Erawan Bangkok will command a space of 4500 square feet in the heart of the Thai capital and offer the city's sophisticated shopper population an unique retail experience. The distinguished ESPACE boutique, which boasts of a boutique-within-a-boutique concept, will offer Thai customers and its huge tourists market the luxury of indulging in the distinctive ambience of each exclusive brand within a single premise. When the boutique opens in the fourth quarter of 2004, customers can expect to see luxury brands like Rolex, Patek Philippe, Blancpain, Cartier, Audemars Piguet, Jaeger-LeCoultre, Concord and Chopard just to name a few.

We believe the market potential in Thailand is strong and will further contribute to the success of the Group. An aggressive marketing plan will also be in place to promote our presence and attract consumers spending.

REFURBISHMENT

In keeping with changing consumer trends and times, our boutiques at Paragon and Raffles City underwent extensive refurbishment last year to reinforce our brand identity and accord our distinguished customers the ambience they so deserve. At Raffles City, we created the luxurious Collection de Choix where avid watch collectors can view rare and exquisite timepieces in privacy. The refurbished boutiques have since witnessed an increase in customer traffic and spending as a result of increased floor space, improved shop layout and ambient lighting, and a more extensive watch collection for customers' selection. Renovations to our boutique at Lucky Plaza in May 2004 will certainly enhance the shopping experience for our customers.

FORGING OUR PARTNERSHIPS

Capitalising on increased consumer confidence in the 2nd half of the financial year ended 31 March 2004, a host of promotional activities were held. These were held to celebrate new product launches, invite customers to come up close and personal with watchmakers and personalities like Mr Gerd R Lang, Polly Vacher and Omega Bijoux's brand ambassadress Anna Kournikova.

Committed to **Nurture** and **Empower** management and staff

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1 Patek Philippe Private Preview. **2** Glashutte Original Private Preview. **3** Launch of Corum Bubble Galuchat and Hours of Love. **4** Launch of Corum Admiral's Cup at Raffles City. **5** Presentation of Corum Maree timepiece to Dr Ben Tan.

These marketing activities allowed the retail sales team to reinforce their good relationships with our customers and the various brand product managers with the prime objective of promoting sales and enhancing the good image of the Group.

We will once again host the third presentation of Jewellery Time, at Paragon from 16 to 26 September 2004. This event will bring together some of the most prestigious luxury brand names in jewellery watchmaking who will present their rare and exquisite jewellery timepieces collection. Jewellery Time 2004 will consolidate our foothold as a key player in luxury watch retail and further reinforce our good relationship with our brand partners.

LOOKING AHEAD

Going forward, we recognise that strategic overseas expansion in vibrant markets is important to our future growth. We will continue to explore opportunities to deepen our market penetration in Asia. Our priorities are clear. We are constantly on the lookout for strategic expansion opportunities to expand our scope of retail operations and distribution business. We will continue to invest strategically and leverage on our brand and management capabilities to further entrench our leadership in the retail and distribution of fine luxury timepieces and ensure a high level of operational excellence and superior customer service delivery.

In view of our continued profitability, the Board has recommended a first and final gross dividend of 7% per share less tax at 20%.

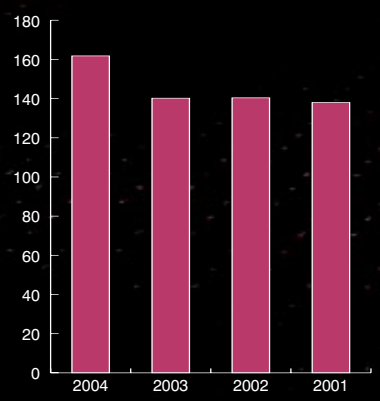
On behalf of the Board, I wish to express my deepest appreciation to our shareholders, customers and business associates for their unstinting support in all our plans to steer the Group towards further growth. My gratitude goes also to all management and staff for their drive and commitment. I look forward to a year of dynamic growth through greater collaboration and success with all our partners.

Lim Keen Ban, Anthony
Chairman & Managing Director

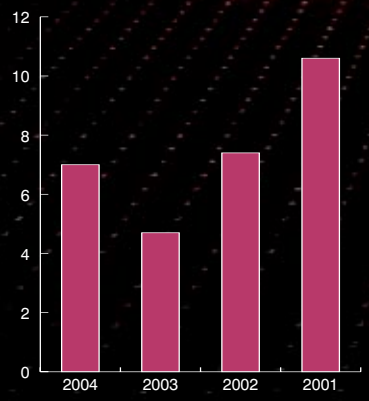
Strive to **Improve** and **Excel** in our customer service deliverables

Financial Highlights

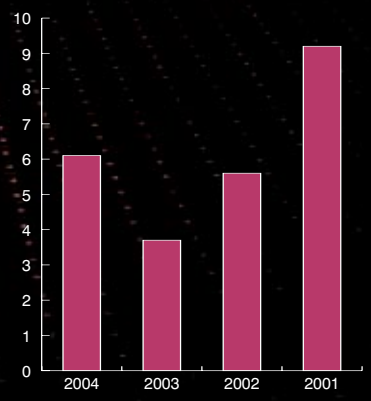
	FY 2004	FY 2003	FY 2002	FY 2001
S$ MILLION				
Turnover	161.8	140.2	140.4	138.0
Profit before tax	7.0	4.7	7.4	10.6
Profit after tax	6.1	3.7	5.6	9.2
Dividend (Net)	1.7	1.5	5.1	1.2
Shareholders' Equity	62.0	58.3	48.4	47.5
CENTS				
Basic Earnings Per Share	4.0	2.6	5.0	8.2
Net Tangible Asset Per Share	41.3	42.2	43.0	42.2



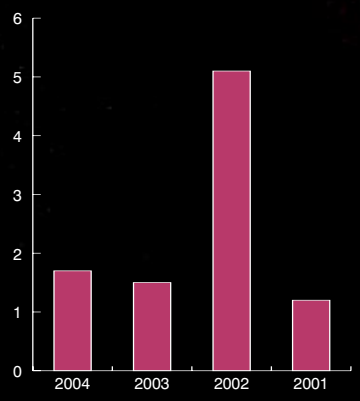
TURNOVER (S$m)



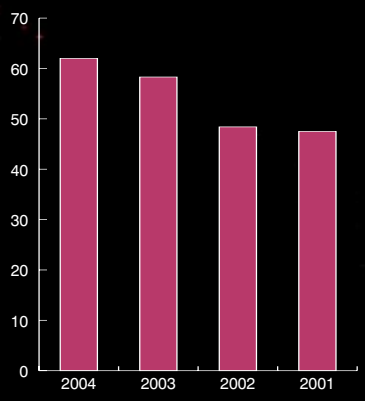
PROFIT BEFORE TAX (S$m)



PROFIT AFTER TAX (S$m)



DIVIDEND (NET) (S$m)



SHAREHOLDERS' EQUITY (S$m)

Board of Directors

1 Mr Lim Keen Ban, Anthony, *Chairman & Managing Director* **2** Mr Yu Chuen Tek, Victor, *Executive Director* **3** Mr Lim Jit Ming, Raymond, *Executive Director*
4 Mr Lim Jit Yaw, Jeremy, *Non-Executive Director* **5** Mr Foo See Jin, Michael, *Non-Executive Director* **6** Mr Long Foo Pieng, Benny, *Non-Executive Director*
7 Mr Lau Ping Sum, Pearce, *Independent Director* **8** Mr Seet Keong Sam, Lawrence, *Independent Director* **9** Mr Ch'ng Jit Koon, *Independent Director*

Directors' Profiles can be found in the Corporate Governance Report on Pg 16 & 17.

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Corporate Information

BOARD OF DIRECTORS	Mr Lim Keen Ban, Anthony	Chairman & Managing Director
	Mr Yu Chuen Tek, Victor	Executive Director
	Mr Lim Jit Ming, Raymond	Executive Director
	Mr Lim Jit Yaw, Jeremy	Non-Executive Director
	Mr Foo See Jin, Michael	Non-Executive Director
	Mr Long Foo Pieng, Benny	Non-Executive Director
	Mr Lau Ping Sum, Pearce	Independent Director
	Mr Seet Keong Sam, Lawrence	Independent Director
	Mr Ch'ng Jit Koon	Independent Director
COMPANY SECRETARIES	Ms Foo Soon Soo, FCIS, CPA, LLB (Hons)	
	Ms Julie Chin Lee Nah, ACIS, MBA	
AUDIT COMMITTEE	Mr Seet Keong Sam, Lawrence	Chairman
	Mr Lau Ping Sum, Pearce	
	Mr Yu Chuen Tek, Victor	
REMUNERATION COMMITTEE	Mr Lau Ping Sum, Pearce	Chairman
	Mr Ch'ng Jit Koon	
	Mr Lim Keen Ban, Anthony	
NOMINATING COMMITTEE	Mr Ch'ng Jit Koon	Chairman
	Mr Seet Keong Sam, Lawrence	
	Mr Yu Chuen Tek, Victor	
REGISTERED OFFICE	250 North Bridge Road	Tel : (65) 6339 9447
	#16-01 Raffles City Tower	Fax : (65) 6336 7913
	Singapore 179101	Website : www.cortina.com.sg
		Company Registration No. 197201771W
REGISTRAR AND SHARE TRANSFER OFFICE	Barbinder & Co Pte Ltd	
	8 Cross Street #11-00	
	PWC Building	
	Singapore 048424	
	Person-in-charge : Ms Khor Yoke Kean	
AUDITORS	PricewaterhouseCoopers	
	Certified Public Accountants	
	8 Cross Street #17-00	
	PWC Building	
	Singapore 048424	
	Partner-in-charge : Mr Leong Yit Siong	
	Year of Appointment : 2000	

Corporate Governance Report

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, auditability 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 in 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 environment.

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 2004.

	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE
Number of Meetings held:	3	4	2	2
NAME OF DIRECTORS	NUMBER OF MEETINGS ATTENDED			
Executive Directors:				
Lim Keen Ban	3	–	2	–
Yu Chuen Tek	3	4	–	2
Lim Jit Ming	3	–	–	–
Non-Executive Directors:				
Lim Jit Yaw	2	–	–	–
Foo See Jin	3	–	–	–
Long Foo Pieng	3	–	–	–
Independent Directors:				
Lau Ping Sum, Pearce	3	4	2	–
Seet Keong Sam	2	3	–	2
Ch'ng Jit Koon	3	–	2	2

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 discussion with Board's members, regular contact with management and visits to the operation 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 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, two executive directors and six 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 with ability of meeting 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 environment.

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

Yu Chuen Tek, Victor is our Director since 1987 and was appointed Executive Director in 1995. Mr Yu was last re-elected in 2003. His main portfolio includes strategic planning and overseeing the finance and corporate affairs to ensure the Group's growth is aligned with our corporate objective. Mr Yu holds a Bachelor of Business Administration degree from the University of Singapore. He was the Singapore Honorary Consul General to Papua New Guinea from 1988 to 1992.

Lim Jit Ming, Raymond is an Executive Director of our Group since 1992 and was re-elected as Director in 2003. 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 over 20 years of experience and know-how of the watch retail and distribution industry.

Lim Jit Yaw, Jeremy is a Non-Executive Director and Executive Officer of our Group since 2002. He was appointed Operations Manager in 2000 and was promoted to Operations Director in 2003. His duties include the management of the overall operations and merchandising of retail outlets in Singapore, Malaysia 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.

Foo See Jin, Michael is one of the founders of our Group and has been a Non-Executive Director of our Group since 1972. He was last re-elected in 2003. He has been in the food and beverage industry for over 37 years and was operations manager at the Yi Ru Vegetarian Restaurant, Neptune Theatre and Marina Mandarin of the Mandarin Group.

Long Foo Pieng, Benny is a Non-Executive Director of our Group since 2000 and was last re-elected in 2002. 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.

Lau Ping Sum, Pearce was appointed Independent Director in 2002. He is due for re-election at the forthcoming Annual General Meeting. 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.

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

Ch'ng Jit Koon was appointed Independent Director in 2003. Mr. Ch'ng was last re-elected as Director in 2003. He is a Justice of the Peace, and was a Member of Parliament from 1968 to 1996. He was appointed the Senior Parliamentary Secretary to the Prime Minister from 1982 to 1984, the Minister of State for Community Development from 1984 to 1991 and Senior Minister of State from 1991 until he retired in January 1997. Mr Ch'ng holds directorships in several listed and private companies, and also serves in several community organisations such as Chairman, 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 15 years of experience in the accounting profession. He is the member of the Association of Chartered Certified Accountants and 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 10 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 at Bloomington, USA.

Tshai Kin Chon, Ivan is the General Manager of our subsidiary in Malaysia, Cortina Watch Sdn Bhd. He is involved in the business development and the financial management of the subsidiary. In addition, he is also responsible for the day-to-day operations of the two retail outlets. Mr Tshai joined the Group 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 two retail outlets as well as being in charge of the financial aspects of the division.

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.

The Board is of the view that there are three independent directors out of nine directors currently sitting in the Board and all directors have no restriction accessing all 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 satisfied 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, a majority of whom are independent non-executive directors.

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.

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, individually 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.

The RC comprises Mr Lau Ping Sum, Committee Chairman, Mr Ch'ng Jit Koon and Mr Lim Keen Ban, a majority of whom are independent non-executive directors. None of the members specialise in the area of executive compensation. The RC, in its review of executive compensation matters, will procure professional consultancy as deemed necessary.

The level and mix of each remuneration package of the directors and key executives is 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 2004, the RC recommended that all directors be paid a basic fee of S$25,000, and a variable committee fee based on their participation in various committees. The proposed quantum of the directors' fees is subject to approval by shareholders at the AGM.

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 2004.

REMUNERATION BAND AND NAME OF DIRECTOR	BASE/ FIXED	VARIABLE OR PERFORMANCE- RELATED INCOME/ BONUSES	DIRECTORS' FEES
S$750,000 to S$1,000,000			
Lim Keen Ban	55%	39%	6%
S$500,000 to S$749,999			
Yu Chuen Tek	65%	29%	6%
Lim Jit Ming	62%	34%	4%
Below S$250,000			
Lim Jit Jaw	59%	25%	16%
Foo See Jin	–	–	100%
Long Foo Pieng	32%	3%	65%
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 2004, the top key executives (who are not Directors of the Company) of the Group are Ngai Kok Hoong, Lim Yin Chian, Tshai Kin Chon and Cheah Yok Kian. 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 2004.

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 MASNET 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.

The AC comprises Mr. Seet Keong Sam, Committee Chairman, Mr. Lau Ping Sum and Mr. Yu Chuen Tek, a majority of whom are independent non-executive directors.

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

- reviews audit plans and audit reports of the external and internal auditors.
- reviews the scope, cost effectiveness, independence and objectivity of the internal auditors and external auditors.
- reviews the evaluation carried out by the auditors on the Group's internal control system and the co-operation extended by Management and the Company's officers to the auditors.
- reviews the financial statements of the Group before recommending them to the Board for approval and subsequent announcement.
- reviews the value and extent of the non-audit services provided by the external auditors, seeking to balance the maintenance of objectivity and value for money.
- reviews interested person transactions in accordance with the requirements of the listing rules of the SGX-ST.
- Reviews annually the independence of the external auditors.

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

The AC has no restriction in accessing to the management and the staff of the Company.

The Audit Committee has reviewed the non-audit services performed by the external auditors, PricewaterhouseCoopers in FY2004 and noted that the level of such activities is not significant compared to the level of audit services carried out.

The Audit Committee has recommended to the Board of Directors that the auditors, PricewaterhouseCoopers be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

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

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:

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

The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. The Board encourages shareholders to attend the AGM and to stay informed of the Company's developments. All questions and views on matters affecting the Company are welcome. The chairpersons of the AC, the RC and the NC 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.

DEALINGS 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 shares 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

On 17 July 2002, the Company entered into Service Agreements with Mr Lim Keen Ban, Mr Yu Chuen Tek and Mr Lim Jit Ming as stated on page 74 of our Prospectus dated 17 July 2002 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.

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

Directors' Report

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 March 2004 and the balance sheet of the Company at 31 March 2004.

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 31.3.2004	AT 1.4.2003	AT 31.3.2004	AT 1.4.2003
The Company				
(Ordinary shares of $0.20 each)				
Lim Keen Ban	2,592,485	2,592,485	49,345,005	48,851,005
Yu Chuen Tek	14,585,015	14,585,015	118,000	118,000
Lim Jit Ming	1,092,040	1,092,040	50,845,450	50,351,450
Lim Jit Yaw	617,235	617,235	51,320,255	50,826,255
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 of the Company and of related corporations as at 21 April 2004 were the same as at 31 March 2004.

DIRECTORS' CONTRACTUAL BENEFITS

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

SHARE OPTIONS

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

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

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

AUDITORS

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

On behalf of the directors

LIM KEEN BAN
Director

YU CHUEN TEK
Director

26 May 2004

Statement by Directors

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 29 to 61 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 2004 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

26 May 2004

Auditors' Report

TO THE MEMBERS OF CORTINA HOLDINGS LIMITED

We have audited the balance sheet of Cortina Holdings Limited and the consolidated financial statements of the Group for the financial year ended 31 March 2004 set out on pages 29 to 61. 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 2004 and of 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, 26 May 2004

Consolidated Income Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004

	NOTES	THE GROUP 2004 $'000	2003 $'000
Sales	3	161,774	140,222
Other operating income	3	5,816	5,602
Changes in inventories of finished goods		8,380	13,259
Inventories consumed		(151,392)	(137,300)
Staff costs	4	(7,126)	(6,550)
Rental expenses		(4,072)	(4,255)
Depreciation		(1,088)	(1,011)
Other operating expenses		(4,101)	(3,548)
Profit from operations	5	8,191	6,419
Finance cost - net	6	(1,255)	(1,557)
Share of results of associated companies before tax		95	(120)
Profit before tax		7,031	4,742
Income tax expense	7	(959)	(1,070)
Profit from ordinary activities after tax		6,072	3,672
Minority interest		(28)	(14)
Net profit		6,044	3,658
Earnings per share			
Basic and diluted	8	4.0 cents	2.6 cents

The accompanying notes form an integral part of these financial statements.

Auditors' Report – Page 28

Balance Sheets

AS AT 31 MARCH 2004

	NOTES	THE GROUP 2004 $'000	THE GROUP 2003 $'000	THE COMPANY 2004 $'000	THE COMPANY 2003 $'000
ASSETS					
Current assets					
Cash at bank and on hand	9	2,048	549	66	29
Trade and other receivables	10	11,397	10,960	31,013	33,931
Inventories	11	98,947	92,075	–	–
Other current assets	12	4,426	2,100	10	4
		116,818	105,684	31,089	33,964
Non-current assets					
Investments in associated companies	13	4,290	4,228	1,000	1,000
Investments in subsidiaries	14	–	–	8,606	8,606
Property, plant and equipment	15	5,219	3,845	1,657	931
Deferred tax assets	16	1,387	1,149	735	736
		10,896	9,222	11,998	11,273
Total assets		127,714	114,906	43,087	45,237
LIABILITIES					
Current liabilities					
Trade and other payables	17	30,757	24,767	2,950	3,905
Current tax liabilities	7	2,199	1,865	316	672
Borrowings	18	31,153	28,667	199	61
		64,109	55,299	3,465	4,638
Non-current liabilities					
Borrowings	18	1,322	838	525	49
Deferred tax liabilities	16	–	24	–	–
Deferred income	20	161	360	–	–
		1,483	1,222	525	49
Total liabilities		65,592	56,521	3,990	4,687
Net assets		62,122	58,385	39,097	40,550
SHAREHOLDERS' EQUITY					
Share capital	21	30,116	30,116	30,116	30,116
Foreign currency translation reserve		(577)	252	–	–
Retained earnings	22	32,504	27,966	8,981	10,434
Total shareholders' equity		62,043	58,334	39,097	40,550
Minority interests		79	51	–	–
		62,122	58,385	39,097	40,550

The accompanying notes form an integral part of these financial statements.

Auditors' Report – Page 28

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004

	NOTE	SHARE CAPITAL $'000	SHARE PREMIUM $'000	CAPITAL RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	RETAINED EARNINGS $'000	TOTAL $'000
Balance at 1 April 2003		30,116	–	–	252	27,966	58,334
Net loss not recognised in income statement - currency translation adjustments		–	–	–	(829)	–	(829)
Net profit		–	–	–	–	6,044	6,044
Total recognised gains and losses for the financial year		–	–	–	(829)	6,044	5,215
Dividends	23	–	–	–	–	(1,506)	(1,506)
Balance at 31 March 2004		30,116	–	–	(577)	32,504	62,043
Balance at 1 April 2002		22,516	–	1,441	957	23,510	48,424
Net loss not recognised in income statement - currency translation adjustments		–	–	–	(705)	–	(705)
Net profit		–	–	–	–	3,658	3,658
Total recognised gains and losses for the financial year		–	–	–	(705)	3,658	2,953
Increase in shares pursuant to listing on stock exchange		7,600	1,140	–	–	–	8,740
Expenses on issue of shares		–	(1,140)	(643)	–	–	(1,783)
Transfer to retained earnings		–	–	(798)	–	798	–
Balance at 31 March 2003		30,116	–	–	252	27,966	58,334

The accompanying notes form an integral part of these financial statements.

Auditors' Report – Page 28

Consolidated Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004

	NOTE	2004 $'000	2003 $'000
Cash flows from operating activities			
Profit before tax and after share of results of associated companies		7,031	4,742
Adjustments for:			
Depreciation		1,088	1,011
Property, plant and equipment written off		18	37
Interest income		(1)	–
Interest expense		1,256	1,557
Gain on disposal of property, plant and equipment		(177)	(1,088)
Amortisation of deferred income		(313)	(291)
Inventories written off		70	41
Allowance for doubtful debts (written-back)/made		(13)	1
Share of results of associated companies		(95)	120
Operating cash flow before working capital change		8,864	6,130
Change in operating assets and liabilities			
Trade and other receivables		(481)	(2,060)
Inventories		(7,435)	(12,740)
Other current assets		(2,348)	283
Trade and other payables		5,957	473
Cash generated from /(used in) operations		4,557	(7,914)
Income tax paid		(912)	(2,591)
Interest paid		(1,101)	(1,121)
Net cash inflow/(outflow) from operating activities		2,544	(11,626)
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,647)	(1,388)
Interest received		1	–
Proceeds from disposal of property, plant and equipment		292	1,290
Net cash outflow from investing activities		(2,354)	(98)
Cash flows from financing activities			
Net proceeds from issue of shares		–	6,957
Net proceeds from borrowings		12,082	10,289
Repayments of lease liabilities		(47)	(366)
Interest paid		(155)	(436)
Dividends paid		(1,506)	(1,126)
Net cash inflow from financing activities		10,374	15,318
Net increase in cash and cash equivalents held		10,564	3,594
Cash and cash equivalents at the beginning of the financial year		(12,996)	(16,590)
Cash and cash equivalents at the end of the financial year	9	(2,432)	(12,996)

The accompanying notes form an integral part of these financial statements.

Auditors' Report – Page 28

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004

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. 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 the subsidiaries and associated companies are set out in note 32 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Effect of changes in Singapore Companies Legislation

Pursuant to the Singapore Companies (Amendment) Act 2002, with effect from financial year commencing on or after 1 January 2003, Singapore-incorporated companies are required to prepare and present their financial statements in accordance with the Singapore Financial Reporting Standards ("FRS"). Hence, these financial statements, including the comparative figures, have been prepared in accordance with FRS.

Previously, the Company and the Group prepared their financial statements in accordance with Singapore Statements of Accounting Standard. The adoption of FRS does not have a material impact on the accounting policies and figures presented in the financial statements for financial year ended 31 March 2003.

(b) Basis of preparation

These financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with FRS requires the use of 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Group accounting

(1) Subsidiaries

Subsidiaries are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. 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 up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill.

Intercompany transactions, balances, 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 of accounting policies with those of the Group.

(2) Associated companies

Associated companies are entities over which the Group generally has between 20% and 50% of the voting rights, and over which the Group has significant influence, but which it does not control. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting.

Equity accounting involves recognising the Group's share of the results of associated companies in the consolidated income statement and the Group's share of post-acquisition movements in reserves in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of investment. 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, in applying the equity method, adjustments are made to the financial statements of associated companies to ensure consistency of accounting policies with those of the Group.

The Group's investments in associated companies are stated in the balance sheet at an amount that reflects its share of the net assets of the associated companies and includes goodwill (net of accumulated amortisation) on acquisition. Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation

(1) Measurement 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 measurement currency"). The consolidated financial statements and balance sheet of the Company are presented in Singapore dollars, which is the measurement currency of the Company.

(2) Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies into the measurement currency at the rates of exchange prevailing at the balance sheet date, are recognised in the income statement.

(3) Group companies

(i) In respect of associated companies and foreign subsidiaries whose operations are not an integral part of the Company's operations, the balance sheets are translated into Singapore dollars at the exchange rates prevailing at the balance sheet date, and the results are translated using the average monthly exchange rates for the financial year. The exchange differences arising on translation of foreign subsidiaries, the Group's share of exchange differences arising from the translation of foreign associated companies, and borrowings and other currency instruments designated as hedges of investments in such foreign entities, are taken directly to the foreign currency translation reserve. On disposal, accumulated translation differences are recognised in the income statement as part of the gain or loss on sale.

(ii) In respect of foreign subsidiaries whose operations are integral to those of the Company, all monetary assets and liabilities are translated into Singapore dollars at the exchange rates prevailing at the balance sheet date, all non-monetary assets and liabilities are recorded at the exchange rates when the relevant transactions occurred, and the results are translated using average monthly exchange rates. The exchange differences arising are taken to the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue recognition

Revenue comprises the invoiced value for the sale of goods net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue from the sale of goods is recognised upon delivery of products to customers.

Commission income is recognised upon completion of services rendered.

Rental and interest income are recognised on an accrual basis in accordance with the substance of the relevant agreements.

Dividends are recognised when the right to receive payment is established.

(f) Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are included under borrowings in current liabilities on the balance sheet.

(g) Trade receivables

Trade receivables are stated at original invoice amount less allowance made for doubtful receivables based on a review of all outstanding amounts at the year end. An allowance for doubtful receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to original terms of receivables. Bad debts are written off when identified.

(h) Inventories

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

Allowance is made where necessary for obsolete, slow-moving or defective inventories.

(i) Investments

Investments in subsidiaries and associated companies are stated at cost less 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

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

Leasehold property	50 years
Office equipment	$3^1/_3$ - 5 years
Furniture and fittings	4 - 6 years
Motor vehicles	4 - 5 years
Renovation	4 - 6 years

Repairs and maintenance are taken to the income statement during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations.

(k) 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. Currently enacted tax rates are used in the determination of deferred income tax.

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

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

(l) Impairment of long lived assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Leases

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the estimated 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. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating leases

Leases where 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.

(n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(o) Employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual 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)

(p) Share capital

Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

(q) Dividend

Dividends are recorded in the financial statements in the period in which they are declared payable.

(r) Segment reporting

Business segments provide products and services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

3. REVENUE

	THE GROUP	
	2004 $'000	2003 $'000
Sales		
Sale of goods	161,281	139,983
Commission income	493	239
	161,774	140,222
Other operating income		
Rental income	340	469
Cash discounts and rebates	5,195	3,888
Gain on disposal of property, plant and equipment	177	1,088
Net foreign exchange gain	–	1
Others	104	156
	5,816	5,602
Finance income		
Interest income (note 6)	1	–
	167,591	145,824

Rental income of the Group includes an amount of $313,079 (2003: $291,000) in respect of deferred income as disclosed in note 20 to the financial statements.

4. STAFF COSTS

	THE GROUP 2004 $'000	2003 $'000
Wages and salaries	6,209	5,598
Employer's contribution to Central Provident Fund	524	551
Termination benefits	3	–
Others	390	401
	7,126	6,550

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

	THE GROUP 2004	2003
Full time	124	120

5. PROFIT FROM OPERATIONS

	THE GROUP 2004 $'000	2003 $'000
Profit from operations is arrived at after:		
Charging/(Crediting):		
Auditors' remuneration		
- Auditors of the Company	110	104
- Other auditors *	29	29
Other fees paid/payable to auditors of the Company	27	72
Bad trade debts (recovered)/written off	(10)	1
Depreciation		
- Freehold property	–	3
- Leasehold property	54	42
- Office equipment	161	153
- Furniture and fittings	399	326
- Motor vehicles	269	235
- Renovation	205	252
	1,088	1,011
Inventories written off	70	41
Net foreign exchange loss	319	–
Rental expense - Operating leases	4,072	4,255
Allowance for inventory obsolescence	1,542	2,939
Write-back of allowance for inventory obsolescence no longer required	(1,648)	(1,218)

* Includes PricewaterhouseCoopers firms outside Singapore.

6. FINANCE COST - NET

	THE GROUP 2004 $'000	2003 $'000
Finance income		
Interest income		
- Bank deposits	1	–
Finance costs		
Interest expenses		
- Bank overdrafts	(479)	(1,121)
- Bank loans	(107)	(23)
- Trust receipts	(622)	(332)
- Finance lease liabilities and hire purchase creditors	(48)	(81)
	(1,256)	(1,557)
Net	(1,255)	(1,557)

7. TAX

(a) Tax expense

	THE GROUP 2004 $'000	2003 $'000
Tax expense attributable to profit is made up of:		
Current income tax provision		
- Singapore	1,189	1,222
- Foreign	343	188
Deferred tax	117	(288)
Share of tax of associated companies	(20)	61
Over-provision in preceding financial years		
- Current income tax	(283)	(104)
- Deferred tax	(387)	(9)
	959	1,070

7. TAX (CONTINUED)

(a) Tax expense *(continued)*

The 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	
	2004 $'000	2003 $'000
Profit before tax	7,031	4,742
Tax expense calculated at statutory tax rate of 22% (2003: 22%)	1,547	1,043
Singapore statutory stepped income exemption	(23)	(23)
Effect of different tax rates in other countries	9	–
Income not subject to tax	(120)	–
Expenses not deductible for tax purposes	202	42
Effect of changes in tax rate	–	195
Over-provision in preceding financial year	(670)	(64)
Utilisation of previously unrecognised deferred tax assets	–	(150)
Deferred tax assets not recognised on unutilised tax losses	14	27
Tax expense	959	1,070

(b) Movements in current tax liabilities

	THE GROUP		THE COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Balance at the beginning of the financial year	1,865	4,194	672	3,140
Income tax paid	(912)	(2,591)	(20)	(2,468)
Current financial year's tax expense	1,532	1,410	–	–
Over-provision in preceding financial year	(283)	(104)	(336)	–
Transfer to other creditors	–	(1,049)	–	–
Exchange rate adjustments	(3)	5	–	–
Balance at the end of the financial year	2,199	1,865	316	672

(c) Changes in tax laws

The provisions for current and deferred tax have been computed based on the corporate tax rate and tax laws prevailing at the balance sheet date. On 27 February 2004, the Singapore Minister of Finance announced changes to the Singapore tax laws, including a reduction in the corporate tax rate from 22% to 20% in respect of income earned in financial year 2004 (year of assessment 2005). Had the revised corporate tax rate arising from this announcement been applied, deferred tax assets and current tax expense of the Group would be reduced by approximately $101,243 and $209,340, respectively. Similarly, the deferred tax assets and current tax expense of the Company would be reduced by approximately $66,830 and $71,473, respectively.

8. BASIC AND DILUTED 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	
	2004	2003
Net profit attributable to members of Cortina Holdings Limited ($'000)	6,044	3,658
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	150,578	138,502
Basic earnings per share	4.0 cents	2.6 cents

The weighted average number of ordinary shares for 2003 have been adjusted for the issue of new ordinary shares during that financial year.

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.

There is no movement in the number of shares during the year.

9. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Cash at bank and on hand	2,048	549	66	29

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

	THE GROUP	
	2004 $'000	2003 $'000
Cash at bank and on hand (as above)	2,048	549
Less: Bank overdrafts (note 18)	(4,480)	(13,545)
Cash and cash equivalents per consolidated cash flow statement	(2,432)	(12,996)

10. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Trade receivables				
- Third parties	8,054	9,071	52	14
- Minority shareholder	411	112	–	–
Less: Allowance for doubtful trade receivables	(67)	(268)	–	–
Trade receivables - net	8,398	8,915	52	14
Other receivables	2,344	1,818	1,478	1,098
Due from subsidiaries (non-trade)	–	–	29,501	32,837
Less: Allowance for doubtful receivables	–	–	(18)	(18)
	–	–	29,483	32,819
Due from an associated company (non-trade)	647	227	–	–
Due from related parties (non-trade)	8	–	–	–
	11,397	10,960	31,013	33,931

Included in other receivables of the Company is an amount of $1,148,676 (2003: $1,097,608) 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.

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

11. INVENTORIES

	THE GROUP	
	2004 $'000	2003 $'000
Inventories, at cost	79,405	69,955
Inventories, at net realisable value:		
At cost	24,402	28,718
Less: Allowance for inventory obsolescence	(4,860)	(6,598)
	19,542	22,120
	98,947	92,075

During the financial year, the Group reversed an allowance of $1,648,000 (2003: $1,218,000) made in prior years as the inventories were subsequently sold above their carrying values.

12. OTHER CURRENT ASSETS

	THE GROUP		THE COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Deposits	4,244	1,738	–	–
Prepayments	182	362	10	4
	4,426	2,100	10	4

Included in deposits is an amount of $2,517,000 representing the full payment made by a subsidiary for the purchase of a shoplot in Malaysia. The purchase was approved by the relevant authority in Malaysia on 7 May 2004 and will be reclassified to property, plant and equipment in the financial year ending 31 March 2005.

13. INVESTMENTS IN ASSOCIATED COMPANIES

	THE GROUP		THE COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Unquoted equity shares, at cost			1,000	1,000
At the beginning of the financial year	4,228	4,447		
Share of results before tax	95	(120)		
Share of tax (note 7)	20	(61)		
Share of results after tax	115	(181)		
Exchange rate adjustments	(53)	(38)		
At the end of the financial year	4,290	4,228		

Details of significant associated companies are provided in note 32.

14. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2004 $'000	2003 $'000
Unquoted equity shares, at cost	11,144	11,144
Less: Allowance for diminution in value	(2,538)	(2,538)
	8,606	8,606

Details of significant subsidiaries are provided in note 32.

15. PROPERTY, PLANT AND EQUIPMENT

	LEASEHOLD PROPERTY $'000	OFFICE EQUIPMENT $'000	FURNITURE AND FITTINGS $'000	MOTOR VEHICLES $'000	RENOVATION $'000	TOTAL $'000
(a) The Group						
Cost						
At 1 April 2003	2,116	774	2,736	1,611	1,348	8,585
Exchange rate adjustments	–	(6)	(41)	(5)	(41)	(93)
Additions	838	108	784	732	185	2,647
Disposals	–	(4)	(624)	(689)	(156)	(1,473)
At 31 March 2004	2,954	872	2,855	1,649	1,336	9,666
Accumulated depreciation						
At 1 April 2003	806	442	1,571	904	515	4,238
Exchange rate adjustments	–	(2)	(23)	(2)	(14)	(41)
Disposals	–	(4)	(608)	(576)	(152)	(1,340)
Depreciation charge	54	161	399	269	205	1,088
At 31 March 2004	860	597	1,339	595	554	3,945
Accumulated impairment charge						
At 1 April 2003 and 31 March 2004	502	–	–	–	–	502
Net book value						
At 31 March 2004	1,592	275	1,516	1,054	782	5,219
Net book value						
At 31 March 2003	808	332	1,165	707	833	3,845
(b) The Company						
Cost						
At 1 April 2003	2,116	196	–	–	–	2,312
Additions	838	–	–	–	–	838
At 31 March 2004	2,954	196	–	–	–	3,150
Accumulated depreciation						
At 1 April 2003	806	73	–	–	–	879
Depreciation charge	54	58	–	–	–	112
At 31 March 2004	860	131	–	–	–	991
Accumulated impairment charge						
At 1 April 2003 and 31 March 2004	502	–	–	–	–	502
Net book value						
At 31 March 2004	1,592	65	–	–	–	1,657
Net book value						
At 31 March 2003	808	123	–	–	–	931

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Additions in the consolidated financial statements include $696,000 (2003: $171,000) motor vehicles leased under finance lease (where the Group is the lessee). At the balance sheet date, the carrying amount of property, plant and equipment of the Group and of the Company under finance lease agreements and hire purchase contracts included in office equipment, furniture and fittings, motor vehicles and renovation amounted to $1,514,000 (2003: $1,281,000) and $59,000 (2003: $113,000) respectively.

16. DEFERRED INCOME TAXES

Deferred income taxes are calculated using a principal rate of 22% (2003: 22%). The movements on the deferred income taxes account are as follows:

	THE GROUP		THE COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Deferred tax (assets)/liabilities				
Balance at the beginning of the financial year	(1,125)	(1,876)	(736)	(1,991)
Effect of changes in tax rates	–	195	–	203
Tax (credited)/charged to income statements	(270)	(492)	1	3
Transfer to other receivables	–	1,049	–	1,049
Exchange rate adjustments	8	(1)	–	–
Balance at the end of the financial year	(1,387)	(1,125)	(735)	(736)

The Group

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

	ACCELERATED TAX DEPRECIATION $'000	UNREALISED FOREIGN EXCHANGE GAINS $'000	TOTAL $'000
Deferred tax liabilities			
At 1 April 2003	102	2	104
Tax charged/(credited) to income statement	58	(2)	56
At 31 March 2004	160	–	160

	TAX LOSSES $'000	DECELERATED TAX DEPRECIATION $'000	PROVISIONS $'000	UNREALISED FOREIGN EXCHANGE LOSSES $'000	TOTAL $'000
Deferred tax assets					
At 1 April 2003	(792)	–	(418)	(19)	(1,229)
Tax charged/(credited) to income statement	28	(30)	(210)	(114)	(326)
Exchange rate adjustments	–	1	3	4	8
At 31 March 2004	(764)	(29)	(625)	(129)	(1,547)

16. DEFERRED INCOME TAXES (CONTINUED)

The Company

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

	ACCELERATED TAX DEPRECIATION $'000
Deferred tax liability	
At 1 April 2003	3
Tax charged to income statement	1
At 31 March 2004	4

	TAX LOSSES $'000
Deferred tax asset	
At 1 April 2003 and 31 March 2004	(739)

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

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

	THE GROUP		THE COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Deferred tax assets	(1,387)	(1,149)	(735)	(736)
Deferred tax liabilities	–	24	–	–
	(1,387)	(1,125)	(735)	(736)
The amounts shown in the balance sheets include the following:				
Deferred tax assets to be recovered after more than 12 months	(1,258)	(1,130)	(735)	(736)
Deferred tax liabilities to be settled after more than 12 months	–	22	–	–
	(1,258)	(1,108)	(735)	(736)

Refer to note 7(c) for the effect of the proposed revision to the corporate tax rate in Singapore.

17. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Trade payables to third parties	20,115	13,520	–	–
Other creditors	4,428	2,471	1,646	44
Due to an associated company (trade)	3,974	4,075	–	–
Accrued operating expenses	2,240	1,727	1,168	751
Due to subsidiaries (non-trade)	–	–	136	136
Amount due to directors (non-trade)	–	2,974	–	2,974
	30,757	24,767	2,950	3,905

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

Included in other creditors is an amount of $1,600,880 (2003: nil) representing the full sales proceeds received for the disposal of 30% equity stake in Cortina Watch Sdn Bhd, as described in note 30.

18. BORROWINGS

	THE GROUP		THE COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Current				
Bank overdrafts	4,480	13,545	–	–
Bank loans	5,301	154	150	–
Trust receipts	21,100	14,528	–	–
Finance lease liabilities and hire purchase creditors (note 19)	272	440	49	61
	31,153	28,667	199	61
Non-current				
Bank loans	708	345	525	–
Finance lease liabilities and hire purchase creditors (note 19)	614	493	–	49
	1,322	838	525	49
Total borrowings	32,475	29,505	724	110

(a) Securities

The finance lease liabilities and hire purchase creditors are effectively secured as the rights to the plant and equipment of the Group (note 15) revert to the lessor in the event of default by the Group.

18. BORROWINGS (CONTINUED)

(b) Effective interest rates

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

	THE GROUP		THE COMPANY	
	2004 %	2003 %	2004 %	2003 %
Bank overdrafts	5.1	5.4	–	–
Bank loans	4.4	8.4	2.5	–
Trust receipts	3.0	3.5	–	–
Finance lease liabilities and hire purchase creditors	3.7	4.6	7.4	7.4

The exposure of borrowings of the Group and Company to interest rate changes and the periods in which the borrowings will be repriced are as follows :

	LESS THAN 6 MONTHS $'000	6 TO 12 MONTHS $'000	1 TO 5 YEARS $'000	OVER 5 YEARS $'000	TOTAL $'000
The Group					
At 31 March 2004					
Total borrowings	31,605	48	563	259	32,475
At 31 March 2003					
Total borrowings	28,574	–	783	148	29,505
The Company					
At 31 March 2004					
Total borrowings	675	49	–	–	724
At 31 March 2003					
Total borrowings	–	–	110	–	110

(c) Carrying amounts and fair values

The carrying amounts of borrowings approximate their fair values except for bank loans as follows:

	CARRYING AMOUNTS		FAIR VALUES	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
The Group				
Bank loans	6,009	499	5,980	530
The Company				
Bank loan	675	–	654	–

18. BORROWINGS (CONTINUED)

(d) Maturity of non-current borrowings

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

	THE GROUP		THE COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Between 1 and 2 years	296	154	150	–
Between 2 and 5 years	412	191	375	–
	708	345	525	–

19. FINANCE LEASE LIABILITIES AND HIRE PURCHASE CREDITORS

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

	THE GROUP		THE COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Not later than one financial year	306	484	50	67
Later than 1 financial year but not later than 5 financial years	614	479	–	50
Later than 5 financial years	58	48	–	–
Minimum lease payments	978	1,011	50	117
Less: Future finance charges	(92)	(78)	(1)	(7)
Present value of finance lease liabilities	886	933	49	110
Representing finance lease liabilities and hire purchase creditors				
Current (note 18)	272	440	49	61
Non-current (note 18)	614	493	–	49
	886	933	49	110
The present value of finance lease liabilities is as follows:				
Not later than 1 year (note 18)	272	440	49	61
Later than 1 year but not later than 5 years	557	447	–	49
Later than 5 years	57	46	–	–
Total non-current liability (note 18)	614	493	–	49
	886	933	49	110

20. DEFERRED INCOME

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

	THE GROUP	
	2004 $'000	2003 $'000
At the beginning of the financial year	360	380
Additions during the financial year	120	271
Amortisation for the financial year	(313)	(291)
Exchange rate adjustments	(6)	–
At the end of the financial year	161	360
Gross deferred income	885	841
Accumulated amortisation	(724)	(481)
	161	360

21. SHARE CAPITAL OF CORTINA HOLDINGS LIMITED

(a) Authorised ordinary share capital

The total authorised number of ordinary shares is 240 million shares (2003: 240 million shares) with a par value of $0.20 per share (2003: $0.20 per share).

(b) Issued and fully paid ordinary share capital

	2004 NUMBER OF SHARES '000	2003 NUMBER OF SHARES '000	2004 $'000	2003 $'000
Balance at the beginning of the financial year				
- At par value of $0.20 (2003: $1) each	150,578	22,516	30,116	22,516
- Share split	–	90,062	–	–
- At par value of $0.20 each	150,578	112,578	30,116	22,516
Issue of new shares during the financial year	–	38,000	–	7,600
Balance at the end of the financial year	150,578	150,578	30,116	30,116

22. RETAINED EARNINGS

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

	THE GROUP	
	2004 $'000	2003 $'000
Company	8,981	10,434
Subsidiaries	20,882	14,968
Associated companies	2,641	2,564
	32,504	27,966

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

	THE COMPANY	
	2004 $'000	2003 $'000
At the beginning of the financial year	10,434	10,069
Net profit/(loss) during the financial year	53	(433)
Transfer from capital reserve	–	798
Dividends paid (note 23)	(1,506)	–
At the end of the financial year	8,981	10,434

Movement in retained earnings for the Group is shown in the Consolidated Statement of Changes in Equity.

23. DIVIDENDS

	2004 $'000	2003 $'000
Ordinary dividends paid		
Final dividend of 1.28 cents (2003: Nil) per share, paid net of tax at 22% (2003: 22%), in respect of financial year 2003	1,506	–

The directors have proposed a final dividend for 2004 of 1.4 cents per share amounting to a total of $1,686,478 net of tax at 20% based on the proposed revised corporate tax rate described in note 7(c). 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 2005.

24. CONTINGENT LIABILITIES

	THE COMPANY	
	2004 $'000	2003 $'000
Corporate guarantees in respect of bank facilities utilised by subsidiaries	32,894	29,604
Undertaking to provide continuing financial support to subsidiaries in a net liability position	25	140

25. COMMITMENTS

(a) Capital commitments

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

	THE GROUP		THE COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Expenditure contracted for	184	3,027	–	–

(b) Operating lease commitments

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

	THE GROUP		THE COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Not later than 1 financial year	4,229	3,916	12	17
Later than 1 financial year but not later than 5 financial years	6,313	1,522	–	12
	10,542	5,438	12	29

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

26. FINANCIAL RISK MANAGEMENT

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

(i) Foreign exchange risk

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

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

(ii) Interest rate risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

27. FAIR VALUES

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

28. RELATED PARTY TRANSACTIONS

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

	THE GROUP	
	2004 $'000	2003 $'000
Purchase of goods from an associated company	153	164
Rental income received/receivable from an associated company	(18)	(18)
Commission income received/receivable from a minority shareholder of a subsidiary	(493)	(239)

Outstanding balances at 31 March 2004, arising from sale/purchase of goods and services are set out in notes 10 and 17 respectively.

(b) Directors' remuneration

Directors' remuneration included fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company. Where the Group or the Company did not incur any costs, the value of the benefit is included. In 2004, the total directors' remuneration is as follows:

	THE GROUP		THE COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Directors' remuneration				
- Directors of the Company*	2,639	2,304	1,042	660
- Directors of subsidiaries	263	213	–	–

* Included as directors' remuneration for directors of the Company at the Group's level is an amount of $147,000 (2003: $134,000) which is remuneration paid to directors of the Company who are employed as employees of the subsidiaries but who are not directors in these subsidiaries.

	2004	2003
Number of directors of the Company in remuneration bands:		
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
Year ended 31 March 2004				
Revenue				
- External sales	137,948	23,826	–	161,774
- Inter-segment sales	3,331	320	(3,651)	–
	141,279	24,146	(3,651)	161,774
Segment result	7,736	403	52	8,191
Finance costs - net				(1,255)
Share of results of associated companies	(74)	169	–	95
Profit before tax				7,031
Tax				(959)
Profit after tax				6,072
Minority interest				(28)
Net profit attributable to members of the Company				6,044
Segment assets	107,266	16,002	(1,231)	122,037
Associated companies	3,750	540	–	4,290
Unallocated assets				1,387
Consolidated total assets				127,714
Segment liabilities	29,920	2,105	(1,107)	30,918
Unallocated liabilities				34,674
Consolidated total liabilities				65,592
Capital expenditure	2,622	25	–	2,647
Depreciation	961	127	–	1,088

29. SEGMENT INFORMATION (CONTINUED)

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

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

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.

29. SEGMENT INFORMATION (CONTINUED)

(b) Secondary reporting format - business segment

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

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

	THE GROUP	
	2004 $'000	2003 $'000
Southeast Asia	84,197	70,065
Northeast Asia	71,410	66,331
Others	6,167	3,826
	161,774	140,222

30. EVENTS OCCURRING AFTER BALANCE SHEET DATE

Disposal of 30% equity stake in Cortina Watch Sdn Bhd

After the balance sheet date, the Company concluded negotiations with a buyer in Malaysia to acquire a 30% equity stake in Cortina Watch Sdn Bhd and received the full sales proceeds of $1,600,880. The consideration was based on 30% of the net tangible assets of Cortina Watch Sdn Bhd as of 31 March 2003.

The disposal, which is pending legal completion, will be accounted for in financial year ending 31 March 2005. In the opinion of the directors, the disposal will not have a significant financial impact on the Group.

Acquisition of Cortina Watch (Thailand) Co. Ltd

The Company is in the negotiation process to acquire 60% equity stake in Cortina Watch (Thailand) Co. Ltd, a company registered in Thailand. The effect of the acquisition will be accounted for in the financial year ending 31 March 2005 upon completion of negotiation and legal documentation.

31. 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 26 May 2004.

32. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP

NAME OF COMPANY/ COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	COUNTRY OF BUSINESS	EQUITY HOLDING 2004 %	EQUITY HOLDING 2003 %
(a) Significant subsidiaries				
Held by the Company				
Chronoswiss Asia Pte Ltd[1] [Singapore]	Commission agent for 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]	Trading in watches, pens, lighters and clocks	Malaysia	100	100
Pactime HK Limited[3] [Hong Kong]	Import and export of watches	Hong Kong	100	100
Pacific Time Pte Ltd[1] [Singapore]	Import and export of watches	Singapore	100	100

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

NAME OF COMPANY/ COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	COUNTRY OF BUSINESS	EQUITY HOLDING 2004 %	EQUITY HOLDING 2003 %
(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[4] [Switzerland]	Commission 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[5] [Malaysia]	Dealers in watches, sunglasses and jewellery	Malaysia	20	20

(1) Audited by PricewaterhouseCoopers, Singapore
(2) Audited by PricewaterhouseCoopers firm outside Singapore
(3) Audited by Ronald W.F. Ko & Co., Hong Kong
(4) Audited by Cabinet de Revision & Conseil S.A., Switzerland
(5) Audited by Foo, Lee, An and Associates, Malaysia

Shareholding Statistics

AS AT 3 JUNE 2004

Authorised Share Capital	:	S$48,000,000
Issued and Fully Paid-up Capital	:	S$30,115,683
Class of Shares	:	Ordinary share of S$0.20 each
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 3 JUNE 2004

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 - 999	–	–	–	–
1,000 - 10,000	719	79.80	2,818,000	1.87
10,001 - 1,000,000	166	18.42	11,032,470	7.33
1,000,001 and above	16	1.78	136,727,945	90.80
Total	901	100.00	150,578,415	100.00

LIST OF TOP TWENTY SHAREHOLDERS

S/NO	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	Lim Keen Ban Holdings Pte Ltd	45,337,500	30.11
2	Yu Chuen Tek	14,038,015	9.32
3	Long Foo Pieng	11,864,940	7.88
4	Long Foo Yong	11,864,935	7.88
5	Foo See Jin	8,757,320	5.82
6	United Overseas Bank Nominees Pte Ltd	7,968,000	5.29
7	Teo Cheng Tuan Donald	7,000,000	4.65
8	Yu Lee Chiun	6,880,010	4.57
9	Yu Yung Tek	6,880,010	4.57
10	Fong Tit Fung	3,122,000	2.07
11	Pontirep Investments Limited	2,950,000	1.96
12	Lim Keen Ban	2,592,485	1.72
13	Long Ah Hian	2,475,695	1.64
14	Phillip Securities Pte Ltd	2,224,000	1.48
15	Chia Nyok Song @ Cheah Yoke Heng	1,680,995	1.12
16	Lim Jit Ming	1,092,040	0.73
17	Kim Eng Securities Pte Ltd	784,000	0.52
18	Tham Lai Wah	783,000	0.52
19	Lim Jit Yaw	617,235	0.41
20	Lim Yin Chian	617,235	0.41
	Total	139,529,415	92.67

SUBSTANTIAL SHAREHOLDERS

	NO. OF SHARES REGISTERED IN THE NAME OF SUBSTANTIAL SHAREHOLDERS OR NOMINEE	NO. OF SHARES WHICH SUBSTANTIAL SHAREHOLDERS ARE DEEMED TO HAVE AN INTEREST	TOTAL	%
Lim Keen Ban Holdings Pte Ltd	45,337,500	–	45,337,500	30.11
Lim Keen Ban	2,592,485	49,345,005(1)	51,937,490	34.49
Chia Nyok Song @ Cheah Yoke Heng	1,680,995	50,256,495(2)	51,937,490	34.49
Lim Jit Ming	1,092,040	50,845,450(3)	51,937,490	34.49
Lim Jit Yaw	617,235	51,320,255(4)	51,937,490	34.49
Lim Yin Chian	617,235	51,320,255(5)	51,937,490	34.49
Yu Chuen Tek	14,585,015(6)	118,000(7)	14,703,015	9.76
Long Foo Pieng	11,864,940	–	11,864,940	7.88
Long Foo Yong	11,864,935	–	11,864,935	7.88
Foo See Jin	8,757,320	–	8,757,320	5.82

SUBSTANTIAL SHAREHOLDERS (CONTINUED)

(1) This represents Mr Lim Keen Ban's deemed interest of 49,345,005 shares held in the name of the following:
(a) 45,337,500 shares held by Lim Keen Ban Holdings Pte Ltd;
(b) 1,680,995 shares held by Mdm Chia Nyok Song @ Cheah Yoke Heng *(spouse of Mr Lim Keen Ban)*;
(c) 1,092,040 shares held by Mr Lim Jit Ming *(son of Mr Lim Keen Ban)*;
(d) 617,235 shares held by Mr Lim Jit Yaw *(son of Mr Lim Keen Ban)*; and
(e) 617,235 shares held by Ms Lim Yin Chian *(daughter of Mr Lim Keen Ban)*.

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

(3) This represents Mr Lim Jit Ming's deemed interest of 50,845,450 shares held in the name of the following:
(a) 45,337,500 shares held by Lim Keen Ban Holdings Pte Ltd;
(b) 2,592,485 shares held by Mr Lim Keen Ban *(father of Mr Lim Jit Ming)*;
(c) 1,680,995 shares held by Mdm Chia Nyok Song @ Cheah Yoke Heng *(mother of Mr Lim Jit Ming)*;
(d) 617,235 shares held by Mr Lim Jit Yaw *(brother of Mr Lim Jit Ming)*; and
(e) 617,235 shares held by Ms Lim Yin Chian *(sister of Mr Lim Jit Ming)*.

(4) This represents Mr Lim Jit Yaw's deemed interest of 51,320,255 shares held in the name of the following:
(a) 45,337,500 shares held by Lim Keen Ban Holdings Pte Ltd;
(b) 2,592,485 shares held by Mr Lim Keen Ban *(father of Mr Lim Jit Yaw)*;
(c) 1,680,995 shares held by Mdm Chia Nyok Song @ Cheah Yoke Heng *(mother of Mr Lim Jit Yaw)*;
(d) 1,092,040 shares held by Mr Lim Jit Ming *(brother of Mr Lim Jit Yaw)*; and
(e) 617,235 shares held by Ms Lim Yin Chian *(sister of Mr Lim Jit Yaw)*.

(5) This represents Ms Lim Yin Chian's deemed interest of 51,320,255 shares held in the name of the following:
(a) 45,337,500 shares held by Lim Keen Ban Holdings Pte Ltd;
(b) 2,592,485 shares held by Mr Lim Keen Ban *(father of Ms Lim Yin Chian)*;
(c) 1,680,995 shares held by Mdm Chia Nyok Song @ Cheah Yoke Heng *(mother of Ms Lim Yin Chian)*;
(d) 1,092,040 shares held by Mr Lim Jit Ming *(brother of Ms Lim Yin Chian)*; and
(e) 617,235 shares held by Mr Lim Jit Yaw *(brother of Ms Lim Yin Chian)*.

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

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

Public Shareholdings

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

The Company has complied with Rule 723. As at 3 June 2004, approximately 23.37% of the Company's ordinary shares listed in the SGX-ST were held in the hands of the public.

Notice of Annual General Meeting

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 15 July 2004 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 2004 and the Reports of Directors and Auditors thereon. **(Resolution 1)**

2. To declare a First and Final Dividend of 7% or 1.4 cents per share less income tax of 20% for the financial year ended 31 March 2004. **(Resolution 2)**

3. To approve the Directors' fees of S$318,750.00 for the financial year ended 31 March 2004. **(Resolution 3)**

4. To re-elect Mr Ch'ng Jit Koon as Director of the Company pursuant to Section 153(6) of the Companies Act, Chapter 50. *(See Explanatory Note 1)* **(Resolution 4)**

5. To re-elect the following Directors retiring pursuant to Article 91 of the Company's Articles of Association:-

   Mr Long Foo Pieng **(Resolution 5)**
   Mr Lau Ping Sum, Pearce **(Resolution 6)**
   Mr Seet Keong Sam **(Resolution 7)**
   (See Explanatory Note 2)

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

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:-

7. 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 3)* **(Resolution 9)**

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

Dated this 30th day of June 2004

BY ORDER OF THE BOARD

Foo Soon Soo
Julie Chin Lee Nah
Company Secretaries

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 signed on behalf by an attorney or a duly authorised officer of the corporation.
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, an independent Director, upon re-election as Director of the Company, will remain as Chairman of the Nominating Committee and a member of the Remuneration Committee.
2. (a) Mr Lau Ping Sum, Pearce will, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee and member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of The Singapore Exchange Securities Trading Limited.

   (b) Mr Seet Keong Sam will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and member of the Nominating Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of The Singapore Exchange Securities Trading Limited.
3. Resolution 9 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)

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

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 15 July 2004 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 2004 and the Reports of Directors and Auditors thereon.		
2.	To declare a First and Final Dividend of 7% or 1.4 cents per share less income tax of 20% for the financial year ended 31 March 2004.		
3.	To approve the Directors' fees of S$318,750.00 for the financial year ended 31 March 2004.		
4.	To re-elect Mr Ch'ng Jit Koon as Director of the Company pursuant to Section 153(6) of the Companies Act, Chapter 50.		
5.	To re-elect Mr Long Foo Pieng as Director of the Company pursuant to Article 91 of the Company's Articles of Association.		
6.	To re-elect Mr Lau Ping Sum, Pearce as Director of the Company pursuant to Article 91 of the Company's Articles of Association.		
7.	To re-elect Mr Seet Keong Sam as 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 _____ 2004

TOTAL NUMBER OF SHARES HELD

_____

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

* Delete accordingly

IMPORTANT : Please read notes overleaf

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.

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3. The instrument appointing a proxy or proxies must be signed by 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 signed on behalf by an attorney or a duly authorised officer of the corporation.
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 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.

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Affix
Postage
Stamp

The Company Secretary

CORTINA HOLDINGS LIMITED

250 North Bridge Road

#16-01 Raffles City Tower

Singapore 179101

Fold along this line and glue overleaf

Operations Directory

Corporate Office

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

Offices

Singapore
Cortina Watch Pte Ltd
250 North Bridge Road
#16-01 Raffles City Tower
Singapore 179101
Tel : 6339 9447
Fax : 6336 4939 / 6336 7913
www.cortinawatch.com

Malaysia
Cortina Watch Sdn Bhd
C7 and C8 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
Tel : 852 2537 6236
Fax : 852 2537 9612
Executive Director: Dorris Cheah

Cortina Watch Espace Boutiques

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

Malaysia
Star Hill Centre
UG 19, 181 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 03 2142 1171
Fax : 03 2142 1172
Key Personnel: Teh Chin Soon

Thailand
Erawan Bangkok
(Opening 4th Qtr 2004)
1st Floor, Erawan Bangkok
494 Rajdamri Road
Phathumwan, Bangkok 10330
Tel : 02250 7888 / 02250 7999
Fax : 02250 7799
Key Personnel: Krist Chatikaratana

Cortina Watch Boutiques

Singapore
Lucky Plaza
304 Orchard Road #01-32
Singapore 238863
Tel : 6734 3668
Fax : 6738 1873
Key Personnel: Michael Dong

Paragon
290 Orchard Road #01-13
Singapore 238859
Tel : 6235 0084
Fax : 6736 1641
Key Personnel: Eric Cheah

Raffles City Shopping Centre
252 North Bridge Road #01-36
Singapore 179103
Tel : 6339 9185
Fax : 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: Khee Chin Huat

Hong Kong
Queen's Road Central
53, Ground Floor
Tel : 852 2522 0645
Fax : 852 2522 8898
Key Personnel: Raymond Lee

Causeway Bay
Ground Floor,
28-30 Percival Street
Tel : 852 2831 0832
Fax : 852 2834 6980
Key Personnel: David Lun

Distribution Division

Singapore
Chronoswiss Asia Pte Ltd
3791 Jalan Bukit Merah
#09-29/30 E-Centre@ Redhill
Singapore 159471
Tel : 6334 2338
Fax : 6334 2721
Executive Director: Sharon Lim

Pacific Time Pte Ltd
3791 Jalan Bukit Merah
#09-29/30 E-Centre@ Redhill
Singapore 159471
Tel : 6334 2338
Fax : 6334 2721
Executive Director: Sharon Lim

DESIGN & PRODUCTION AC Graphic Workshop Pte Ltd

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