Cortina Holdings Limited

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Cortina Holdings Limited

ANNUAL REPORT 2007

35 Luxury years

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COMPANY PROFILE

For 35 years Cortina Holdings Limited has maintained its commitment to consistently provide our customers with a shopping experience which reflects our range of watches – luxurious, comfortable and highly personal. The Cortina Group is now an established leading retailer and distributor of international luxury timepieces in Asia, and we were pleased this year to win the Singapore Promising Brand – Heritage Brand Award.

Under a strong management team, the Group's innovative retail concepts and dealerships in over 50 international watch brands have made Cortina a household name in Southeast and Northeast Asia and our wide distribution network leads the industry in the region.

Setting standards in retail, our Cortina Watch Espace and Couture Gallery concepts have been awarded for their innovation. This year the Group's network grew to include Taiwan, in addition to Singapore, Malaysia, Thailand, Indonesia and Hong Kong, and we have 13 boutiques located in the major cities in this region.

Cortina Holdings Limited will continue to forge strong relationships with its business partners for growth and profitability to enhance shareholder value. We remain committed to continued excellence in retail experience and customer service and nurturing and empowering of our management and staff to drive our strong brand as an innovative leader in the luxury timepiece market.


Cortina wat

CHAIRMAN'S MESSAGE & OPERATION REVIEW

Dear Shareholders

On behalf of the Board of Directors of Cortina Holdings Ltd, I am pleased to present the Group's results for the financial year ended 31 March 2007.

Our Group turnover increased by 17.6% to $197.3 million, buoyed by particularly strong performance in Singapore and Hong Kong. Full year net profit attributable to shareholders was $3.9 million, an increase of $0.3 million on last year's $3.6 million.

The increase in the Group's turnover in 2007 is especially encouraging in the light of a challenging year in both the Malaysia and Thailand markets. Political unrest in Thailand had a marked effect on buying confidence, while the year in Malaysia was marked by some degree of political turbulence coupled with increased competition. The overall increase in sales bears testimony to the Group's strong retail concepts and portfolio of brands and its understanding of the business and cultural environments of the region.

Nevertheless, in 2007 we have continued our track record of profitability and strong balance sheet. Overall, we remain positive about the outlook for the watch industry and the performance of Cortina's retail and distribution network in the region in 2008.

The directors have proposed a final dividend for 2007 of 1.22 cents per share amounting to a total of $1,656,446 (net of tax at 18%).

Year in Review

In the last few years Cortina Holdings Ltd has transformed, from being a respected name in Singapore and Malaysia, to a Group that is increasingly regional in its outlook, setting benchmarks in watch retailing and service standards.

The Cortina Group makes a glittering debut in Taiwan with the opening of the flagship IWC Boutique at Taipei 101.

It has always been our objective to manage an evolving range of selected premium watch brands, offering the epitome of quality, luxury and indulgence to our customers.

We were pleased to announce the opening in January 2007 of a new IWC Boutique at Taipei 101, in Taiwan. With a restrained and distinctive interior mirroring the tendency towards understatement associated with the IWC brand, this flagship boutique stocks an extensive range of IWC timepieces, in every price bracket, from Portofino to the Grande Complication.

The Cortina Group acquired exclusive rights to distribute the legendary Porsche Design timepieces in December 2005, but it was in July 2006 that we held the successful official launch event in Singapore. The event, held at Q Bar in Singapore, unveiled for the first time a new watch line by Porsche Design.

The official launch in Singapore of our partnership to manage Porsche Design, long associated with functional, timeless and purist design and technical innovation, further strengthens the Group's brand portfolio, which includes exclusive agency for Andersen Geneve, Carlo Ferrara, Chronoswiss, Concord, Jean-Mairet & Gillman, Locman, Schwarz Etienne and Underwood.

The Jewellery Time exhibition is now firmly established as a premier event for watch lovers, and Cortina Watch Jewellery Time 2006, held over 11 days in October, was an outstanding success. In addition to showcasing timepieces, including rare and precious premium pieces, from our brand partners, for the first time this year Girard-Perregaux and Piaget each produced unique jewellery watches for the event. Gracing the event was Hong Kong screen legend, Rosamund Kwan, the "face" of Jewellery Time 2006, whose rare appearance added even more glamour to a sparkling night of elegance and prestige.

A number of watch brand founders and international principals flew in especially for the ultra-glamorous event. In addition to


PIAG

The limelight at this year's Jewellery Time 2006 was shared by a personality-studded guest list, the launch of a new photobook and an impressive showcase of the world's finest jewellery timepieces.

entertainment by jazz diva Jacintha Abisheganarden and a dramatic fashion runway show featuring trophy timepieces, we also released our first-ever coffee table book at the show, with art-photography by Peter Lau of 16 celebrity spokespeople representing the 16 watch brands of Jewellery Time.

Looking Forward to 2008

One of the most striking features of modern Asia is continued growth and strengthening of a confident middle class and rising affluence. Although traditionally savings-oriented, consumers in the Asia Pacific region are stepping up their spending with great confidence. AC Neilsen reported in December 2006 that six out of their top ten optimistic markets worldwide hail from Asia Pacific, including all 5 markets in which the Cortina Group has a presence.

Indicators for the region's future, including tourism and economic growth look optimistic. Turbulence in Thailand is expected to stabilise, and their government have announced expected GDP growth in 2007 of 3.5% - 4.5%, accelerating to 5.0% - 6.0% in 2008 and 2009. Thanks to gains in domestic demand and export expansion, Malaysia is experiencing strong structural growth and this upturn is expected to be long-term. Experts believe the Southeast Asian region in general will see continued strong growth for the next 5 to 10 years.

Mr Lim receiving an SPBA Heritage Brand Award by The Association of SMEs and Lianhe Zaobao.

Building on our Past – Focused on the Future

In November 2006, Cortina Watch was awarded an SPBA Heritage Brand Award by The Association of SMEs and Lianhe Zaobao, for not only excelling in brand communication, but as a brand name that has transcended generations. This recognition, for more than 30 years in the market and distinctive, time-honoured quality that is recognisable over generations and embodies traditional values, is one that we are extremely proud of.

As we move into 2008, our 35th year of operation, we will continue to focus our efforts on building a leading retail and distribution network for luxury timepieces in Asia. Plans are already in place for greater coverage in Malaysia, through relocation of some resources from Kuala Lumpur to Penang, and the opening of a new boutique at The Centrepoint in Singapore in June.

We will continue to forge ahead with our team of dedicated and experienced people and our focus on the Asian region. In the future you can expect to see more boutiques under our brand and growth in the number of prestigious brands being represented by the Group.

The Cortina Boutique Experience

Buying a watch is a special and personal shopping experience and customers want it to be an

enjoyable one. We have always aimed to be a benchmark for the industry, and for luxury shopping in general, and we are proud of our innovative retail concepts, like the Espace and the Couture Gallery.

Each of our boutiques is unique, but all have been designed to indulge the senses of our customers with luxury, comfort and a highly personalised shopping experience. We remain committed to maintaining these high levels of customer service by continuing to invest in training and the development of our staff.

Appreciation

Once again, my deepest appreciation goes out to our management, staff, shareholders, customers and business partners for their continued support and encouragement.

With the support of my fellow Board members, I believe we can build on the tremendous heritage of Cortina Holdings Ltd. The journey ahead is not without challenges, but when I look around me and see the talent, passion and commitment of our staff, I am confident that we are well-placed to tap into the region's rapid growth, and that we will seize the many opportunities this presents to us.

Thank you.

Lim Keen Ban, Anthony
Chairman & Managing Director

Private room, Cortina Watch Espace Singapore







1 - 2 | 150 watch-lovers attended the Corum Admiral's Cup Competition 48 Timepiece Launch cocktail party at Cortina Watch Espace, Starhill Gallery in Kuala Lumpur.

3 - 4 | The Jean-Mairet & Gillman "Around the World" collection was presented in the beautiful surroundings of Carcosa Seri Negara, The Drawing Room.

5 - 6 | Concord launched the beautifully updated Concord Mariner Collection with a limited edition Mariner Reveil in Singapore.

7 - 8 | Red carpet glamour met pilot's heritage when IWC Schaffhausen celebrated the launch of the new Pilot's Watch Collection in Singapore with a star-studded event for 150 guests which included a film screening.

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9 - 11 | Celebrating the art of precision watchmaking, Porsche Design unveiled their new collection for the first time in Singapore with a private event for 100 guests.

12 - 13 | The world's oldest watch brand, Vacheron Constantin, was the first to ever host a private event at Singapore's heritage landmark, Clifford Pier, for the launch of the dynamic and modern "Overseas Dual Time".

14 - 15 | The full collection of Jaeger-LeCoultre timepieces was showcased for the launch of their first stand-alone boutique in Thailand, at the elegant Siam Paragon.

Top row, from left to right:

Lim Keen Ban, Anthony is one of the founders of our Group and was appointed Managing Director since 1972. He is due for re-appointment at the forthcoming Annual General Meeting. He is our Chairman and Managing Director and is responsible for the overall management, strategic planning and business development of the Group. In addition, Mr Lim also heads the distribution business and was instrumental in building up the distribution business over the last twenty years. He has over 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. He is due for re-election at the forthcoming Annual General Meeting. His main portfolio includes strategic planning and overseeing the finance and corporate affairs to ensure the Group's growth is aligned with our corporate objective. Mr Yu holds a Bachelor of Business Administration degree from the University of Singapore. He was the Singapore Honorary Consul General to Papua New Guinea from 1988 to 1992. He is currently the Honorary Consul of the Republic of the Fiji Islands in Singapore.

Lim Jit Ming, Raymond is an Executive Director of our Group since 1992. 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.

Bottom row, from left to right:

Lim Jit Yaw, Jeremy is an Executive Director since 2006. He was appointed Operations Manager in 2000 and was subsequently promoted to Operations Director and Regional General Manager in 2003 and 2004 respectively. His duties include the management of the overall operations and merchandising of retail outlets in Singapore, Malaysia, Thailand and Indonesia. Prior to joining us in 2000, he was an audit senior with KPMG Singapore from 1997 to 2000. Mr Lim graduated from Edith Cowan University, Australia with a Bachelor of Business majoring in Accounting and Finance.

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 is due for re-election at the forthcoming Annual General Meeting. He has been in the food and beverage industry for over 37 years.

BOARD OF DIRECTORS

Top row, from left to right:

Long Foo Pieng, Benny is a Non-Executive Director of our Group since 2000 and was last re-elected in 2004. Prior to joining us, he was an aircraft engine specialist with Pratt and Whitney Canada (S.E.A.) Pte Ltd. Mr Long holds an Associate Degree in Aviation Maintenance Technology from Embry-Riddle Aeronautical University in Florida, the United States of America.

Seet Keong Sam was appointed Independent Director in 2002. He was last re-elected in 2004. 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 Pricewaterhouse Coopers 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.

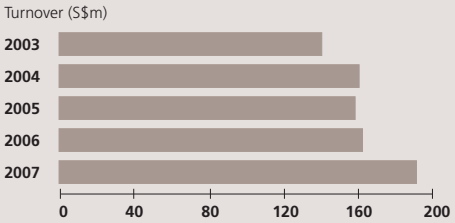
Bottom row, from left to right:

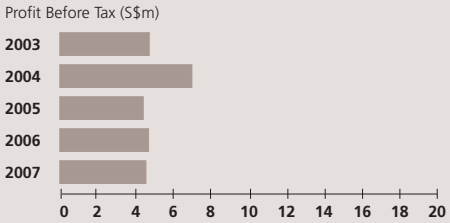
Lau Ping Sum, Pearce was appointed Independent Director in 2002. He was last re-elected in 2004. Having held management positions in both the public and the private sectors, Mr Lau is currently executive director of the People's Action Party Community Foundation and People's Action Party Headquarters. Mr Lau was the Member of Parliament for Yio Chu Kang and Ang Mo Kio GRC from 1980 to 1996. He is a director of several publicly listed and private companies. Mr Lau holds a Bachelor of Economics from the Australian National University and a Diploma in Business Administration from the National University of Singapore.

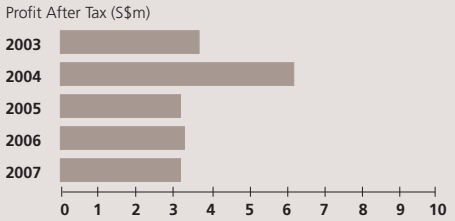
Ch'ng Jit Koon, was appointed Independent Director in 2003. Mr. Ch'ng was last re-elected as Director in 2004. He is due for re-appointment at the forthcoming Annual General Meeting. He is a Justice of the Peace, and was a Member of Parliament from 1968 to 1996. He was appointed the Senior Parliamentary 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.

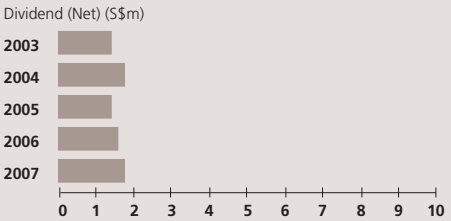
FINANCIAL HIGHLIGHTS

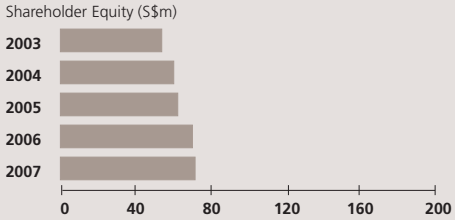
S$ MILLION	FY2007	FY2006	FY2005	FY2004	FY2003
Turnover	197.3	167.7	158.0	161.8	140.2
Profit Before Tax	4.6	4.8	4.4	7.0	4.7
Profit After Tax	3.2	3.3	3.2	6.1	3.7
Dividend (Net)	1.7	1.6	1.5	1.7	1.5
Shareholders Equity	72.2	70.8	63.5	62.0	58.3
CENTS					
Basic Earnings Per Share	2.4	2.3	2.0	4.0	2.6
Net Assets Per Share	43.6	42.7	42.2	41.2	38.7











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	*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	*Independent Director*
	Mr Ch'ng Jit Koon	*Independent Director*
Company Secretaries	Ms Foo Soon Soo, FCIS, FCPA (Singapore), FCPA (Australia), LLB (Hons) (London)	
	Ms Prisca Low, ACIS	
Audit Committee	Mr Seet Keong Sam	*Chairman*
	Mr Lau Ping Sum, Pearce	
	Mr Ch'ng Jit Koon	
Remuneration Committee	Mr Lau Ping Sum, Pearce	*Chairman*
	Mr Ch'ng Jit Koon	
	Mr Foo See Jin, Michael	
Nominating Committee	Mr Ch'ng Jit Koon	*Chairman*
	Mr Seet Keong Sam	
	Mr Yu Chuen Tek, Victor	
	Mr Lau Ping Sum, Pearce	
Registered Office	391B Orchard Road #18-01 Ngee Ann City Tower B Singapore 238874 Tel: (65) 6339 9447 Fax: (65) 6336 7913 www.cortina.com.sg	
Registrar and Share Transfer Office	KCK CorpServe Pte. Ltd. 47 Hill Street #06-07A Singapore Chinese Chamber of Commerce and Industry Building Singapore 179365 Person-in-charge: Ms Foo Soon Soo	
Auditors	PricewaterhouseCoopers Certified Public Accountants 8 Cross Street #17-00 PWC Building Singapore 048424	
	Partner-in-charge: Ms Ooi Chee Kar Year of Appointment: Financial year end 31 March 2005	

35 Luxury years

STATEMENT OF CORPORATE GOVERNANCE

Cortina Holdings Limited (the "Company") is committed to achieving and maintaining high standards of corporate governance principles and processes in managing its business and affairs, so as to improve the performance, accountability, and transparency of the Company and its subsidiaries (collectively called the "Group").

This Statement sets out how the Company has effectively applied the principles of good corporate governance in a disclosure-based regime where accountability of the Board to the Company's shareholders and the Management to the Board provides the framework for achieving a mutually beneficial tripartite relationship aimed at creating and growing sustainable shareholders' value.

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 Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board of Directors (the "Board") comprises an Executive Chairman, three Executive Directors, and five non-executive Directors of whom three are independent. The Board has the appropriate mix of core competencies and diversity of experience to direct and lead the Company. As at the date of this report, the Board comprises the following members:

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

The primary role of the Board is to protect and enhance long-term shareholders' value. It sets the corporate strategies of the Group and sets directions and goals for the Management. It supervises the Management and monitors performance of these goals to enhance shareholders' value. The Board is responsible for the overall corporate governance of the Group.

Regular meetings are held to deliberate the strategic policies of the Company 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 formed Board 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.

These Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each Committee is also constantly reviewed by the Board.

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 2007:-

	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE
Number of meetings held	2	4	1	1
NAME OF DIRECTORS		**NUMBER OF MEETINGS ATTENDED**		
Executive Directors				
Lim Keen Ban, Anthony	2	-	1	-
Yu Chuen Tek, Victor	2	2	-	1
Lim Jit Ming, Raymond	2	-	-	-
Lim Jit Yaw, Jeremy	2	-	-	-
Non-Executive Directors				
Foo See Jin, Michael[1]	2	-	-	-
Long Foo Pieng, Benny	2	-	-	-
Independent Directors				
Lau Ping Sum, Pearce[2]	2	4	1	1
Seet Keong Sam	2	4	-	1
Ch'ng Jit Koon[3]	2	4	1	1

Notes:
[1] Mr Foo See Jin, Michael was appointed as a member of the Remuneration Committee in place of Mr Lim Keen Ban, Anthony with effect from 25 May 2006.
[2] Mr Lau Ping Sum,Pearce was appointed as an additional member of the Nominating Committee with effect from 25 May 2006.
[3] Mr Ch'ng Jit Koon was appointed as a member of the Audit Committee in place of Mr Yu Chuen Tek, Victor with effect from 25 May 2006.

While the Board considers Directors' attendance at Board meeting to be important,it is not the only criterion to measure their contributions. It also takes into account the contribution by board members in other forms including periodic review, provision of guidance and advice on various matters relating to the Group.

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 consists of nine Directors, of whom three are independent Directors.

The criterion for independence is based on the definition given in the Code of Corporate Governance (the "Code"). The Board considers an "independent" Director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment of the conduct of the Group's affairs. The Board is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The composition of the Board will be reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making.

Key information regarding the Directors is given in the 'Board of Directors' section of the annual report.

Particulars of interests of Directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Report on pages 23 and 24 of this annual report.

STATEMENT OF CORPORATE GOVERNANCE

Chairman and Chief Executive Officer

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. 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.

As the Chairman, Mr Lim Keen Ban is primarily responsible for the overall management, strategic planning and business development of the Group.

In assuming his roles and responsibilities, Mr Lim consults with the Board, Audit, Nominating and Remuneration Committees on major issues. The Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment of new Directors to the Board.

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

The NC comprises four members, the majority of whom, including its Chairman, are independent Directors. The members of the NC are:

- Mr Ch'ng Jit Koon (Chairman)
- Mr Seet Keong Sam
- Mr Lau Ping Sum, Pearce
- Mr Yu Chuen Tek, Victor

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, is able to 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 Reference, is responsible for reviewing and evaluating the Board's performance. The evaluations are based on certain objective performance criteria which are decided by the NC.

The NC has reviewed and evaluated the performance of the Board as a whole, taking into consideration the attendance record at the meetings of the Board and Board Committees and also the contribution of each Director to the overall effectiveness of the Board.

Access to Information

Principle 6: In order to fulfill 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 are from time to time furnished with information concerning the Company to enable them to be fully cognisant of the decisions and actions of the Company's executive management. The Board has unrestricted access to the Company's records and information.

Senior members of management staff are available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or by external consultants engaged on specific projects.

The Board has separate and independent access to the Company Secretaries and to other senior management executives of the Company and of the Group at all times in carrying out their duties. The Company Secretaries attend all Board meetings and meetings of the Committees of the Company and ensure that Board procedures are followed and that applicable rules and regulations are complied with. The minutes of all Board Committees' meetings are circulated to the Board.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

The Company has established a Remuneration Committee ("RC") whose duties are 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 Remuneration Committee ("RC") comprises three members the majority of whom, including its Chairman, are independent Directors. The members of the RC are:

- Mr Lau Ping Sum, Pearce (Chairman)
- Mr Ch'ng Jit Koon
- Mr Foo See Jin, Michael

All aspects of remuneration, including but not limited to Directors' fee, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his remuneration package.

The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company.

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 than is necessary for this purpose. A significant proportion of executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.

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

For the financial year ended 31 March 2007, the RC recommended that all Directors be paid a basic fee of S$25,000.00, and a variable Committee fee based on their participation in various Committees. The proposed quantum of the Directors' fee is subject to approval by shareholders at the Annual General Meeting.

STATEMENT OF CORPORATE GOVERNANCE

Disclosure on 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. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key executives, and performance.

The details of the remuneration of Directors of the Group disclosed in bands for services rendered during the financial year ended 31 March 2007 are as follows:

	NUMBER OF DIRECTORS	
	2007	2006
$750,000 to $1,000,000	1	1
$500,000 to $749,999	2	2
Below $250,000	6	6
Total	**9**	**9**

The summary compensation table for the Directors and Top Key Executives of the Group for the financial year ended 31 March 2007 is set out below:

	SALARY	BONUS	DIRECTORS' FEE	ALLOWANCES AND OTHER	TOTAL COMPENSATION
Directors	%	%	%	%	%
$750,000 to $1,000,000					
Lim Keen Ban, Anthony	62	29	6	3	100
$500,000 to $749,999					
Yu Chuen Tek, Victor	70	20	5	5	100
Lim Jit Ming, Raymond	67	23	4	6	100
Below $250,000					
Lim Jit Yaw, Jeremy	65	15	10	10	100
Foo See Jin, Michael	-	-	100	-	100
Long Foo Pieng, Benny	-	-	100	-	100
Lau Ping Sum, Pearce	-	-	100	-	100
Seet Keong Sam	-	-	100	-	100
Ch'ng Jit Koon	-	-	100	-	100

	Salary	Bonus	Allowances and Other	Total Compensation
Top Key Executives	%	%	%	%
Below $250,000				
Yuen King Yu, Andrew	84	15	1	100
Lim Yin Chian, Sharon	81	14	5	100
Tshai Kin Chon, Ivan	81	19	-	100
Cheah Yok Kian, Dorris	62	8	30	100
Krist Chatikaratana	74	18	8	100

Remuneration of Top Key Executives (who are not Directors of the Company)

For the financial year ended 31 March 2007, the top Key Executives (who are not Directors of the Company) of the Group are Yuen King Yu, Andrew, Lim Yin Chian, Sharon, Tshai Kin Chon, Ivan, Cheah Yok Kian, Dorris and Krist Chatikaratana.

The remuneration of each of these Key Executives did not exceed S$250,000. There are two family members of the Managing Director whose remuneration exceeded S$150,000 for the financial year ended 31 March 2007.

ACCOUNTABILITY AND AUDIT

Accountability
Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of the SGX-ST.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within legally prescribed periods.

Audit Committee
Principle 11: The Board should establish an Audit Committee 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 the following members:

- Mr Seet Keong Sam (Chairman)
- Mr Lau Ping Sam, Pearce
- Mr Ch'ng Jit Koon

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

- reviews with the external auditors the audit plan and the evaluation of the internal accounting controls,
- audit reports and any matters which the external auditors wish to discuss (in the absence of management, where necessary);
- reviews with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems;
- reviews any significant findings of internal investigations and management's response;
- makes recommendations to the Board on the appointment of external auditors, audit fee and any questions of their resignation or dismissal;
- reviews and approves the appointment, replacement, reassignment or dismissal of the internal auditors;
- monitors interested person transactions and conflict of interest situations that may arise within the Group, including any transactions, procedures or courses of action that raise questions about management's integrity. The Committee is also required to ensure that directors report such transactions annually to shareholders via the annual report;
- review half yearly reporting to SGX-ST and year end annual financial statements of the Group before submission to the Board, focusing on
  - going concern assumption
  - compliance with accounting standards and regulatory requirements
  - any changes in accounting policies and practices
  - significant issues arising from the audit
  - major judgmental areas; and
- any other functions which may be agreed by the Audit Committee and the Board.

STATEMENT OF CORPORATE GOVERNANCE

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

(i) the co-operation given by the Company's officers and whether the Audit Committee in the course of carrying out its duties, was obstructed or impeded by management;
(ii) the adequacy of the Group's internal accounting control system and its internal control procedures relating to interested person transactions;
(iii) compliance with legal and other regulatory requirements; and
(iv) any other matter which in the Audit Committee's opinion, should be brought to the attention of the Board.

The AC has full access to and co-operation of the Management and has full discretion to invite any Director or Executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its duties.

The AC meets with both the external and internal auditors without the presence of Management, at least once a year.

The AC reviews the independence of the external auditors annually. The AC, having reviewed the range and value of non-audit services performed by the external auditors, PricewaterhouseCoopers, was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

PricewaterhouseCoopers have indicated that they are not seeking re-appointment as auditors of the Company at the forthcoming AGM. The AC has recommended to the Board that RSM Chio Lim be nominated for appointment as auditors of the Company for the financial year ending 31 March 2008, subject to the approval of shareholders at the forthcoming AGM.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company. Each member of the AC shall abstain from voting any resolutions in respect of matters he is interested in.

The Company has in place a whistle-blowing framework where staff of the Company can access the Audit Committee Chairman to raise concerns about improprieties.

Internal Controls and Risk Management
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.

The Audit Committee will ensure that a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management, is conducted annually.

In this respect, the Audit Committee will review the audit plans and the findings of the auditors, and will ensure that the Company follows up on the auditors' recommendations raised, if any, during the audit process.

The Group has in place a system of internal control and risk management for ensuring proper accounting records and reliable financial information as well as management of business risks with a view to safeguarding shareholders' investments and the Company's assets. The risk management framework implemented provides for systematic and structured review and reporting of the assessment of the degree of risk, evaluation and effectiveness of controls in place and the requirements for further controls.

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

The Company has engaged Paul Wan & Co. as its internal auditors. The internal auditors reports directly to the Chairman of the Audit Committee on all internal audit matters.

The primary functions of internal audit are to help:-

(a) assess if adequate systems of internal controls are in place to protect the assets of the Group and to ensure control procedures are complied with;
(b) assess if operations of the business processes under review are conducted efficiently and effectively; and
(c) identify and recommend improvement to internal control procedures, where required.

The Audit Committee has reviewed the Company's internal control assessment and based on the internal auditors' and external auditors' reports and the internal controls in place, it is satisfied that there are adequate internal controls in the Company.

COMMUNICATION WITH SHAREHOLDERS

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

Principle 15: Companies should encourage greater shareholder participation at AGM's and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

In line with continuous obligations of the Company pursuant to the SGX-ST's Listing Rules, the Board's policy is that all shareholders be informed of all major developments that impact the Group.

Information is disseminated to shareholders on a timely basis through:

(a) SGXNET announcements and news release;
(b) Annual Report prepared and issued to all shareholders;
(c) Press releases on major developments of the Group;
(d) Notices of and explanatory memoranda for AGM and extraordinary general meetings ("EGM"); and
(e) Company's website at where shareholders can access information on the Group.

The Company's AGMs are the principal forums for dialogue with shareholders. The Chairmen of the Audit, Remuneration and Nominating Committees are normally available at the meetings to answer any questions relating to the work of these Committees. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Shareholders are encouraged to attend the AGM/EGM to ensure a high level of interaction and to stay informed of the Group's strategy and goals. Notice of the meeting will be advertised in newspapers and announced on SGXNET.

Dealing In Securities
The Company has in place a policy prohibiting share dealings by Directors and employees of the Company for the period of one month prior to the announcement of the Company's half yearly and yearly results as the case may be, and ending on the date of the announcement of the relevant results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

Interested Person Transactions Policy
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.

Material Contracts
The Company had in 2005 renewed the Service Agreements, which were entered into with three Executive Directors namely Mr Lim Keen Ban, Anthony, Mr Yu Chuen Tek, Victor and Mr Lim Jit Ming, Raymond on 17 July 2002, upon a review carried out by the Audit and Nominating Committees, and approval granted by Board of Directors.

The new service agreements took effect from 17 July 2005 for a period of three years each, unless otherwise terminated by either party giving to the other not less than six calendar months prior notice.

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

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DIRECTORS' REPORT
For the financial year ended 31 March 2007

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 March 2007 and the balance sheet of the Company at 31 March 2007.

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 or its 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 31.3.2007	At 1.4.2006	At 31.3.2007	At 1.4.2006
The Company (Ordinary Shares)				
Lim Keen Ban	-	-	56,362,425	53,112,425
Yu Chuen Tek	14,585,015	14,585,015	10,328,000	10,328,000
Lim Jit Ming	-	-	56,362,425	53,112,425
Lim Jit Yaw	-	-	56,362,425	53,112,425
Foo See Jin	8,757,320	8,757,320	-	-
Long Foo Pieng	10,214,940	11,864,940	-	-
Lau Ping Sum, Pearce	30,000	30,000	-	-

DIRECTORS' REPORT
For the financial year ended 31 March 2007

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 as at 21 April 2007 were the same as those as at 31 March 2007.

Directors' contractual benefits

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

Share options

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

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

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

Audit committee ("AC")

The AC comprises Mr Seet Keong Sam, Committee Chairman, Mr Lau Ping Sum and Mr Ch'ng Jit Koon. All members of the AC are independent non-executive directors.

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

- the scope and the results of internal audit procedures with the internal auditors;
- the audit plan of the Company's external auditors and their report on the weaknesses of internal accounting controls arising from their audit examination; and
- the balance sheet of the Company and the financial statements of the Group for the year ended 31 March 2007 before their submission to the board of directors, as well as the auditors' report on the balance sheet of the Company and the financial statements of the Group.

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

On behalf of the directors

LIM KEEN BAN
Director

YU CHUEN TEK
Director

19 June 2007

STATEMENT BY DIRECTORS
For the financial year ended 31 March 2007

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 27 to 69 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 2007 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

19 June 2007

AUDITORS' REPORT
For the financial year ended 31 March 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORTINA HOLDINGS LIMITED

We have audited the accompanying financial statements of Cortina Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 27 to 69, which comprise the balance sheets of the Company and of the Group as at 31 March 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

(a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Singapore Companies Act (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 2007, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

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

PricewaterhouseCoopers
Certified Public Accountants
Singapore, 19 June 2007

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2007

	Note	THE GROUP 2007 $'000	2006 $'000
Sales	4	**197,292**	167,721
Other gains (net)	4	**1,165**	1,193
Expenses:			
- Cost of inventories recognised as an expense		**(165,506)**	(138,051)
- Staff costs	5(a)	**(9,289)**	(8,952)
- Rental expense – operating leases		**(6,204)**	(5,848)
- Depreciation and impairment adjustment of property, plant and equipment	14	**(2,011)**	(2,005)
- Finance expense	5(b)	**(3,419)**	(2,681)
- Other expense	5(c)	**(7,337)**	(6,372)
Total expenses		**(193,766)**	(163,909)
Share of losses of associated companies, net	12	**(70)**	(167)
Profit before income tax		**4,621**	4,838
Income tax expense	6	**(1,467)**	(1,571)
Net profit		**3,154**	3,267
Attributable to:			
Equity holders of the Company		**3,916**	3,607
Minority interests		**(762)**	(340)
		3,154	3,267
Earnings per share attributable to the equity holders of the Company Basic and diluted	7	**2.4 cents**	2.3 cents

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

BALANCE SHEETS
For the financial year ended 31 March 2007

		THE GROUP		THE COMPANY	
	Note	**2007**	2006	**2007**	2006
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	8	**4,075**	1,466	**34**	68
Trade and other receivables	9	**11,635**	10,770	**24,808**	29,977
Inventories	10	**131,063**	135,076	**-**	-
Other assets	11	**1,273**	826	**9**	11
		148,046	148,138	**24,851**	30,056
Non-current assets					
Investments in associated companies	12	**3,131**	3,473	**1,000**	1,000
Investments in subsidiaries	13	**-**	-	**9,813**	10,235
Property, plant and equipment	14	**9,156**	11,181	**1,378**	1,387
Deferred income tax assets	15	**789**	766	**154**	409
Other assets	11	**1,830**	1,542	**-**	-
Receivable from subsidiary	9	**-**	-	**4,300**	-
		14,906	16,962	**16,645**	13,031
Total assets		**162,952**	165,100	**41,496**	43,087
LIABILITIES					
Current liabilities					
Trade and other payables	16	**29,936**	25,134	**1,230**	1,195
Current income tax liabilities	6	**1,309**	1,284	**-**	-
Borrowings	17	**52,878**	59,632	**150**	150
		84,123	86,050	**1,380**	1,345
Non-current liabilities					
Borrowings	17	**2,755**	3,578	**75**	225
Deferred income	19	**154**	307	**-**	-
Deferred income tax liabilities	15	**9**	22	**-**	-
Provision	20	**272**	272	**-**	-
		3,190	4,179	**75**	225
Total liabilities		**87,313**	90,229	**1,455**	1,570
NET ASSETS		**75,639**	74,871	**40,041**	41,517
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					
Share capital	21	**35,481**	35,481	**35,481**	35,481
Currency translation reserve		**(1,572)**	(718)	**-**	-
Retained earnings	22	**38,266**	36,006	**4,560**	6,036
		72,175	70,769	**40,041**	41,517
Minority interests		**3,464**	4,102	**-**	-
TOTAL EQUITY		**75,639**	74,871	**40,041**	41,517

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2007

	NOTE	SHARE CAPITAL & SHARE PREMIUM $'000	CURRENCY TRANSLATION RESERVE $'000	RETAINED EARNINGS $'000	MINORITY INTERESTS $'000	TOTAL $'000
Balance at 1 April 2006		**35,481**	**(718)**	**36,006**	**4,102**	**74,871**
Net loss recognised directly in equity – currency translation differences		-	(854)	-	(18)	(872)
Net profit for the financial year		-	-	3,916	(762)	3,154
Total recognised gains for the financial year		**-**	**(854)**	**3,916**	**(780)**	**2,282**
Dividends	23	-	-	(1,656)	-	(1,656)
Issuance of subsidiary shares to minority shareholder		-	-	-	142	142
Balance at 31 March 2007		**35,481**	**(1,572)**	**38,266**	**3,464**	**75,639**
Balance at 1 April 2005		**30,116**	**(512)**	**33,904**	**3,723**	**67,231**
Net loss recognised directly in equity – currency translation differences		-	(206)	-	-	(206)
Net profit for the financial year		-	-	3,607	(340)	3,267
Total recognised gains for the financial year		**-**	**(206)**	**3,607**	**(340)**	**3,061**
Issue of shares	21	5,475	-	-	-	5,475
Share issue expenses	21	(110)	-	-	-	(110)
Dividends	23	-	-	(1,505)	-	(1,505)
Effect of dilution of equity interest in a subsidiary		-	-	-	7	7
Issuance of subsidiaries' shares to minority shareholders		-	-	-	712	712
Balance at 31 March 2006		**35,481**	**(718)**	**36,006**	**4,102**	**74,871**

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

CONSOLIDATED CASH FLOW STATEMENT
For the financial year ended 31 March 2007

	NOTE	2007 $'000	2006 $'000
Cash flows from operating activities			
Net profit		3,154	3,267
Adjustments for:			
Tax		1,467	1,571
Depreciation and impairment adjustment of property, plant and equipment		2,011	2,005
Property, plant and equipment written off		201	566
Interest income		(3)	(3)
Interest expense		3,419	2,681
Loss on dilution/partial disposal of equity interests in subsidiaries		-	7
Gain on disposal of an associated company of a subsidiary		-	(211)
Gain on disposal of property, plant and equipment		-	(186)
Amortisation of deferred income		(153)	(162)
Share of results of associated companies		70	167
Operating cash flow before working capital change		10,166	9,702
Change in operating assets and liabilities			
Trade and other receivables		(906)	771
Inventories		3,505	(25,399)
Other current and non-current assets		(746)	464
Trade and other payables		4,239	5,120
Deferred income		-	219
Cash provided by / (used in) operations		16,258	(9,123)
Income tax paid		(1,424)	(1,685)
Interest paid on overdrafts and trade financing		(1,842)	(1,942)
Net cash provided by / (used in) operating activities		12,992	(12,750)
Cash flows from investing activities			
Payments for property, plant and equipment		(124)	(4,342)
Interest received		3	3
Proceeds from disposal of property, plant and equipment		-	232
Capital repayment from an associated company		268	-
Proceeds from disposal of an associated company		-	791
Net cash provided by / (used in) investing activities		147	(3,316)
Cash flows from financing activities			
Net proceeds from issuance of shares		-	5,365
Proceeds on issuance of subsidiary's shares to minority shareholder		142	712
(Repayment of)/proceeds from short term borrowings (net)		(3,545)	4,913
Proceeds from term loans		-	1,560
Repayment of term loans		(517)	(536)
Repayment of finance lease liabilities		(210)	(250)
Other interest paid		(1,172)	(739)
Dividends paid		(1,656)	(1,505)
Net cash provided by / (used in) financing activities		(6,958)	9,520
Net increase / (decrease) in cash and cash equivalents held		6,181	(6,546)
Cash and cash equivalents at beginning of the financial year		(6,610)	(76)
Effects of exchange rate changes on cash and cash equivalents		96	12
Cash and cash equivalents at end of the financial year	8	(333)	(6,610)

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

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

1. General

Cortina Holdings Limited (the "Company") is incorporated and domiciled in Singapore.The address of its registered office is 391B Orchard Road, #18-01, Ngee Ann City Tower B, Singapore 238874.

The Company is listed on the Singapore Exchange.

The principal activities of the Company consist of the provision of management and financial related services to its subsidiaries and associated companies, and investment holding. The principal activities of its subsidiaries are distribution and retailing of watches.

2. Significant accounting policies

(a) Basis of preparation

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

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards

On 1 April 2006, the Group adopted the new or revised FRS and Interpretations to FRS (INT FRS) that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The following are the new or revised FRS and INT FRS that are relevant to the Group:-

FRS 19 (Amendment)	Employee Benefits
FRS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates
FRS 32 (Amendment)	Financial Instruments: Disclosures and Presentation
FRS 39 (Amendment)	Financial Instruments: Recognition and Measurement
INT FRS 104	Determining whether an Arrangement contains a Lease

The adoption of the above FRS and INT FRS did not result in any substantial changes to the Group's accounting policies except for the adoption of FRS 39 (Amendment) (Note 2(q)) the effect of which is not material to the financial statements of the Group and the Company.

(b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

(1) Sale of goods

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

2. Significant accounting policies (continued)

(b) Revenue recognition (continued)

(2) Interest income

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

(3) Dividend income

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

(4) Rental income

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

(c) Group accounting

(1) Subsidiaries

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest. Please refer to note 2(f) "Goodwill" for the accounting policy on goodwill on acquisition of subsidiaries.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests are that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority interests in a subsidiary exceed the minority interests in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority interests are attributed to the equity holders of the Company, unless the minority interests have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minority interests' share of losses previously absorbed by the equity holders of the Company have been recovered.

Please refer to note 2(g) "Investments in subsidiaries and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

2. Significant accounting policies (continued)

(c) Group accounting (continued)

(2) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests, which result in gains and losses for the Group, are recorded in the income statement. The difference between any consideration paid to minority interests for purchases of additional equity interest in a subsidiary and the incremental share of the carrying value of the net assets of the subsidiary is recognised as goodwill.

(3) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding of between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Investments in associated companies in the consolidated balance sheet includes goodwill (net of accumulated impairment loss) identified on acquisition. Please refer to note 2(f) "Goodwill" for the Group's accounting policy on goodwill.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

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. Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Please refer to note 2(g) "Investment in subsidiaries and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

(d) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (note 2(h)).

(1) Components of costs

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(2) Depreciation

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

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

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision of the residual values and useful lives are included in the income statement for the financial year in which the changes arise.

(3) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in the income statement during the financial year in which it is incurred.

(4) Disposal

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

(e) Borrowing costs

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

(f) Goodwill

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

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

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

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

2. Significant accounting policies (continued)

(g) Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are stated at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries and associated companies, the difference between net disposal proceeds and the carrying amounts of the investments are taken to the income statement.

(h) Impairment of non-financial assets

(1) Goodwill

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

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

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

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

An impairment loss on goodwill is recognised in the income statement and is not reversed in a subsequent period.

(2) Property, plant and equipment
Investments in subsidiaries and associated companies

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

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The impairment loss is recognised in the income statement.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

2. Significant accounting policies (continued)

(i) Financial assets

The Group has only one category of financial assets - loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" and "cash and cash equivalents" on the balance sheets.

Loans and receivables are recognised initially at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less allowance for impairment.

An allowance for impairment of loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the income statement within "other expense".

(j) Inventories

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

(k) Borrowings

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

Borrowings which are due to be settled within 12 months after the balance sheet date are presented as current borrowings even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the balance sheet date are presented as non-current borrowings in the balance sheet.

2. Significant accounting policies (continued)

(l) Leases

(1) When a group company is the lessee:

The Group leases certain property, plant and equipment from third parties.

Finance leases

Leases of property, plant and equipment where the Group assumes substantially the risks and rewards of ownership are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings, respectively, at the inception of the leases at the lower of the fair values of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding lease liability. The finance charge is recognised in the income statement and allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability.

Contingent rents are recognised as an expense in the income statement in the financial year in which they are incurred.

Operating leases

Leases of property, plant and equipment 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.

Contingent rents are recognised as an expense in the income statement in the financial year in which they are incurred.

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 financial year in which termination takes place.

(2) When a group company is the lessor:

The Group leases out leasehold property to third parties.

Operating leases

Rental income from operating leases (net of any incentives given to lessees) is recognised in the income statement on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in the income statement over the lease term on the same basis as the lease income.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

2. Significant accounting policies (continued)

(m) Income taxes

Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for all deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax assets/liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax asset is 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 assets and liabilities are measured at:

(i) the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date; and

(ii) the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income tax are recognised as income or expenses in the income statement for the period.

(n) Trade and other payables

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

(o) Provisions

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

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

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the income statement as interest expense.

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

2. Significant accounting policies (continued)

(p) Employee benefits

(1) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

(2) Employee leave entitlement

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

(q) Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due, in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs.

Financial guarantee contracts are subsequently amortised to the income statement over the period of the subsidiaries' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

(r) Derivative financial instruments

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

(s) Fair value estimation

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values.

The fair values of non-current financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

(t) Currency translation

(1) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

2. Significant accounting policies (continued)

(t) Currency translation (continued)

(2) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement, except for currency translation differences on the net investment in foreign operations, borrowings in foreign currencies and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements.

(3) Translation of Group entities' financial statements

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

(i) Assets and liabilities are translated at the closing rates at the date of the balance sheet;

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the date of the balance sheet.

(4) Consolidation adjustments

On consolidation, currency translation differences arising from the net investment in foreign operations, borrowings in foreign currencies, and other currency instruments designated as hedges of such investments, are taken to the currency translation reserve. When a foreign operation is sold, such currency translation differences recorded in the currency translation reserve are recognised in the income statement as part of the gain or loss on sale.

(u) Segment reporting

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

(v) Cash and cash equivalents

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

(w) Deferred income

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

(x) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2. Significant accounting policies (continued)

(y) Dividend

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

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

4. Revenue and other gains (net)

	THE GROUP	
	2007	2006
	$'000	$'000
Sale of goods	**197,292**	167,721
Other gains/(losses):		
Rental income	**56**	63
Amortisation of deferred income (note 19)	**153**	162
Gain on disposal of an associated company of a subsidiary	**-**	211
Gain on disposal of property, plant and equipment	**-**	186
Loss on dilution/partial disposal of equity interests in subsidiaries	**-**	(7)
Net foreign exchange gain	**345**	402
Interest income	**3**	3
Others	**608**	173
Other gains (net)	**1,165**	1,193
	198,457	168,914

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

5. Expenses

(a) Staff costs

	THE GROUP	
	2007	2006
	$'000	$'000
Wages and salaries	**8,684**	8,319
Employer's contribution to defined contribution plans	**605**	589
Termination benefits	**-**	44
	9,289	8,952

(b) Finance expense

	THE GROUP	
	2007	2006
	$'000	$'000
Interest expense:		
- Bank overdrafts	**551**	547
- Bank loans	**1,216**	698
- Trade financing	**1,607**	1,395
- Finance lease liabilities	**39**	41
- Interest paid to minority shareholders	**6**	-
	3,419	2,681

(c) Other expenses

	THE GROUP	
	2007	2006
	$'000	$'000
Included in other expenses are the following:-		
Auditors' remuneration :		
- auditors of the Company	**146**	134
- other auditors	**51**	39
Non-audit fee paid/payable to auditors of the Company	**55**	23
Allowance made for/(write-back of) doubtful receivables	**13**	(84)
Bad debts written off	**3**	71
Inventory written off	**5**	63
Property, plant and equipment written off	**201**	566

6. Income tax

(a) Income tax expense

	THE GROUP	
	2007	2006
	$'000	$'000
Income tax expense attributable to profit is made up of:		
Current income tax		
- Singapore	**1,151**	1,170
- Foreign	**311**	183
Deferred income tax (note 15)	**(140)**	(111)
	1,322	1,242
Under / (over) provision in prior financial years:		
- Current Income tax	**(2)**	292
- Deferred income tax (note 15)	**147**	37
	1,467	1,571

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

	THE GROUP	
	2007	2006
	$'000	$'000
Profit before tax	**4,621**	4,838
Add : Share of losses of associated companies, net	**70**	167
	4,691	5,005
Income tax expense calculated at statutory tax rate of 18% (2006: 20%)	**844**	1,001
Singapore statutory stepped income exemption	**(82)**	(21)
Effect of different tax rates in other countries	**(75)**	(121)
Income not subject to tax	**(200)**	(430)
Expenses not deductible for tax purposes	**469**	731
Effect of change in tax rate (note 15)	**49**	-
Deferred income tax assets not recognised on unutilised tax losses	**317**	48
Utilisation of previously unrecognises tax losses	**-**	34
Income tax expense	**1,322**	1,242

On 15 February 2007, the Singapore Second Minister of Finance announced a reduction in corporate tax rate from 20% to 18% with effect from the year of assessment 2008. The Group's income tax expense has taken into consideration the effect of the reduction of the income tax rate.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

6. Income tax (continued)

(b) Movements in current income tax liabilities

	THE GROUP	
	2007	2006
	$'000	$'000
Balance at beginning of the financial year	**1,284**	1,329
Currency translation differences	**(11)**	(3)
Income tax paid	**(1,424)**	(1,685)
Current financial year's income tax expense	**1,462**	1,353
(Over)/under provision in prior financial years	**(2)**	292
Additional group relief claimed for prior financial years (note 15)	**-**	(2)
Balance at end of the financial year	**1,309**	1,284

7. 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	
	2007	2006
Net profit attributable to members of Cortina Holdings Limited ($'000)	**3,916**	3,607
Weighted average number of ordinary shares in issue for basic earnings per share	**165,578,415**	158,961,977
Basic earnings per share	**2.4 cents**	2.3 cents

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

8. Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**4,075**	1,466	**34**	68

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

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

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Singapore Dollars	**1,183**	590	**34**	68
Hong Kong Dollars	**1,739**	84	**-**	-
Malaysian Ringgit	**8**	35	**-**	-
Thai Baht	**94**	236	**-**	-
Swiss Francs	**526**	384	**-**	-
New Taiwan Dollar	**512**	-	**-**	-
Others	**13**	137	**-**	-
	4,075	1,466	**34**	68

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

	THE GROUP	
	2007	2006
	$'000	$'000
Cash at bank and on hand (as above)	**4,075**	1,466
Less: Bank overdrafts (note 17)	**(4,408)**	(8,076)
Cash and cash equivalents per consolidated cash flow statement	**(333)**	(6,610)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

9. Trade and other receivables

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Third parties	**6,618**	7,977	**-**	2
Less: Allowance for impairment of trade receivables	**(20)**	(7)	**-**	-
Trade receivables – net	**6,598**	7,970	**-**	2
Recoverables and other receivables	**4,981**	2,771	**1,627**	1,620
Due from subsidiaries (non-trade)	**-**	-	**27,499**	28,373
Less: Allowance for impairment of receivables	**-**	-	**(18)**	(18)
	-	-	**27,481**	28,355
Due from minority shareholder (non-trade)	**46**	9	**-**	-
Due from other related party (non-trade)	**10**	10	**-**	-
Derivative receivables	**-**	10	**-**	-
	11,635	10,770	**29,108**	29,977

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

Analysed as follows : -

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Current	**11,635**	10,770	**24,808**	29,977
Non Current	**-**	-	**4,300**	-
	11,635	10,770	**29,108**	29,977

The non-current receivable, which is from a subsidiary, represents in substance, part of the Company's net investment in the subsidiary. The amount is non-interest bearing, unsecured and not expected to be repaid within the next 12 months.

9. Trade and other receivables (continued)

Included in other receivables of the Company is an amount of $1,620,170 (2006: $1,620,170) 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.

Other related party refers to a company owned by a director of a subsidiary. Except for non-current receivable from subsidiary, the non-trade amounts due from subsidiaries, minority shareholders and other related party are unsecured, interest-free, and are repayable on demand.

Impairment loss on trade receivables amounting to $13,000 (2006: write back of $84,000) was recognised as an expense and included in "other expense".

Trade and other receivables were denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Singapore Dollars	**8,542**	7,569	**29,108**	29,977
Hong Kong Dollars	**72**	218	**-**	-
Malaysian Ringgit	**-**	215	**-**	-
Thai Baht	**1,441**	1,370	**-**	-
Euro	**187**	190	**-**	-
Swiss Francs	**800**	1,154	**-**	-
New Taiwan Dollars	**593**	-	**-**	-
Other	**-**	54	**-**	-
	11,635	10,770	**29,108**	29,977

10. Inventories

	THE GROUP	
	2007	2006
	$'000	$'000
Finished goods for resale	**131,063**	135,076

During the financial year, the Group reversed an allowance of $436,000 (2006: $759,000) made in the prior years as the inventories were subsequently sold above their carrying values. The reversal has been included in "cost of inventories recognised as an expense" in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

11. Other assets

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Current				
Prepayments	**596**	235	**9**	11
Deposits	**677**	591	**-**	-
	1,273	826	**9**	11
Non current				
Deposits	**1,830**	1,542	**-**	-
	3,103	2,368	**9**	11

The carrying amounts of deposits approximate their fair values.

Deposits are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Singapore Dollars	**1,716**	1,289	**-**	-
Hong Kong Dollars	**116**	225	**-**	-
Malaysian Ringgit	**440**	404	**-**	-
Thai Baht	**231**	212	**-**	-
New Taiwan Dollars	**4**	3	**-**	-
	2,507	2,133	**-**	-

12. Investments in associated companies

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Equity investments, at cost			**1,000**	1,000
At beginning of the financial year	**3,473**	4,180		
Currency translation differences	**(4)**	40		
Capital repayment	**(268)**	-		
Disposal (see note (a) below)	**-**	(580)		
Share of losses after tax	**(70)**	(167)		
At end of the financial year	**3,131**	3,473		

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

	2007	2006
	$'000	$'000
- Assets	**6,712**	7,933
- Liabilities	**107**	697
- Revenues	**100**	337
- Net loss	**(145)**	(471)

Details of significant associated companies are provided in note 29(b).

(a) Disposal of equity stake in an associated company

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

13. Investments in subsidiaries

	THE COMPANY	
	2007	2006
	$'000	$'000
Equity Investments		
At 1 April	**12,773**	12,773
Incorporation of subsidiary (see note (a) below)	**333**	-
	13,106	12,773
Less: Impairment loss	**(3,293)**	(2,538)
At 31 March	**9,813**	10,235

Details of significant subsidiaries are provided in note 29(a).

(a) Incorporation of a subsidiary

On 8 November 2006, the Company incorporated a subsidiary company, Cortina Watch Co., Ltd, in Taiwan.

Cortina Watch Co., Ltd has a registered capital of NT$10,000,000 and is principally engaged in the retailing of watches. Cortina Holdings Ltd's total investment in the subsidiary is NT$7,000,000 (approximately $332,000), representing 70% of its registered capital. The subsidiary recorded revenue of $249,000 and net loss of $8,000 for the period from 8 November 2006 to 31 March 2007

(b) Dilution of equity stake in a subsidiary

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

The share of net assets attributable to the minority shareholder amounted to $377,000. The difference between the purchase consideration and the share of net assets attributable to minority interest was included in the income statement for the financial year ended 31 March 2006.

14. Property, plant and equipment

	FREEHOLD PROPERTY $'000	LEASEHOLD PROPERTY $'000	OFFICE EQUIPMENT $'000	FURNITURE AND FITTINGS $'000	MOTOR VEHICLES $'000	RENOVATION $'000	TOTAL $'000
(a) The Group							
Cost							
At 1 April 2006	2,507	4,195	1,342	5,063	1,810	2,513	17,430
Currency translation differences	(2)	49	(3)	(31)	-	39	52
Additions	-	-	36	67	-	21	124
Disposals and write-offs	-	-	(4)	(290)	-	(260)	(554)
At 31 March 2007	**2,505**	**4,244**	**1,371**	**4,809**	**1,810**	**2,313**	**17,052**
Accumulated depreciation							
At 1 April 2006	95	990	874	2,208	646	843	5,656
Currency translation differences	-	1	(1)	(28)	(1)	18	(11)
Depreciation charge	50	110	172	605	363	763	2,063
Disposals and write-offs	-	-	(4)	(252)	-	(97)	(353)
At 31 March 2007	**145**	**1,101**	**1,041**	**2,533**	**1,008**	**1,527**	**7,355**
Accumulated impairment charge							
At 1 April 2006	-	593	-	-	-	-	593
Reversal	-	(52)	-	-	-	-	(52)
31 March 2007	-	541	-	-	-	-	541
Net book value							
At 31 March 2007	**2,360**	**2,602**	**330**	**2,276**	**802**	**786**	**9,156**
Cost							
At 1 April 2005	2,474	2,954	1,192	4,294	1,876	1,569	14,359
Currency translation differences	33	18	-	(8)	2	4	49
Additions	-	1,223	201	1,311	387	1,702	4,824
Disposals and write-offs	-	-	(51)	(534)	(455)	(762)	(1,802)
At 31 March 2006	**2,507**	**4,195**	**1,342**	**5,063**	**1,810**	**2,513**	**17,430**
Accumulated depreciation							
At 1 April 2005	45	919	726	1,609	720	755	4,774
Currency translation differences	-	-	-	(1)	-	6	5
Depreciation charge	50	71	193	873	337	543	2,067
Disposals and write-offs	-	-	(45)	(273)	(411)	(461)	(1,190)
At 31 March 2006	**95**	**990**	**874**	**2,208**	**646**	**843**	**5,656**
Accumulated impairment charge							
At 1 April 2005	-	655	-	-	-	-	655
Reversal	-	(62)	-	-	-	-	(62)
31 March 2006	-	593	-	-	-	-	593
Net book value							
At 31 March 2006	**2,412**	**2,612**	**468**	**2,855**	**1,164**	**1,670**	**11,181**

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14. Property, plant and equipment (continue)

	LEASEHOLD PROPERTY $'000	OFFICE EQUIPMENT $'000	TOTAL $'000
(b) The Company			
Cost			
At 1 April 2006 and 31 March 2007	2,954	129	3,083
Accumulated depreciation			
At 1 April 2006	978	125	1,103
Depreciation charge	59	2	61
At 31 March 2007	**1,037**	**127**	**1,164**
Accumulated impairment charge			
At 1 April 2006	593	-	593
Reversal	(52)	-	(52)
31 March 2007	**541**	**-**	**541**
Net book value			
At 31 March 2007	**1,376**	**2**	**1,378**
Cost			
At 1 April 2005	2,954	164	3,118
Disposals	-	(35)	(35)
At 31 March 2006	**2,954**	**129**	**3,083**
Accumulated depreciation			
At 1 April 2005	919	153	1,072
Depreciation charge	59	7	66
Disposals	-	(35)	(35)
At 31 March 2006	**978**	**125**	**1,103**
Accumulated impairment charge			
At 1 April 2005	655	-	655
Reversal	(62)	-	(62)
31 March 2006	**593**	**-**	593
Net book value			
At 31 March 2006	**1,383**	**4**	**1,387**

14. Property, plant and equipment (continued)

(c) In 2006, the additions to property, plant and equipment included an amount of $210,000 relating to motor vehicles acquired under finance leases. At the balance sheet date, the carrying amount of property, plant and equipment of the Group under finance lease agreements included in motor vehicles amounted to $789,000 (2006: $1,144,000) (note 17(a)).

(d) During the financial year, an impairment loss of $52,000 (2006: $62,000) previously recognised on a leasehold property was written back to bring its carrying value to its recoverable value, based on an open market valuation performed by an independent professional valuer as at 31 March 2007. This impairment loss written back has been included in "Depreciation and impairment adjustment of property, plant and equipment" in the income statement.

(e) Bank loans of $2,371,000 (2006: $2,574,000) are secured on the freehold and leasehold properties of the Group with carrying values of $3,585,000 (2006: $3,641,000) (note 17(a)).

(f) **Properties of the Group**
Major freehold and leasehold properties held by the Group are as follows:

Location	Description	Existing use	Tenure	Unexpired Term of lease
Meridien (Singapore)	A shop unit	Leased out	Leasehold	71 years
E-Centre (Singapore)	A 3 storey factory unit	Vacant	Leasehold	54 years
K.L. Plaza (Kuala Lumper, Malaysia)	A shop unit	Own retail outlet	Freehold	-
Siam Paragon (Bangkok, Thailand)	A shop unit	Own retail outlet	Leasehold	23 years

15. Deferred income taxes

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

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Deferred income tax assets	**(789)**	(766)	**(154)**	(409)
Deferred income tax liabilities	**9**	22	**-**	-
	(780)	(744)	**(154)**	(409)
The amounts shown in the balance sheets include the following:				
Deferred income tax assets to be recovered after one year	**(670)**	(657)	**(154)**	(407)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

15. Deferred income taxes (continued)

The movement in the deferred income tax accounts is as follows:

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Balance at beginning of the financial year	**(744)**	(671)	**(409)**	(427)
Currency translation differences	**(43)**	(1)	**-**	-
Effect of change in tax rate (note 6(a))	**49**	-	**41**	-
Tax (credited)/charged to income statement (note 6(a))	**(189)**	(111)	**214**	20
Under/(over) provision in prior years (note 6(a))	**147**	37	**-**	(4)
Amount utilised for group relief in prior years (note 6(b))	**-**	2	**-**	2
Balance at end of the financial year	**(780)**	(744)	**(154)**	(409)

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

THE GROUP

	ACCELERATED TAX DEPRECIATION
	$'000
Deferred income tax liabilities	
At 1 April 2006	267
Currency translation differences	(2)
Tax credited to income statement	(38)
Effect of change in tax rate	(22)
At 31 March 2007	**205**
At 1 April 2005	208
Tax charged to income statement	59
At 31 March 2006	**267**

15. Deferred income taxes (continued)

	TAX LOSSES	DECELERATED TAX DEPRECIATION	PROVISIONS	UNREALISED FOREIGN EXCHANGE LOSSES	OTHERS	TOTAL
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Deferred income tax assets						
At 1 April 2006	(437)	(38)	(524)	8	(20)	(1,011)
Currency translation differences	(1)	7	(47)	-	-	(41)
Tax (credited)/charged to income statement	39	-	76	16	(135)	(4)
Effect of change in tax rate	41	-	30	-	-	71
At 31 March 2007	(358)	(31)	(465)	24	(155)	(985)
At 1 April 2005	(428)	(35)	(335)	(38)	(43)	(879)
Currency translation differences	1	1	(1)	(1)	(1)	(1)
Tax (credited)/charged to income statement	(12)	(4)	(188)	47	24	(133)
Additional group tax relief utilised for prior financial years (note 6(b))	2	-	-	-	-	2
At 31 March 2006	(437)	(38)	(524)	8	(20)	(1,011)

THE COMPANY

	DECELERATED TAX DEPRECIATION	TAX LOSSES	TOTAL
	$'000	**$'000**	**$'000**
Deferred income tax asset			
At 1 April 2006	(1)	(408)	(409)
Tax charged to income statement	-	255	255
At 31 March 2007	**(1)**	**(153)**	**(154)**
At 1 April 2005	1	(428)	(427)
Tax (credited)/charged to income statement	(2)	18	16
Additional group tax relief utilised for prior financial years (note 6(b))	-	2	2
At 31 March 2006	**(1)**	**(408)**	**(409)**

The unutilised tax losses available to the Group and the Company for set off against future taxable income, subject to meeting certain statutory requirements amount to $4,112,000 (2006: $2,585,000) and $850,00 (2006: $2,040,000), respectively. These tax losses have no expiry date except for amounts of $98,000, $8,000 and $248,000 which will expire in 2010, 2011 and 2012 respectively. Included in the Group's unutilised tax losses are unrecognised tax losses amounting to approximately $2,467,000 (2006: $426,000) of certain subsidiaries as there is no reasonable certainty that future taxable profits will be available to utilise them.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

16. Trade and payables

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Trade payables to:				
- third parties	**16,858**	14,365	**-**	-
- associated company	**3,994**	4,022	**-**	-
- minority shareholders of subsidiaries	**911**	462	**-**	-
Advances and deposits from customers	**2,553**	2,032	**-**	5
Other payables	**1,432**	1,328	**45**	58
Accrued operating expenses	**4,098**	2,837	**950**	896
Due to subsidiaries (non-trade)	**-**	-	**235**	236
Due to associated company (non-trade)	**90**	88	**-**	-
	29,936	25,134	**1,230**	1,195

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

The non-trade amounts due to subsidiaries and associated company are unsecured, interest-free, and are repayable upon demand.

Trade and other payables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Singapore Dollars	**23,874**	21,379	**1,230**	1,195
Hong Kong Dollars	**2,892**	1,280	**-**	-
Malaysian Ringgit	**891**	471	**-**	-
Thai Baht	**539**	330	**-**	-
Swiss Francs	**596**	1,296	**-**	-
Euro	**132**	21	**-**	-
New Taiwan Dollars	**1,000**	-	**-**	-
Other	**12**	357	**-**	-
	29,936	25,134	**1,230**	1,195

17. Borrowings

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Current				
Bank overdrafts	**4,408**	8,076	**-**	-
Bank loans	**12,394**	17,174	**150**	150
Trade financing	**35,856**	34,172	**-**	-
Finance lease liabilities (note 18)	**220**	210	**-**	-
	52,878	59,632	**150**	150
Non-current				
Bank loans	**2,319**	2,923	**75**	225
Finance lease liabilities (note 18)	**436**	655	**-**	-
	2,755	3,578	**75**	225
Total borrowings	**55,633**	63,210	**225**	375

(a) Security granted

The finance lease liabilities are effectively secured as the rights to the property, plant and equipment of the Group (note 14) revert to the lessor in the event of default by the Group. Bank loans of $2,371,000 (2006: $2,574,000) are secured over the Group's freehold and leasehold properties (see note 14(e)). The other borrowings are unsecured.

(b) Maturity of borrowings

The current borrowings have an average maturity of 1.63 months (2006: 2.56 months) from the end of the financial year. The non-current borrowings (excluding finance lease liabilities (note 18)) have the following maturity:

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Later than one year and not later than five years	**1,692**	1,532	**75**	225
Later than five years	**627**	1,391	**-**	-
	2,319	2,923	**75**	225

NOTES TO THE FINANCIAL STATEMENTS
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17. Borrowings (continued)

(c) Currency risk

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

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Singapore Dollars	**31,684**	35,471	**225**	375
Hong Kong Dollars	**1,533**	2,383	**-**	-
Malaysian Ringgit	**7,958**	14,657	**-**	-
Thai Baht	**10,803**	10,699	**-**	-
New Taiwan Dollars	**3,655**	-	**-**	-
	55,633	63,210	**225**	375

(d) Effective interest rates

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

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	%	%	**%**	%
Bank overdrafts	**7.8**	6.5	**-**	-
Bank loans	**6.7**	5.6	**5.3**	5.2
Trade financing	**4.8**	4.8	**-**	-
Finance lease liabilities	**4.3**	4.4	**-**	-

The exposure of current and non-current borrowings to interest rate repricing risks is disclosed in Note 26(ii).

(e) Carrying amounts and fair values

The carrying amounts of borrowings approximate their fair values.

18. Financial lease liabilities

	THE GROUP	
	2007	2006
	$'000	$'000
Minimum lease payment due:		
- Not later than one financial year	**244**	244
- Later than 1 financial year but not later than 5 financial years	**459**	687
- Later than 5 financial years	**-**	15
Minimum lease payments	**703**	946
Less: Future finance charges	**(47)**	(81)
Present value of finance lease liabilities	**656**	865

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

	THE GROUP	
	2007	2006
	$'000	$'000
Not later than one year (note 17)	**220**	210
Later than one year (note 17):		
Later than one year but not later than five years	**436**	640
Later than five years	**-**	15
	436	655
	656	865

19. Deferred income

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

	THE GROUP	
	2007	2006
	$'000	$'000
At beginning of the financial year	**307**	250
Additions during the financial year	**-**	219
Amortisation for the financial year (note 4)	**(153)**	(162)
At end of the financial year	**154**	307
Gross deferred income	**569**	569
Accumulated amortisation	**(415)**	(262)
	154	307

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

20. Provision

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

21. Share capital of Cortina Holdings Limited

Issued and fully paid ordinary share capital

	No. of shares		Amount			
	Authorised share capital	**Issued share capital**	**Authorised share capital S$'000**	**Share capital $'000**	**Share premium $'000**	**Total $'000**
2007						
Balance at beginning and end of financial year	-	165,578,415	-	35,481	-	35,481
2006						
Balance at beginning of financial year	240,000,000	150,578,415	48,000	30,116	-	30,116
Proceeds from share issue (note (a) below)	-	15,000,000	-	3,000	2,475	5,475
Share issue expense	-	-	-	-	(110)	(110)
Effects of Companies (Amendment) Act 2005 (note (b) below)	(240,000,000)	-	(48,000)	2,365	(2,365)	-
Balance at end of financial year	-	165,578,415	-	35,481	-	35,481

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

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

22. Retained earnings

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

	THE GROUP	
	2007 $'000	2006 $'000
Company	**4,560**	6,036
Subsidiaries	**33,565**	29,673
Associated companies	**141**	297
	38,266	36,006

22. Retained earnings (continued)

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

	THE COMPANY	
	2007	2006
	$'000	$'000
At beginning of the financial year	**6,036**	7,752
Net profit/(loss) for the financial year	**180**	(211)
Dividends paid (note 23)	**(1,656)**	(1,505)
At end of the financial year	**4,560**	6,036

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

23. Dividends

	2007	2006
	$'000	$'000
Ordinary dividends paid		
Final dividend of 1.25 cents (2006: 1.25 cents) per share, paid net of tax at 20% (2006: 20%)	**1,656**	1,505

The directors have proposed a final dividend for 2007 of 1.22 cents per share amounting to a total of $1,656,446 (net of tax at 18%). 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 2008.

24. Contingent liabilties

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

	THE COMPANY	
	2007	2006
	$'000	$'000
Corporate guarantees in respect of bank facilities utilised by subsidiaries	**56,390**	63,345
Undertaking to provide continuing financial support to subsidiaries in a net liability position	**745**	735

NOTES TO THE FINANCIAL STATEMENTS
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25. Commitments

(a) Capital commitments

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

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Expenditure contracted for	**832**	-	**-**	-

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

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

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

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Not later than 1 financial year	**5,518**	6,115	**-**	-
Later than 1 financial year			**-**	-
but not later than 5 financial years	**4,781**	6,246	**-**	-
	10,299	12,361		

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

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

	THE GROUP AND THE COMPANY	
	2007	2006
	$'000	$'000
Not later than one financial year	**56**	63

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 is exposed to foreign exchange risk principally in respect of Swiss Franc. Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group monitors the foreign currency exchange rate movements closely to ensure that its exposure is minimised. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, where considered appropriate.

The Company has certain investments in foreign operations, whose net assets are exposed to currency translation risk. Currency exposures to the net assets of the Group's foreign operations in Taiwan, Malaysia, Hong Kong and Thailand are managed primarily through borrowings denominated in the relevant foreign currencies.

As at year-end, the Group had outstanding forward foreign exchange contracts with notional amounts totaling $390,000 (2006: $564,000). The net fair value of the forward foreign contracts is not material to the Group (2006: $10,000 unfavourable)

(ii) Cash flow and fair value interest rate risk

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

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

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Variable rates				
- Less than 6 months	**48,980**	62,290	**225**	375
- 6 – 12 months	**253**	-	**-**	-
- 1-5 years	**1,636**	-	**-**	-
- Over 5 years	**608**	-	**-**	-
Sub-total	**51,477**	62,290	**225**	375
Fixed rates				
- Less than 1 year	**3,603**	264	**-**	-
- 1 to 5 years	**553**	641	**-**	-
- Over 5 years	**-**	15	**-**	-
Sub-total	**4,156**	920	**-**	-
Total	**55,633**	63,210	**225**	375

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

26. Financial risk management (continued)

(iii) Credit risk

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

(iv) Liquidity risk

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

27. Related party transactions

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

	THE GROUP	
	2007	2006
	$'000	$'000
Purchase of goods from a minority shareholder of a subsidiary	**1,428**	1,444
Purchase of goods from an associated company	**79**	158
Rental income received/receivable from an associated company	**(18)**	(18)
Advertising rebates received/receivable from a minority shareholder of a subsidiary	**(72)**	(54)

Outstanding balances at 31 March 2007, arising from sale/purchase of goods and services are set out in notes 9 and 16.

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	THE GROUP	
	2007	2006
	$'000	$'000
Salaries and other short-term employee benefits	**3,460**	3,296
Post-employment benefits – contribution to CPF	**52**	86
Total	**3,512**	3,382

Remuneration of the directors of the Company included above amounted to $2,530,000 (2006: $2,472,000) and are in the following remuneration bands:

	NUMBER OF DIRECTORS	
	2007	2006
Above $500,000	**3**	3
Below $250,000	**6**	6
Total	**9**	9

28. Segment information

(a) Primary reporting format – geographical segments

	SOUTHEAST ASIA $'000	NORTHEAST ASIA $'000	ELIMINATION $'000	GROUP $'000
Financial year ended 31 March 2007				
Sales				
- External sales	173,830	23,462	-	197,292
- Inter-segment sales	973	59	(1,032)	-
	174,803	23,521	(1,032)	197,292
Segment results	8,152	507	(126)	8,533
Unallocated costs				(423)
				8,110
Finance expense				(3,419)
Share of losses of associated companies	(63)	(7)	-	(70)
Profit before tax				4,621
Tax				(1,467)
Net profit				3,154
Segment assets	140,993	19,034	(995)	159,032
Associated companies	3,131	-	-	3,131
Unallocated assets				789
Consolidated total assets				162,952
Segment liabilities	27,146	4,085	(869)	30,362
Unallocated liabilities				56,951
Consolidated total liabilities				87,313
Other segment items				
Capital expenditure	96	28		124
Depreciation	1,983	80		2,063
Impairment adjustment of property, plant and equipment	(52)	-		(52)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

28. Segment information (continued)

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

	SOUTHEAST ASIA $'000	NORTHEAST ASIA $'000	ELIMINATION $'000	GROUP $'000
Financial year ended 31 March 2006				
Sales				
- External sales	150,391	17,330	-	167,721
- Inter-segment sales	2,074	279	(2,353)	-
	152,465	17,609	(2,353)	167,721
Segment results	5,858	1,559	671	8,088
Unallocated costs				(402)
				7,686
Finance expense				(2,681)
Share of losses of associated companies	(19)	(148)	-	(167)
Profit before tax				4,838
Tax				(1,571)
Net profit				3,267
Segment assets	143,531	18,193	(863)	160,861
Associated companies	3,194	279	-	3,473
Unallocated assets				766
Consolidated total assets				165,100
Segment liabilities	23,939	2,638	(864)	25,713
Unallocated liabilities				64,516
Consolidated total liabilities				90,229
Other segment items				
Capital expenditure	4,390	434	-	4,824
Depreciation	1,872	195	-	2,067
Impairment adjustment of property, plant and equipment	(62)	-	-	(62)

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.

28. Segment information (continued)

(a) Secondary reporting format – business segment

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

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

	THE GROUP	
	2007	2006
	$'000	$'000
Southeast Asia	**139,037**	119,491
Northeast Asia	**52,281**	43,978
Other	**5,974**	4,252
	197,292	167,721

29. Listing of significant companies in the Group

Name of company/ country of incorporation	**Principal activities**	**Country of business**	**Effective equity holding**	
			2007	2006
			%	%
(a) Significant subsidiaries				
Held by the Company				
Chronoswiss Asia Pte Ltd[1] [Singapore]	Import and export of Chronoswiss watches	Singapore	**90**	90
Cortina Watch HK Limited[3] [Hong Kong]	Retail, import and export of watches	Hong Kong	**100**	100
Cortina Watch Pte Ltd[1] [Singapore]	Retail, import and export of watches, pens, lighters and clocks	Singapore	**100**	100
Cortina Watch Sdn Bhd[2] [Malaysia]	Retail, import and export of watches, pens, lighters and clocks	Malaysia	**70**	70
Pactime HK Limited[3] [Hong Kong]	Import and export of watches	Hong Kong	**70**	70
Pacific Time Pte Ltd[1] [Singapore]	Import and export of watches	Singapore	**100**	100
Cortina Watch (Thailand) Co. Ltd[4] [Thailand]	Retail, import and export of watches	Thailand	**60**	60

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

29. Listing of significant companies in the Group (continued)

	Name of company/ country of incorporation	Principal activities	Country of business	Effective equity holding	
				2007 %	2006 %
(a)	Significant subsidiaries (continued)				
	Held by the Company				
	Cortina Watch Co., Ltd[6] [Taiwan]	Retail, import and export of watches	Taiwan	**70**	-
	Held by the subsidaries				
	Pacific Time Co., Ltd[6] [Taiwan]	Distribution of watches	Taiwan	**55**	55
(b)	Associated companies				
	Held by the Company				
	Montre Royale Distributors (Singapore) Pte Ltd[1] [Singapore]	Dealers in watches	Singapore	**50**	50
	Wholly owned subsidiary of Montre Royale Distributors (Singapore) Pte Ltd:				
	Societe Anonyme De La Montre Royale[5] [Switzerland]	Commission agents and general trading	Switzerland	**-**	-
	Held by the subsidiaries				
	Altina (H.K.) Limited [Hong Kong]	Under liquidation	Hong Kong	**50**	50

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

30. New accounting standards and FRS interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published and they are mandatory for the Group's accounting periods beginning on or after 1 April 2007 or later periods which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

(a) FRS 40 Investment Property

The Group adopted FRS 40 on 1 April 2007, which is effective from 1 January 2007.

The Group held certain properties for rental to third parties and for capital appreciation. These properties were accounted for as property, plant and equipment in the current year financial statements.

On transition to FRS 40 on 1 April 2007, properties leased out to non related parties and for capital appreciation have been reclassified to investment properties. The Group has adopted the cost model, whereby the properties are stated at depreciated cost (less any accumulated impairment losses). Accordingly, there is no effect on the income statement for the year ended 31 March 2007 and the effect on the balance sheet at 31 March 2007 is a decrease in the property, plant and equipment and an increase in investment properties by approximately $1,376,000.

(b) FRS 107, Financial Instruments: Disclosures, and a complementary Amendment to FRS 1, Presentation of Financial Statements – Capital Disclosures

The Group has adopted FRS 107 on 1 April 2007, which is effective from 1 January 2007.

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including minimum disclosures about credit risk, liquidity risk and market risk (including sensitivity analysis to market risk). It replaces the disclosure requirements in FRS 32, Financial Instruments: Disclosure and Presentation.

The amendment to FRS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group has assessed the impact of FRS 107 and the amendment to FRS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of FRS 1.

31. Comparatives

During the current financial year, the Group reclassified deposits from current assets to non-current assets as the amounts are expected to be recovered more than twelve months after the balance sheet date. Accordingly, the other current assets have decreased and the non-current assets have increased by $1,830,000 (2006: $1,542,000).

32. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Cortina Holdings Limited on 19 June 2007.

SHAREHOLDING STATISTICS
As at 28 May 2007

Issued and Fully Paid-up Capital : S$35,481,183
Number of Shares : 165,578,415
Class of Shares : Ordinary Share
Voting Rights : One vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Holders	%	No. of shares	%
1 - 999	-	-	-	-
1,000 - 10,000	477	81.26	1,830,000	1.10
10,001 - 1,000,000	96	16.35	6,340,000	3.83
1,000,001 and above	14	2.39	157,408,415	95.07
Total	**587**	**100.00**	**165,578,415**	**100.00**

Twenty largest registered Shareholders

No.	Name	Shareholdings	%
1	Lim Keen Ban Holdings Pte Ltd	51,457,490	31.08
2	DBS Nominees Pte Ltd	20,598,000	12.44
3	Phillip Securities Pte Ltd	14,613,000	8.83
4	Yu Chuen Tek	14,038,015	8.48
5	Citibank Noms S'pore Pte Ltd	10,214,940	6.17
6	Foo See Jin Michael	8,757,320	5.29
7	Wong Kwok Kuen	7,000,000	4.23
8	Yu Lee Chiun	6,880,010	4.16
9	Yu Yung Tek	6,880,010	4.16
10	Ming Yaw Pte Ltd	4,904,935	2.96
11	HSBC (Singapore) Noms Pte Ltd	4,750,000	2.87
12	Fong Tit Fung	3,445,000	2.08
13	Long Ah Hian	2,475,695	1.50
14	How Sow Chuen	1,394,000	0.84
15	Hui Yi Wan	600,000	0.36
16	United Overseas Bank Nominees	569,000	0.34
17	Cheah Yok Kian	350,000	0.21
18	Chia Kum Ho	350,000	0.21
19	Tan Soo Yong	250,000	0.15
20	Lim Pin	221,000	0.13
	Total:	**159,748,415**	**96.49**

SHAREHOLDING STATISTICS
As at 28 May 2007

Substantial Shareholders

Name of Substantial Shareholders

	Number of Shares	
	Direct interest	Deemed interest
Lim Keen Ban Holdings Pte Ltd	51,457,490	4,904,935(1)
Lim Keen Ban	-	56,362,425(2)
Chia Nyok Song @ Cheah Yoke Heng	-	56,362,425(3)
Lim Jit Ming, Raymond	-	56,362,425(4)
Lim Jit Yaw, Jeremy	-	56,362,425(5)
Lim Yin Chian	-	56,362,425(6)
Ming Yaw Pte Ltd	4,904,935	-
Yu Chuen Tek	14,585,015(7)	10,328,000(8)
Maria Norma D Yu	118,000	24,795,015(9)
Rennick Pte Ltd	10,210,000	-
Henry Tay Yun Chwan	20,533,000(10)	-
Long Foo Pieng	10,214,940(11)	-
Foo See Jin	8,757,320	-

Substantial Shareholders (continued)

(1) This represents Lim Keen Ban Holdings Pte Ltd's deemed interest of 4,904,935 shares held in the name of Ming Yaw Pte Ltd (a company owned by Mr Lim Keen Ban, Mdm Chia Nyok Song @ Cheah Yoke Heng, Mr Lim Jit Ming, Mr Lim Jit Yaw and Ms Lim Yin Chian).

(2) This represents Mr Lim Keen Ban's deemed interest of 56,362,425 shares held in the name of the following:
(a) 51,457,490 shares held by Lim Keen Ban Holdings Pte Ltd; and
(b) 4,904,935 shares held by Ming Yaw Pte Ltd (a company owned by Mr Lim Keen Ban, Mdm Chia Nyok Song @ Cheah Yoke Heng, Mr Lim Jit Ming, Mr Lim Jit Yaw and Ms Lim Yin Chian).

(3) This represents Mdm Chia Nyok Song @ Cheah Yoke Heng's deemed interest of 56,362,425 shares held in the name of the following:
(a) 51,457,490 shares held by Lim Keen Ban Holdings Pte Ltd; and
(b) 4,904,935 shares held by Ming Yaw Pte Ltd (a company owned by Mr Lim Keen Ban, Mdm Chia Nyok Song @ Cheah Yoke Heng, Mr Lim Jit Ming, Mr Lim Jit Yaw and Ms Lim Yin Chian).

(4) This represents Mr Lim Jit Ming's deemed interest of 56,362,425 shares held in the name of the following:
(a) 51,457,490 shares held by Lim Keen Ban Holdings Pte Ltd; and
(b) 4,904,935 shares held by Ming Yaw Pte Ltd (a company owned by Mr Lim Keen Ban, Mdm Chia Nyok Song @ Cheah Yoke Heng, Mr Lim Jit Ming, Mr Lim Jit Yaw and Ms Lim Yin Chian).

(5) This represents Mr Lim Jit Yaw's deemed interest of 56,362,425 shares held in the name of the following:
(a) 51,457,490 shares held by Lim Keen Ban Holdings Pte Ltd; and
(b) 4,904,935 shares held by Ming Yaw Pte Ltd (a company owned by Mr Lim Keen Ban, Mdm Chia Nyok Song @ Cheah Yoke Heng, Mr Lim Jit Ming, Mr Lim Jit Yaw and Ms Lim Yin Chian).

(6) This represents Ms Lim Yin Chian's deemed interest of 56,362,425 shares held in the name of the following:
(a) 51,457,490 shares held by Lim Keen Ban Holdings Pte Ltd; and
(b) 4,904,935 shares held by Ming Yaw Pte Ltd (a company owned by Mr Lim Keen Ban, Mdm Chia Nyok Song @ Cheah Yoke Heng, Mr Lim Jit Ming, Mr Lim Jit Yaw and Ms Lim Yin Chian).

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

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

SHAREHOLDING STATISTICS
As at 28 May 2007

Substantial Shareholders (continued)

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

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

(11) This represents Mr Long Foo Pieng's direct interest of 10,214,940 shares held in the name of Citibank Nominees (Singapore) Pte Ltd.

Public Float

Based on the information available to the Company as at 28 May 2007, approximately 24.09% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

CORTINA HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
Co Reg No. 197201771W

Notice is hereby given that the Annual General Meeting of the Company will be held at Prince Room, Level 3, Park Hotel Orchard, 270 Orchard Road, Singapore 238857 on Thursday, 12 July 2007 at 9.00 a.m. to transact the following business: -

As Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2007 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To declare a First and Final Dividend of 1.22 cents per share (less 18% Singapore Income Tax) for the financial year ended 31 March 2007. **(Resolution 2)**

3. To approve the Directors' fee of S$343,750/- for the financial year ended 31 March 2007. **(Resolution 3)**

4. To approve the Directors' fee of S$343,750/- for the financial year ending 31 March 2008. **(Resolution 4)**

5. To re-appoint the following Directors retiring pursuant to Section 153(6) of the Companies Act, Cap. 50:
   (i) Mr Lim Keen Ban, Anthony **(Resolution 5)**
   Mr Lim Keen Ban, Anthony will, upon re-appointment as Director of the Company, remain as the Chairman and Managing Director of the Company.

   (ii) Mr Ch'ng Jit Koon **(Resolution 6)**
   Mr Ch'ng Jit Koon will, upon re-appointment as Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

6. To re-elect the following Directors pursuant to retiring under Article 91 of the Company's Articles of Association:
   (i) Mr Foo See Jin, Michael **(Resolution 7)**
   Mr Foo See Jin, Michael will, upon re-election as Director of the Company, remain as Non-executive Director of the Company and a member of the Remuneration Committee.

   (ii) Mr Lau Ping Sum, Pearce **(Resolution 8)**
   Mr Lau Ping Sum, Pearce will, upon re-election as Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

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

As Special Business

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

7. To appoint RSM Chio Lim as the new Auditors of the Company, in place of the retiring Auditors, PricewaterhouseCoopers, to hold office until the next Annual General Meeting, at a remuneration to be determined by the Directors. **(Resolution 10)**

NOTICE OF ANNUAL GENERAL MEETING

As Special Business (continued)

8. 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, subject to any applicable regulations as may be prescribed by the Singapore Exchange Securities Trading Limited,

(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." **(Resolution 11)**
(See Explanatory Note 1)

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

NOTICE OF ANNUAL GENERAL MEETING

Notice of books closure date

Notice is also hereby given that the Share Transfer Books and Register of Members of the Company will be closed after 5.00 p.m. from 23 July 2007 to 24 July 2007, for the purpose of determining the Members' entitlements to the dividends to be proposed at the Annual General Meeting of the Company to be held on 12 July 2007.

Duly completed registrable transfers in respect of shares of the Company received by the Company's Share Registrar, KCK CorpServe Pte. Ltd. at 47 Hill Street #06-07A, Singapore Chinese Chamber of Commerce and Industry Building, Singapore 179365 up to 5.00 p.m. on 23 July 2007 will be registered to determine the Members' entitlements to such dividends. Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares of the Company as at 5.00 p.m. on 23 July 2007 will be entitled to such proposed dividends.

The proposed dividends, if approved by Members at the Annual General Meeting, will be paid on 8 August 2007.

By order of the board

Foo Soon Soo
Company Secretary
27 June 2007
Singapore

Explanatory Note:-

1. The ordinary resolution 11 in item 8 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. Rule 806(3) of the Listing Manual of Singapore Exchange Securities Trading Limited currently provides that the issued share capital of the Company for this purpose shall be the issued share capital at the time of this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead.
2. A proxy need not be a member of the Company.
3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 47 Hill Street #06-07A, Singapore Chinese Chamber of Commerce and Industry Building, Singapore 179365 not later than 48 hours before the time appointed for the Meeting.

Cortina Holdings Limited

391B Orchard Road #18-01 Ngee Ann City Tower B Singapore 238874
Tel: (65) 6339 9447 Fax: (65) 6336 7913 www.cortina.com.sg Co. Reg. No. 197201771W

Registered Office:
391B Orchard Road,
#18-01 Ngee Ann City Tower B,
Singapore 238874

To: The Shareholders of Cortina Holdings Limited

18 June 2007

Dear Sir/Madam

Appointment of Auditors

PricewaterhouseCoopers have stated that they are not seeking re-appointment as Auditors of the Company at the Company's forthcoming Annual General Meeting to be held on 12 July 2007. The Directors wish to express their appreciation for the services rendered by PricewaterhouseCoopers.

The Company has received notice of the nomination of RSM Chio Lim for appointment as Auditors of the Company at the forthcoming Annual General Meeting and in accordance with Section 205(12) of the Companies Act, Chapter 50, a copy of that notice is set out below.

"Date: 18 June 2007

The Board of Directors
Cortina Holdings Limited
391B Orchard Road,
#18-01 Ngee Ann City Tower B,
Singapore 238874

Dear Sirs

Notice of Nomination

Pursuant to Section 205 of the Companies Act, Chapter 50, I, How Sow Chuen of 128 University Road Singapore 297916, being a member of Cortina Holdings Limited (the "**Company**"), hereby nominate RSM Chio Lim of 18 Cross Street #08-01, Marsh & McLennan Centre Singapore 048423, for appointment as Auditors of the Company in place of the retiring auditors, PricewaterhouseCoopers, at the forthcoming Annual General Meeting of the Company.

Yours sincerely

How Sow Chuen (Mr)"

Yours faithfully
For and on behalf of
the Board of Directors of
Cortina Holdings Limited

Lim Keen Ban, Anthony
Chairman & Managing Director

ANNUAL GENERAL MEETING
CORTINA HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
Registration No. 197201771W

PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy Cortina Holdings Limited shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees, and is sent FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

* I/We_____

of _____

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

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

* and/or

or failing him/her, the Chairman of the Meeting 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 Prince Room, Level 3, Park Hotel Orchard, 270 Orchard Road, Singapore 238857 on Thursday, 12 July 2007 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 adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2007 and the Reports of the Directors and Auditors thereon.		
2.	To declare a First and Final Dividend of 1.22 cents per share (less 18% Singapore Income Tax) for the financial year ended 31 March 2007.		
3.	To approve the Directors' fee of S$343,750/- for the financial year ended 31 March 2007.		
4.	To approve the Directors' fee of S$343,750/- for the financial year ending 31 March 2008.		
5.	To re-appoint Mr Lim Keen Ban, Anthony, a Director of the Company, pursuant to Section 153(6) of the Companies Act, Chapter. 50.		
6.	To re-appoint Mr Ch'ng Jit Koon, a Director of the Company, pursuant to Section 153(6) of the Companies Act, Chapter. 50.		
7.	To re-elect Mr Foo See Jin, Michael, a Director of the Company, pursuant to Article 91 of the Articles of Association.		
8.	To re-elect Mr Lau Ping Sum, Pearce, a Director of the Company, pursuant to Article 91 of the Articles of Association.		
9.	To re-elect Mr Seet Keong Sam, a Director of the Company, pursuant to Article 91 of the Articles of Association.		
10.	To appoint RSM Chio Lim as the new Auditors of the Company and to authorise the Directors to fix their remuneration.		
11.	To authorize Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		

Dated this _____ day of _____ 2007 Total Number of Shares Held

_____

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

IMPORTANT: Please read notes overleaf.

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AFFIX STAMP

35 Luxury years

The Company Secretary
CORTINA HOLDINGS LIMITED
47 Hill Street #06-07A
Singapore Chinese Chamber of Commerce
and Industry Building
Singapore 179365

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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 on his stead. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

3. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

4. A corporation which is a member of the Company may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 47 Hill Street #06-07A, Singapore Chinese Chamber of Commerce and Industry Building, Singapore 179365 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 of shares 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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CORPORATE OFFICE

Singapore

Cortina Holdings Limited
391B Orchard Road
#18-01 Ngee Ann City Tower B
Singapore 238874
Tel: (65) 6339 9447
Fax: (65) 6336 7913
www.cortina.com.sg

OFFICES

Singapore

Cortina Watch Pte Ltd
391B Orchard Road
#18-01 Ngee Ann City Tower B
Singapore 238874
Tel: (65) 6339 9447
Fax: (65) 6336 7913
Regional General Manager:
Jeremy Lim
www.cortinawatch.com

Malaysia

Cortina Watch Sdn Bhd
C7 and C8, Ground Floor
Block C, K.L. Plaza
179 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: (603) 2148 8354
Tel: (603) 2148 2814
Fax: (603) 2145 1866
Director: Ivan Tshai

Hong Kong

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

Thailand

Cortina Watch (Thailand) Co Ltd
Room A, 4th Floor, Erawan Bangkok
494 Ploenchit Road
Lumpini, Pathumwan
Bangkok 10330
Tel: (66) 2250 7999
Fax: (66) 2250 7992
General Manager: Krist Chatikaratana

CORTINA WATCH ESPACE

Singapore

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

Malaysia

Starhill Gallery
UG19 and UG24, Upper Ground Floor
181 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: (603) 2142 1171
(603) 2142 1161
Fax (603) 2142 1172
Key Personnel: Teh Chin Soon

Thailand

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

CORTINA WATCH BOUTIQUES

Singapore

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

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

Centrepoint
176 Orchard Road #01-19/20
Singapore 238843
Tel: (65) 6738 9961
Fax: (65) 6738 7735
Key Personnel: Patrick Tok

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

Malaysia

K.L. Plaza
G32, 179 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: (603) 2145 5171
Fax: (603) 2145 3089
Key Personnel: Samantha Chen

Berjaya Times Square
G48, No 1 Jalan Imbi
55100 Kuala Lumpur
Tel: (603) 2143 1923
Fax: (603) 2143 1787
Key Personnel: Soon Kian Loy

Hong Kong

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

MANAGEMENT BOUTIQUES

Thailand

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

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

Taiwan

IWC Boutique
Taipei 101 Shopping Mall
2 Fl, No 45, Shihfu Road,
Sinyi District, Taipei, Taiwan, R.O.C.
Tel: (886) 2 8101 8255,
(886) 2 8101 8379
Fax: (886) 2 8101 8685
Key Personnel: Nicole Lee

DISTRIBUTION DIVISION

Singapore

Chronoswiss Asia Pte Ltd
391B Orchard Road
#18-06 Ngee Ann City Tower B
Singapore 238874
Tel: (65) 6271 9600
Fax: (65) 6271 4711
Executive Director: Sharon Lim

Pacific Time Pte Ltd
391B Orchard Road
#18-06 Ngee Ann City Tower B
Singapore 238874
Tel: (65) 6271 9600
Fax: (65) 6271 4711
Executive Director: Sharon Lim

Hong Kong

Pactime HK Limited
Unit 705, 7th Floor
Emperor Group Centre
288 Hennessy Road, Wan Chai,
Hong Kong
Tel: (852) 2522 0389
Fax: (852) 2111 2001
Managing Director: Mark Quek

Taiwan

Pacific Time Co., Ltd.
7Fl.-2, No 21, Sec. 1
Tunhua South Road
Taipei, Taiwan, R.O.C.
Tel: (886) 2 2570 6789
Fax: (886) 2 2570 2341
Managing Director: Douglas Shih