# LUXURY OF TIME

ANNUAL REPORT 2011

Cortina Holdings Limited

# CONTENTS

# CORPORATE PROFILE

## THE LEGACY CONTINUES

FOR 39 YEARS, CORTINA HAS BEEN AN ORGANISATION THAT REMAINS TRUE TO THE MISSION OF ESTABLISHING OURSELVES AS A LEADING RETAILER AND DISTRIBUTOR OF LUXURY TIMEPIECES AND ACCESSORIES ACROSS THE ASIA PACIFIC REGION.

RENOWNED FOR OUR DELIVERY OF EXQUISITE SELECTIONS OF LUXURY TIMEPIECES THROUGH A CUSTOMER-CENTRIC APPROACH, "CORTINA WATCH" HAS BECOME A BRAND THAT CUSTOMERS AND PARTNERS HAVE COME TO ASSOCIATE QUALITY WITH. WE STAND SUCCESSFUL TODAY WITH THE OPERATION OF A GROWING FLEET OF RETAIL OUTLETS IN LOCATIONS OF HIGH POTENTIAL FOR MARKET GROWTH - SINGAPORE, MALAYSIA, INDONESIA, THAILAND, HONG KONG AND TAIWAN. THIS IS OUR STORY OF A LEGACY - TIMELESS IDENTITY.

BEYOND GEOGRAPHIC EXPANSION, CORTINA CONTINUALLY REINVENTS OUR REPUTATION OF LUXURIOUS EXCELLENCE THROUGH INNOVATIONS. WE TAKE PRIDE IN SETTING OURSELVES APART AND CHALLENGING THE CONVENTIONS. WE LOOK TOWARDS AN ETERNITY OF REDEFINING ELEGANCE AND LUXURY.

# THE LUXURY OF TIME

FOR MOST, THE LUXURY OF TIME INVOLVES THE SHEER PLEASURE OF ACCOMPLISHING GOALS AT A COMFORTABLE PACE. WE PREFER TO SEE IT AS A GUIDING PRINCIPLE THAT HELPS US STAY AT THE TOP OF OUR GAME. APART FROM THE OBVIOUS PROFITS OF EFFECTIVE TIME MANAGEMENT, TIME AFFORDS US THE LUXURY TO BE EXACTING IN OUR MOVEMENTS AND PRECISE IN OUR STEPS TOWARDS OUR GOALS.

FOR CORTINA, TRUE LUXURY COMES IN TWO FORMS: TIME AND OPPORTUNITY.


PORSCHE DESIGN
DIVER
18
1000M

# CHAIRMAN'S MESSAGE
## and operations review

LIM KEEN BAN, ANTHONY

*Chairman & CEO*

FUELLED LARGELY BY THE RETURN OF CONSUMER CONFIDENCE IN THE REGION AND FAST GROWTH PARTICULARLY IN OUR SINGAPORE AND TAIWAN MARKETS, OUR REVENUE GREW BY 6.4% HIGHER THAN FINANCIAL YEAR 2010 ("FY 2010"). PROFIT AFTER TAX JUMPED 10.1% TO $12.6 MILLION IN FY 2011.

## DEAR SHAREHOLDERS

Cortina enjoyed a good year despite continued ups and downs in the global and regional economies for the most part of the financial year ended 31 March 2011. With strong fundamentals, a sound multi-pronged growth strategy and disciplined diligence from all quarters, we emerged with optimism spurred on by a rise in consumer confidence and spending in several key markets in the region.

## YEAR IN REVIEW

In FY 2011, we persisted with our plans of expanding into existing high growth potential markets, in particular, Singapore, Taiwan and Hong Kong. In Thailand, we expanded our retail spaces whereas for Malaysia, we relocated to our new premises within the Bukit Bintang area.

The introduction of fashion-forward brand, Gucci, lends new dimensions of excitement and choice for our discerning consumers, complementing the offerings of our other good performing brands such as the mechanical artistry of Chronoswiss, the edgy precision of Concord and the uber sporty appeal of Porsche Design.

As we continued to seize opportunities, we made important strides with the opening of our new Patek Philippe stand-alone boutiques in Singapore and Taiwan. A brand synonymous with the finest timepieces in the world with more than 70 patents to its name, Patek Philippe's timeless and trans-generational appeal is growing from strength to strength, especially in Asia. Being the first to operate a Patek Philippe boutique in Singapore and Taiwan, Cortina is gaining extensive ground as the pioneering partner for the brand in penetrating key emerging Asian markets.

Also in FY 2011, Cortina secured its prominent position in the Taiwan luxury watch arena as a trusted and leading luxury watch retailer by organising Taiwan's first-ever watch fair. The Cortina Watch Fair brought together the largest collection of independent luxury watch brands in one event at Taiwan's capital. Held at the new, upscale Bellavita shopping mall in Taipei on 18 November, the event showcased the offerings of 16 top brands in luxury timepieces. With celebrities and social luminaries gracing the event, guests and shoppers were treated to a grand and immersive experience with the finest timepieces for their choosing, all in one place. In a country where the luxury watch market is traditionally rather fragmented, the Cortina Watch Fair garnered copious amounts of goodwill and recognition, cementing our brand leadership position in Taiwan.

## OVERALL MARKET PERFORMANCE

Fuelled largely by the return of consumer confidence in the region and fast growth particularly in our Singapore and Taiwan markets, our revenue grew by 6.4% higher than FY 2010. Profit after tax jumped 10.1% to $12.6 million in FY 2011.

## RETAIL BOUTIQUES

As at 31 March 2011, The Group's retail network stands at 14 multi-brand stores, three Patek Philippe boutiques, one Rolex boutique and one Longines boutique across Singapore, Malaysia, Thailand, Indonesia, Hong Kong and Taiwan. Congruent with our strategy to intensify the productivity of our top performing retail spaces within prime shopping districts across the region, we have ceased the operation of four stores and consolidated our inventory and resources to existing boutiques. In addition, we


CORTINA WATCH TAIPEI 101
FLAGSHIP STORE

opened four new boutiques during the year and added to the square footage of existing locations.

As one of the fastest growing economies in Asia and perhaps even the world today, Singapore remains a stronghold for Cortina in terms of progress and profitability. Leveraging on the favourable response of our first Patek Philippe boutique at ION Orchard last FY, we opened our second boutique in Singapore in April 2010 at the city's iconic Marina Bay Sands integrated resort. The outlook for Singapore remains positive with rising tourism numbers, increasing market affluence and a palpable growing appreciation in consumers for the finer things in life. Our confidence in the market underpins our aggressive growth strategies here in the new FY and beyond.

Taiwan also had an excellent growth year in this FY as we opened our Patek Philippe boutique at the Taipei 101 in April 2010. Due to encouraging sales performance, the boutique was further expanded in July to accommodate more display space. Hot on its trail was the opening of a multi-brand boutique at the new, upscale Bellavita luxury mall in September 2010. With our increasing presence in Taiwan, we are confident to secure a larger share of the increasingly well-travelled and sophisticated consumer market in the years to come.

Hong Kong continued to perform consistently strong, thus, upsizing was the order here. This FY, we took the opportunity to acquire a 700 square foot shop space adjacent to our established Queens Road Central boutique. With the new space, we are dedicating a larger area for a Patek Philippe shop-in-shop, and with a focused collection of other top-performing brands occupying the rest of the extended space. With this move, we

**LEVERAGING ON THE FAVOURABLE RESPONSE TO OUR FIRST PATEK PHILIPPE BOUTIQUE AT ION ORCHARD LAST FY, WE OPENED OUR SECOND BOUTIQUE IN SINGAPORE IN APRIL 2010 AT THE CITY'S ICONIC MARINA BAY SANDS INTEGRATED RESORT.**

have effectively doubled our retail area providing more room and more selections for our consumers to indulge in.

In Kuala Lumpur, we have relocated our boutique at StarHill Gallery to Fahrenheit 88, previously known as KL Plaza, which underwent a complete refurbishment. We are confident that the golden location of the mall, situated in the middle of Kuala Lumpur's famous Bukit Bintang shopping belt, will translate to golden opportunities for us in terms of presence and profitability.

## MOVING FORWARD

Looking ahead, we will continue to strengthen our presence through concerted organic growth as we penetrate deeper into existing markets. We will also be seeking out promising new brands and explore opportunities in unchartered potential markets.

In all these aspects, we have big plans for Singapore. This began with the opening of our multi-brand boutique on 1 April 2011, which marks our second retail presence at Marina Bay Sands. We will also be expanding our presence at Wisma Atria, following the mall's refurbishment which is slated for completion towards the third quarter of the coming FY.

Plans are also in the pipeline to tap into a vibrant high-growth market in Singapore – the upper middle income consumers. The Group will be opening its first boutique at a suburban mall, 112 Katong, in the third quarter of the coming FY. Formerly known as Katong Mall, 112 Katong is undergoing a massive $60 million makeover to align with the changing lifestyle aspirations of its unique catchment of affluent, young families in the established suburban neighbourhood. The 700 square foot multi-brand boutique will showcase luxury watches from Gucci, Montblanc and Longines, and it will also retail accessories such as pens, leather goods and cufflinks to appeal to an increasingly affluent and luxury-conscious generation of shoppers in the area.

In Thailand, we are set to open our new Rolex boutique on 3 June 2011 at Central Department Store in Chidlom, Bangkok. The boutique will be positioned to capture the well-heeled shopper traffic of the area. At the same time, with the encouraging performance in Taiwan this FY, another Patek Philippe shop-in-shop will be set-up at Bellavita in May 2011.

## IN APPRECIATION

It has been an eventful and satisfying year. To our shareholders and business partners, I thank you for your faith and support that has helped to shape and nurture our growth throughout the years. I would also like to thank our management team and staff for their hard work and dedication, and most of all for the shared passion in what we do. Even though the luxury of time has not always been on our side, we have made it through with flying colours once again.

As individuals united by a penchant for luxury timepieces, I would like to reiterate that Cortina's success stems from our collective commitment to stay focused on what we do best and move with precision and confidence at all times.

**LIM KEEN BAN, ANTHONY**
*Chairman & CEO*

2010 & 2011

# LUXE EVENTS

IT WAS AN AMAZING YEAR THAT SAW THE ROLLOUT OF SEVERAL HIGH PROFILE EVENTS FOR CORTINA. GRACED BY PROMINENT GUESTS AND BIG NAMES IN THE INDUSTRY, THESE EVENTS WERE NOTHING SHORT OF SPECTACULAR, AS WE CELEBRATED THE LATEST IN LUXURY TIMEPIECES AND RAISED OUR GLASSES AT THE GRAND OPENINGS OF OUR DAZZLING NEW BOUTIQUES ACROSS THE REGION.


Cortina watch

# THE LUXURIOUS LIFE

1 - 3
AN INTIMATE AFFAIR WITH BELL & ROSS

In collaboration with KTC Infinite Credit Card and GM Watch magazine, Cortina Watch together with Bell & Ross hosted an intimate evening on 22 July at Asoke at the Maduzi Hotel.

4 - 6
AN EVENING OF CHARM & MYSTIC WITH PATEK PHILIPPE

Patek Philippe together with Cortina Watch Malaysia hosted a private evening at Lafite at Shangri-la in Kuala Lumpur on 12 August 2010 to showcase the brand's BaselWorld 2010 collection including the manually wound chronograph calibre CH 29-535 PS, to a group of watch enthusiasts.

# OF IMPECCABLY GOOD TASTE




7 - 9
A TOUCH OF THE SAND & THE SEA WITH P'6780 DIVER LAUNCH

The P'6780 Diver watch by Porsche Design timepieces was unveiled to much fanfare on 18 August 2010 at the Tanjong Beach Club. Mr Patrick Schwarz, CEO of Porsche Design timepieces was also present to officiate the launch of the timepiece which is the brand's second diving watch in 27 years.




10 - 12
CHOPARD CELEBRATES THAILAND MOTHERS DAY

Chopard, together with Cortina Watch, celebrates Thailand Mother's Day with an afternoon of high-tea session at The Residence, Grand Hyatt Erawan, on 21 August 2010. Sons and daughters joined Mr Patrick Normand, Managing Director of Chopard (Asia) to celebrate the unfailing love and devotion of mothers.




13 - 15
A RACE TO SUCCESS FOR CHRONOSWISS

Set in the historical Fullerton Hotel in Singapore, Chronoswiss Asia and Cortina Watch hosted a splendor with the Singapore media and Cortina Watch VIP guests who caught bird's eye view of the F1 practice rounds from the Lighthouse Restaurant.

# CREATING PRECIOUS MEMORIES

1 - 3
THE ENCHANTING REVELRY OF PATEK PHILIPPE

An exclusive cocktail party was held at Cortina Watch Espace Bangkok on 6 October 2010 to officially launch the newly renovated Patek Philippe 'shop-in-shop'.


4 - 6
IWC WENT HIGH ON COMPLICATIONS

On 25 November 2010, IWC and Cortina Watch hosted the most precious fine dining party at iL Primo Restaurant in Kuala Lumpur. Guests had the opportunity to hear a presentation on watch-making and its main-features given by Mr. Goris Verburg. The event also saw the presentation of the brand's extensive High Complication 2010 collection.

# UNVEILING NEW GEMS




### 7 - 9
### UNVEILING VAN CLEEF & ARPELS'S MIDNIGHT LANDSCAPE COLLECTION

On 15 December 2010, Cortina Watch, together with Van Cleef & Arpels proudly unveiled a limited edition set of 5 Midnight Landscape watches to the specially invited customers via an intimate sit-down dinner @ Novus Restaurant. The highlight of the evening was the unveiling of the extraordinary pieces by Mr Jeremy Lim, Chief Operating Officer of Cortina Watch and Mr Jonathan King, Managing Director for Van Cleef & Arpels.




### 10 - 12
### SANDS OF TIME WITH PATEK PHILIPPE

2 December 2010 marked the official opening of our 2nd Patek Philippe boutique in Singapore at The Shoppes at Marina Bay Sands in Singapore. The official ribbon cutting ceremony held at the boutique, graced by Mr Thierry Stern, President of Patek Philippe SA and Mr Anthony Lim, Chief Executive Officer of Cortina Watch, saw friends from the media celebrating with us.




### 13 - 15
### ALL EYES ON TAIWAN WITH 1ST WATCH FAIR @BELLAVITA

For the very first time in the history of Taiwan's watch industry, Cortina Watch Taiwan held a grand watch exhibition, themed WONDERLAND at Bellavita on 18 November 2010. The event was graced by guest celebrity, Ms Coco Lee as well as several celebrity models such as Ms Kathy Chow.

# BOARD OF DIRECTORS

### LIM KEEN BAN, ANTHONY

Lim Keen Ban, Anthony is one of the founders of our Group and was appointed Managing Director since 1972. He is our Chairman and Chief Executive Officer (CEO) 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 20 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 was the President of the Singapore Clock & Watch Trade Association from 2002 to 2008.

### YU CHUEN TEK, VICTOR

Yu Chuen Tek, Victor is our Director since 1987 and was appointed Executive Director in 1995. He is now the Senior Executive Director of the Group. 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.

### LIM JIT MING, RAYMOND

Lim Jit Ming, Raymond is an Executive Director of the Group since 1992. He is appointed in 2011 as the Group's Deputy Chairman and Deputy Chief Executive Officer (CEO). He plays a pivotal role in assisting the Managing Director/CEO in the overall management, strategic planning and is actively involved in development of new markets. He has been with the Group since 1980 and has over 20 years of experience and know-how of the watch retail and distribution industry.

### LIM JIT YAW, JEREMY

Lim Jit Yaw, Jeremy is an Executive Director of the Group since 2002. He is appointed the Chief Operating Officer of Cortina Watch Pte Ltd in 2011. His duties include the management of the overall operations and merchandising of retail outlets in Singapore, Malaysia and Indonesia. Prior to joining us in 2000, he was an audit senior with KPMG Singapore from 1997 to 2000. Mr Lim graduated from Edith Cowan University, Australia with a Bachelor of Business majoring in Accounting and Finance.

### FOO SEE JIN, MICHAEL

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 has been in the food and beverage industry for over 37 years and was operations manager at the Yi Ru Vegetarian Restaurant, Neptune Theatre and Marina Mandarin of the Mandarin Group.

LONG FOO PIENG, BENNY

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

LAU PING SUM, PEARCE

Lau Ping Sum, Pearce was appointed Independent Director in 2002. Having held management positions in both the public and the private sectors, Mr Lau is currently executive director of the PAP 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.

### LEE AH FONG, JAMES

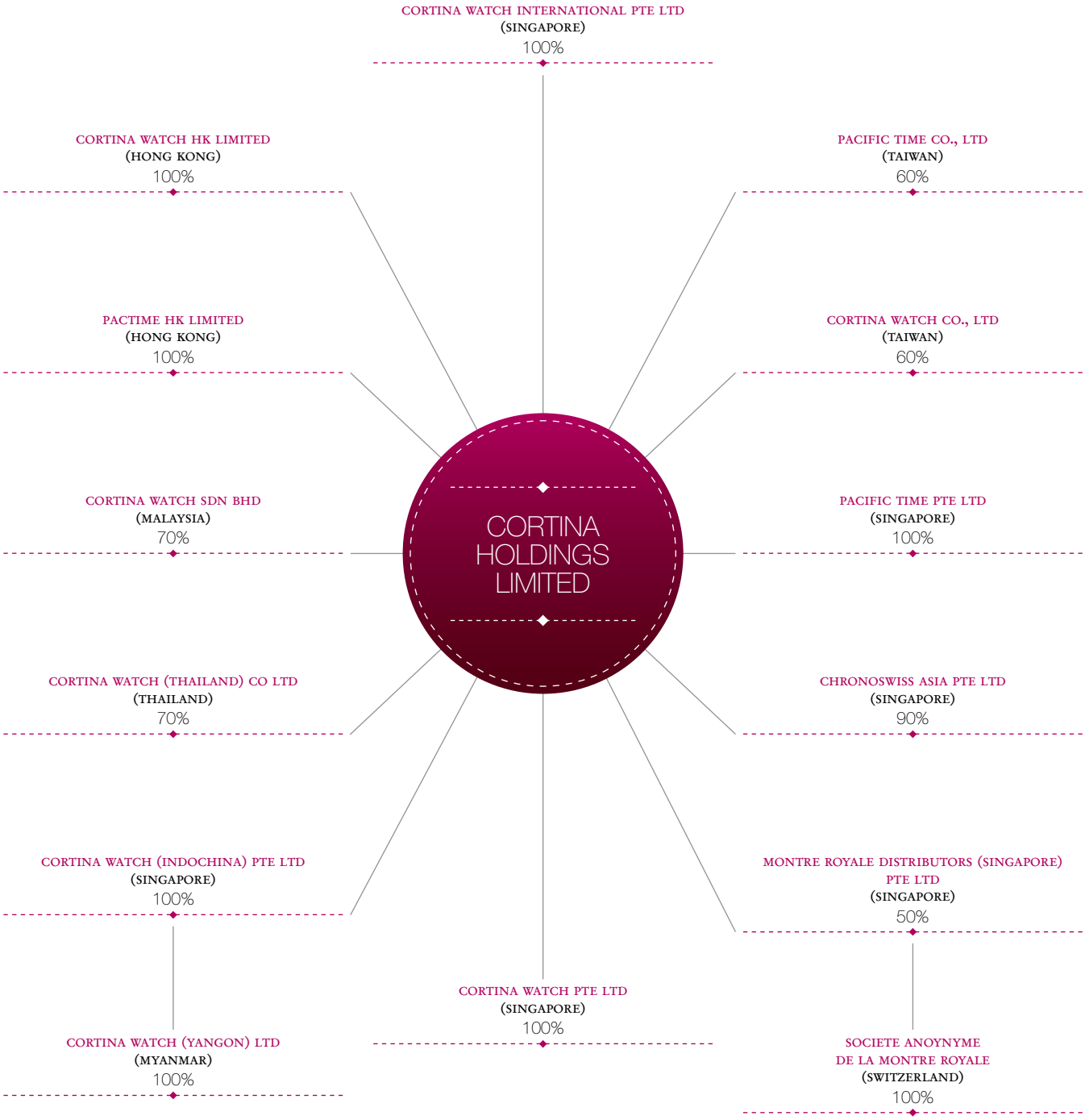
Lee Ah Fong, James was appointed Independent Director on 15 April 2010. James was a civil servant before becoming a practising lawyer in 1981. He is currently a partner of Ng, Lee & Partners. James is the Chairman of Yuying Secondary School Management Committee and has been serving in various capacities in Non-Government organizations and clan associations for many years. James is also an Independent Director of another two listed companies in Singapore.

### CHIN SEK PENG, MICHAEL

Chin Sek Peng, Michael was appointed Independent Director in 2007. Mr Chin is a Fellow (practising) member of the Institute of Certified Public Accountants of Singapore and a UK graduate Fellow member of the Institute of Chartered Accountants in England and Wales. Michael graduated with honours in accounting and finance from Lancaster University, UK in 1980 and qualified as a UK Chartered Accountant in 1983. He worked with legacy Price Waterhouse ("PW") in different countries and in 1994 Michael left PW when he was a senior audit manager and joined the Institute of Certified Public Accountants of Singapore as the first Practice Review Director to head and run the first practice monitoring programme in Singapore regulating all audit firms including the international audit firms in Singapore.

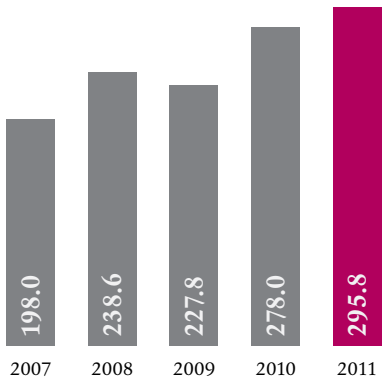
From 1999 to 2002, Michael was a partner of Arthur Andersen's Assurance and Business Advisory division in Singapore. Michael is currently the co-founder director of PKF-CAP Advisory Partners Pte Ltd and PKF-CAP Risk Consulting Pte Ltd, both consultancy firms and a partner of PKF-CAP LLP, a public accounting practice in Singapore affiliated with PKF International Limited which is a network of legally independent member firms with worldwide presence. Michael is also a member of the Institute of Internal Auditors of Singapore and currently serves as Audit Committee Chairman to several listed companies in Singapore.

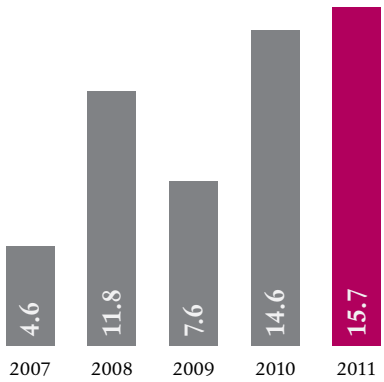
# GROUP STRUCTURE

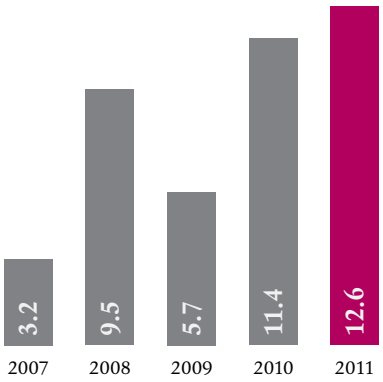


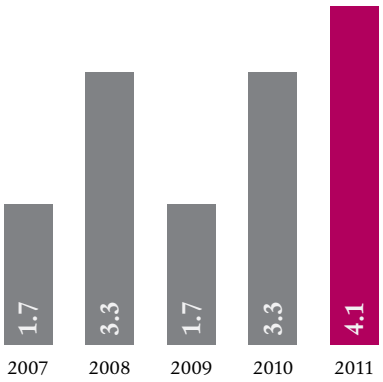
# FINANCIAL HIGHLIGHTS

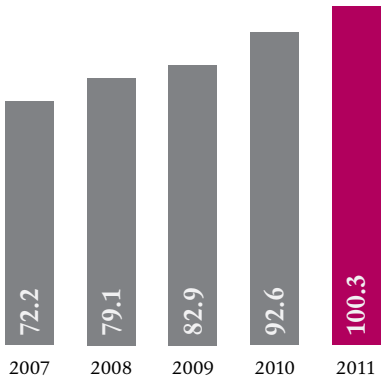
| S$ Million | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 |
|---|---|---|---|---|---|
| **Turnover** | 198.0 | 238.6 | 227.8 | 278.0 | 295.8 |
| Profit Before Tax | 4.6 | 11.8 | 7.6 | 14.6 | 15.7 |
| Profit After Tax | 3.2 | 9.5 | 5.7 | 11.4 | 12.6 |
| Dividend (Net) (Note) | 1.7 | 3.3 | 1.7 | 3.3 | 4.1 |
| Shareholders Equity | 72.2 | 79.1 | 82.9 | 92.6 | 100.3 |
| **Cents** | | | | | |
| Basic Earnings Per Share | 2.4 | 5.9 | 3.8 | 7.4 | 7.8 |
| Net Assets Per Share | 43.6 | 47.8 | 50.1 | 55.9 | 60.6 |




Note: This is inclusive of all interim dividends paid and final dividends proposed.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr Lim Keen Ban, Anthony
*Chairman and CEO*

Mr Lim Jit Ming, Raymond
*Deputy Chairman and Deputy CEO*

Mr Yu Chuen Tek, Victor
*Senior 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 Chin Sek Peng, Michael
*Lead Independent Director*

Mr Lau Ping Sum, Pearce
*Independent Director*

Mr Lee Ah Fong, James
*Independent Director*

## COMPANY SECRETARIES

Ms Foo Soon Soo, FCIS, FCPA (Singapore), FCPA (Australia), LLB (HONS) (London)
Ms Prisca Low, ACIS

## AUDIT COMMITTEE

Mr Chin Sek Peng, Michael – Chairman
Mr Lau Ping Sum, Pearce
Mr Lee Ah Fong, James

## REMUNERATION COMMITTEE

Mr Lau Ping Sum, Pearce – Chairman
Mr Lee Ah Fong, James
Mr Foo See Jin, Michael

## NOMINATING COMMITTEE

Mr Lee Ah Fong, James – Chairman
Mr Chin Sek Peng, Michael
Mr Yu Chuen Tek, Victor
Mr Lau Ping Sum, Pearce

## REGISTERED OFFICE

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

## REGISTRAR AND SHARE TRANSFER OFFICE

KCK CorpServe Pte Ltd
333 North Bridge Road
#08-00 KH KEA Building
Singapore 188721
Person-in-charge: Ms Foo Soon Soo

## AUDITORS

RSM Chio Lim LLP
8 Wilkie Road #03-08
Wilkie Edge
Singapore 228095
Partner-in-charge: Mr Lim Lee Meng
Year of Appointment:
Financial year ended 31 March 2008

# STATEMENT OF CORPORATE GOVERNANCE

Cortina Holdings Limited ("the Company") is committed to ensure high standards of corporate governance within the Group. This report describes the corporate governance framework and practices of the Company with specific reference made to each of the principles of the Code of Corporate Governance 2005 (the "Code"). The Company will continue to improve its systems and corporate governance processes in compliance with the Code. There are other sections in this annual report which contain information required by the Code. Hence the annual report should be read in totality.

**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 & CEO)
Mr Lim Jit Ming, Raymond (Deputy Chairman and Deputy CEO)
Mr Yu Chuen Tek, Victor (Senior 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 Chin Sek Peng, Michael (Lead Independent Director)
Mr Lau Ping Sum, Pearce (Independent Director)
Mr Lee Ah Fong (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 reference and operating procedures, which are reviewed on a regular basis. The Board also constantly reviews the effectiveness of each Committee.

# STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

**BOARD MATTERS (Cont'd)**
**The Board's Conduct of its Affairs (Cont'd)**

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 2011:

| | Board | Audit Committee | Remuneration Committee | Nominating Committee |
|---|---|---|---|---|
| Number of meetings held | **2** | **2** | **1** | **1** |
| **Name of Directors** | **Number of Meetings Attended** | | | |
| **Executive Directors** | | | | |
| Lim Keen Ban, Anthony | 2 | NA | NA | NA |
| Lim Jit Ming, Raymond | 2 | NA | NA | NA |
| Yu Chuen Tek, Victor | 2 | NA | NA | 1 |
| Lim Jit Yaw, Jeremy | 2 | NA | NA | NA |
| **Non-Executive Directors** | | | | |
| Foo See Jin, Michael | 2 | NA | 1 | NA |
| Long Foo Pieng, Benny | 2 | NA | NA | NA |
| **Independent Directors** | | | | |
| Lau Ping Sum, Pearce | 2 | 2 | 1 | 1 |
| Chin Sek Peng, Michael | 2 | 2 | NA | 1 |
| Lee Ah Fong | 2 | 2 | 1 | 1 |

While the Board considers Directors' attendance at Board meetings to be important, it is not the only criterion to measure their contributions. It also takes into account the contributions 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 judgment 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. 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.

**Board Composition and Balance (Cont'd)**

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 32 to 34 of this annual report.

**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.**

Mr Lim Keen Ban is both the Chairman and CEO 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.

The Company has adopted the recommendation in Commentary 3.3 of the Code to appoint a lead independent Director where the Chairman and the Chief Executive Officer ("CEO") is the same person. In view of Mr Lim's concurrent appointment as the Chairman and CEO, the Company has appointed Mr Chin Sek Peng, Michael as Lead Independent Director pursuant to the recommendations in Commentary 3.3 of the Code.

**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 Lee Ah Fong, James (Chairman) (Independent)
Mr Chin Sek Peng, Michael (Independent)
Mr Lau Ping Sum, Pearce (Independent)
Mr Yu Chuen Tek, Victor (Executive Director)

# STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

**Board Membership (Cont'd)**

The NC functions under the terms of reference which sets out its responsibilities as follows:

- To recommend to the Board on all board appointments, re-appointments and re-nominations.
- To ensure that independent directors meet SGX-ST's guidelines and criteria; and
- To assess the effectiveness of the Board as a whole and the effectiveness and contribution of each director to the Board.

The NC conducts an annual review of the composition of the Board in terms of the size and mix of skills and qualifications of Board members. It may, if it deems appropriate, recommend the appointment of additional directors to strengthen the composition of the Board. The Nominating Committee may recommend the appointment of a new director to fill a casual vacancy in the Board.

The NC deliberates and proposes the background, skills, qualification and experience of the candidate it deems appropriate. The factors taken into consideration by the NC could include, among other things, the new director to add to or complement the mix of skills and qualifications in the existing Board, relevance of his experience and contributions to the business of the Company and the depth and breadth he could bring to Board's discussion.

New Directors are appointed by way of a Board resolution, after the NC makes the necessary recommendation to the Board.

The Articles of Association of the Company require one-third of the Board to retire from office at each Annual General Meeting. Accordingly, the directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. 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 cognizant 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.

**Access to Information (Cont'd)**

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.

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 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) (Independent)
Mr Lee Ah Fong, James (Independent)
Mr Foo See Jin, Michael (Non-Executive Director)

The RC recommends to the Board a framework of remuneration for the directors and executive officers, and determines specific remuneration package for each executive director and the Managing Director. The RC recommends to the Board the terms of renewal of service agreements for directors who entered into service agreement with the Company.

The RC functions under the terms of reference which sets out its responsibilities as follows:

- To recommend to the Board a framework for remuneration for the directors and key executives of the Company.
- To determine specific remuneration packages for each executive director; and
- To review the appropriateness of compensation for non-executive directors.

The recommendations of the RC will be submitted to the Board for endorsement.

All aspects of remuneration, including but not limited to directors' fees, 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.

# STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

**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 2011 the Directors were each paid a basic fee of S$27,500 per annum, and a Committee fee based on their participation in various Committees. The quantum of the Directors' fee for the year ended 31 March 2011 was $382,125 and was approved by shareholders at the last Annual General Meeting held on 22 July 2010.

The Company will submit the quantum of directors' fee of each year to the shareholders for approval at each Annual General Meeting.

**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.**

A breakdown showing the level and mix of each director's remuneration for the financial year ended 31 March 2011 is as follows:

| Remuneration Band & Name of Director | Salary % | Bonus % | Directors' Fee % | Allowances and Other Benefits % | Total Compensation % |
|---|---|---|---|---|---|
| **Above $1,000,000** | | | | | |
| Lim Keen Ban, Anthony | 30 | 64 | 4 | 2 | 100 |
| **$750,000 to $999,999** | | | | | |
| Lim Jit Ming, Raymond | 36 | 57 | 3 | 4 | 100 |
| Yu Chuen Tek, Victor | 39 | 54 | 4 | 3 | 100 |
| **$250,000 to $499,999** | | | | | |
| Lim Jit Yaw, Jeremy | 36 | 51 | 6 | 7 | 100 |
| **Below $250,000** | | | | | |
| Fo See Jin, Michael | - | - | 100 | - | 100 |
| Long Foo Pieng, Benny | - | - | 100 | - | 100 |
| Lau Ping Sum, Pearce | - | - | 100 | - | 100 |
| Chin Sek Peng, Michael | - | - | 100 | - | 100 |
| Lee Ah Fong | - | - | 100 | - | 100 |

**Disclosure on Remuneration (Cont'd)**

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

| Remuneration Band & Name of Director | Salary % | Bonus % | Allowances and Other Benefits % | Total Compensation % |
|---|---|---|---|---|
| **$250,000 to $499,999** | | | | |
| Lim Yin Chian, Sharon | 70 | 21 | 9 | 100 |
| **Below $250,000** | | | | |
| Yuen King Yu, Andrew | 74 | 26 | 0 | 100 |
| Tshai Kin Chon, Ivan | 93 | 7 | 0 | 100 |
| Cheah Yok Khian, Dorris | 50 | 16 | 34 | 100 |
| Krist Chatikaratana | 86 | 14 | 0 | 100 |
| Shih Wen Lian, Douglas | 87 | 8 | 5 | 100 |

For the financial year ended 31 March 2011, the Key Executives (who are not Directors of the Company) of the Group are Yuen King Yu, Lim Yin Chian, Tshai Kin Chon, Cheah Yok Kian, Krist Chatikaratana and Shih Wen Lian.

**Immediate Family Member of Directors or Substantial Shareholders**
Other than the key executives, there were two persons related to the Managing Director whose remuneration exceeded $150,000 during the financial year ended 31 March 2011.

**Share Incentive Scheme**
The Company does not have any share option or other share incentive schemes for its employees.

## 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.

# STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

**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 Chin Sek Peng, Michael (Chairman) (Independent)
Mr Lau Ping Sam, Pearce (Independent)
Mr Lee Ah Fong (Independent)

The AC is guided by its Terms of Reference, which includes the following:-

- Review with the external and internal auditors their audit plans and their evaluation of internal accounting controls including management responses;
- Review the findings relating to matters as presented by the external and internal auditors including any other matters which the external and internal auditors wish to discuss with the AC in the absence of management;
- Review findings of any internal investigations and management's response;
- Make recommendations to the Board on the appointment or change of auditors;
- Review any potential conflicts of interest situations that may arise including any transactions, procedures or courses of action that raise questions about Management's integrity;
- Review half yearly reporting to SGX-ST and year end annual financial statements of the Group and financial position and statement of changes in equity of the Company before submission to the Board, focusing on such matters as:

  - going concern assumption
  - compliance with financial reporting 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 AC and the Board.

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

(i) the co-operation given by the Company's officers to the external and internal auditors and whether the auditors in the course of carrying out their duties, was obstructed or impeded by management;

(ii) the adequacy of the Group's internal accounting control system and its internal control procedures as reported by the external and internal auditors to the AC;

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

(iv) any other matters which, in the AC'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.

**Audit Committee (Cont'd)**

The AC has met 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, RSM Chio Lim LLP, was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC recommended that RSM Chio Lim LLP be nominated for re-appointment as auditors 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 on 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 AC 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 Board through the Audit Committee ensures that a review of the effectiveness of the Group's material internal controls, including financial, operational, compliance controls and risk management is conducted annually. In this respect, the Audit Committee reviews the audit plans, and the findings of the external and internal auditors and ensures that management follows up on the auditors' recommendations raised during the audit process. Additionally, the Board acknowledges that no cost-effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Based on the discussions with the external and internal auditors and the management's responses to the auditors' recommendations for improvements to the Group's internal controls, the Board is satisfied that there are adequate internal controls to safeguard the assets and ensure the integrity of financial statements.

The Group currently does not have a Risk Management Committee but the management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and will highlight all significant matters to the Board of Directors and the Audit Committee.

**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 primary functions of Internal Audit are to:

- Assess if adequate systems of internal controls are in place to protect the funds and assets of the Group and to ensure control procedures are complied with;
- Assess if operations of the business processes under review are conducted efficiently and effectively; and
- Identify and recommend improvement to internal control procedures, where required.

# STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

**Audit Committee (Cont'd)**

The Internal Audit function reports directly to the AC. The Internal Audit function follows essentially the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The Audit Committee is satisfied that the Internal Audit function is adequately resourced to carry out its function.

The AC reviews the audit plans of the internal auditors; ensures that adequate resources are directed to carry out those plans and reviews the results of the internal auditors' examination of the Company's system of internal controls.

The internal auditors have unrestricted access to the AC.

## 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 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:

- SGXNET announcements and news release;
- Annual Report prepared and issued to all shareholders;
- Press releases on major developments of the Group;
- Notices of and explanatory memoranda for AGM and extraordinary general meetings ("EGM"); and
- Company's website at **www.cortina.com.sg** 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 before the announcement of the Company's half yearly and full yearly results, 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**
There were no interested person transactions which require disclosure or shareholders' approval under Singapore Exchange Securities Trading Limited rules regulating interested person transactions.

**Material Contracts**
There were no material contracts entered into by the Company or any of its subsidiary companies involving the interest of the Managing Director, any Director or controlling shareholder.

# FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

CONTENTS

# DIRECTORS' REPORT

The directors of the company are pleased to present their report together with the audited financial statements of the company and of the group for the reporting year ended 31 March 2011.

**1. Directors at Date of Report**

The directors of the company in office 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 |
| Chin Sek Peng | Lau Ping Sum, Pearce | Lee Ah Fong |

**2. Arrangements to Enable Director to Acquire Benefits by Means of The Acquisition of Shares and Debentures**

Neither at the end of the reporting year nor at any time during the reporting year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

**3. Directors' Interests in Shares and Debentures**

The directors of the company holding office at the end of the reporting year had no interests in the share capital of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Cap. 50 except as follows:

| | Shareholdings registered in the name of the directors | |
|---|---|---|
| **Name of directors and companies in which interests are held** | **At beginning of the reporting year** | **At end of the reporting year** |
| **Cortina Holdings Limited** | **Number of shares of no par value** | |
| Yu Chuen Tek | 11,335,015 | 9,835,015 |
| Foo See Jin | 7,107,320 | 7,107,320 |
| Long Foo Pieng | 8,564,940 | 8,564,940 |
| Lau Ping Sum, Pearce | 30,000 | 30,000 |

| | Shareholdings in which directors are deemed to have an interest | |
|---|---|---|
| **Name of directors and companies in which interests are held** | **At beginning of the reporting year** | **At end of the reporting year** |
| **Cortina Holdings Limited** | **Number of shares of no par value** | |
| Lim Keen Ban | 62,912,425 | 64,538,425 |
| Yu Chuen Tek | 8,678,000 | 8,678,000 |
| Lim Jit Ming | 62,912,425 | 64,538,425 |
| Lim Jit Yaw | 62,912,425 | 64,538,425 |

At the beginning and end of the reporting 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.

The directors' interests as at 21 April 2011 were the same as those at the end of the reporting year.

**4. Contractual Benefits of Directors**

Since the beginning of the reporting year, no director of the company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Companies Act, Cap. 50, 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. Certain directors of the company received remuneration from related corporations in their capacity as directors and or executives of those related corporations.

**5. Options to Take Up Unissued Shares**

During the reporting year, no option to take up unissued shares of the company or any corporation in the group was granted.

**6. Options Exercised**

During the reporting year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

**7. Unissued Shares Under Option**

At the end of the reporting year, there were no unissued shares under option.

**8. Audit Committee**

The members of the audit committee at the date of this report are as follows:

| | |
|---|---|
| Mr Chin Sek Peng | (Chairman of audit committee and lead independent and non-executive director) |
| Mr Lau Ping Sum, Pearce | (Independent and non-executive director) |
| Mr Lee Ah Fong | (Independent and non-executive director) |

The audit committee performs the functions specified by section 201B(5) of the Companies Act. Among other functions, it performed the following functions:

- Reviewed with the independent external auditors their audit plan;
- Reviewed with the independent external auditors their evaluation of the company's internal accounting control, and their report on their audit of the financial statements and the assistance given by the company's officers to them;
- Reviewed with the internal auditors the scope and results of the internal audit procedures and their internal control report on the group's internal controls;
- Reviewed the financial statements of the group and the statement of financial position and statement of changes in equity of the company prior to their submission to the directors of the company for adoption; and

Reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditors provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditors, RSM Chio Lim LLP, be nominated for re-appointment as independent auditors at the next annual general meeting of the company.

# DIRECTORS' REPORT (CONT'D)

**9. Independent Auditors**

The independent auditors, RSM Chio Lim LLP, have expressed their willingness to accept re-appointment.

**10. Subsequent Developments**

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 27 May 2011, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On Behalf of The Board of Directors

Lim Keen Ban
Director

Yu Chuen Tek
Director

8 June 2011

# STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the accompanying consolidated statement of income and comprehensive income, statements of financial position, statements of changes in equity, consolidated statement of cash flows, and notes thereto set out on pages 38 to 87 are drawn up 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 2011 and of the results and cash flows of the group and changes in equity of the company and of the group for the reporting 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.

The board of directors approved and authorised these financial statements for issue on 8 June 2011.

On Behalf of The Board of Directors

Lim Keen Ban
Director

Yu Chuen Tek
Director

8 June 2011

# INDEPENDENT AUDITORS' REPORT
## TO THE MEMBERS OF CORTINA HOLDINGS LIMITED

**Report on the Consolidated Financial Statements**
We have audited the accompanying consolidated financial statements of Cortina Holdings Limited and its subsidiaries (the group) set out on pages 38 to 87, which comprise the statements of financial position of the group and the company as at 31 March 2011, and the consolidated statement of income and comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**
Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income and statements of financial position and to maintain accountability of assets.

**Independent Auditor's Responsibility**
Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 management, as well as evaluating the overall presentation of the consolidated 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, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at 31 March 2011 and the results, changes in equity and cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the company and those subsidiaries incorporated in Singapore of which we are the independent auditors have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP
Public Accountants and
Certified Public Accountants
Singapore

8 June 2011

Partner-in-charge of audit: Lim Lee Meng
Effective from year ended 31 March 2008

# CONSOLIDATED STATEMENT OF INCOME

## YEAR ENDED 31 MARCH 2011

| | Notes | Group 2011 $'000 | Group 2010 $'000 |
|---|---|---|---|
| **Revenue** | 5 | 295,827 | 278,016 |
| **Other Items of Income** | | | |
| Interest Income | 6 | 9 | 8 |
| Other Credits | 7 | 536 | 588 |
| **Other Items of Expense** | | | |
| Change in Inventories of Finished Goods | | (6,212) | 1,954 |
| Purchase of Goods and Consumables | | (225,393) | (225,887) |
| Employee Benefits Expense | 8 | (16,320) | (14,441) |
| Rental Expenses | | (14,937) | (11,734) |
| Depreciation expense | 9 | (2,780) | (2,765) |
| Impairment Losses Reversed | | 43 | 262 |
| Other Expenses | 10 | (10,456) | (8,612) |
| Other Charges | 7 | (2,278) | (825) |
| Finance Costs | 11 | (2,180) | (2,122) |
| Share of (Loss) Profit from Equity-Accounted Associates | | (138) | 164 |
| **Profit Before Tax from Continuing Activities** | | 15,721 | 14,606 |
| Income Tax Expense | 12 | (3,165) | (3,200) |
| **Profit Net of Tax** | | 12,556 | 11,406 |
| | | | |
| Profit Attributable to Owners of the Parent, Net of Tax | | 12,975 | 12,273 |
| Loss Attributable to Non-Controlling Interests, Net of Tax | | (419) | (867) |
| **Profit Net of Tax** | | 12,556 | 11,406 |
| | | | |
| **Earnings Per Share** | | | |
| Earnings per Share Currency Unit | | **Cents** | **Cents** |
| **Basic** | | | |
| Continuing Operations | 15 | 7.8 | 7.4 |
| **Diluted** | | | |
| Continuing Operations | 15 | 7.8 | 7.4 |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2011

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| **Profit from Continuing Activities, Net of Tax** | 12,556 | 11,406 |
| **Other Comprehensive Income:** | | |
| Exchange Differences on Translating Foreign Operations, Net of Tax | (2,100) | (776) |
| **Total Comprehensive Income for the Year** | 10,456 | 10,630 |
| | | |
| **Total Comprehensive Income Attributable to:** | | |
| Owners of the Parent | 11,069 | 11,335 |
| Non-Controlling Interests | (613) | (705) |
| Total Comprehensive Income | 10,456 | 10,630 |

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

# STATEMENTS OF FINANCIAL POSITION
## AS AT 31 MARCH 2011

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Notes | 2011 $'000 | 2010 $'000 | 2011 $'000 | 2010 $'000 |
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| Property, Plant and Equipment | 16 | 9,205 | 9,232 | – | – |
| Investment Properties | 17 | 1,680 | 1,696 | 1,680 | 1,696 |
| Investments in Subsidiaries | 18 | – | – | 21,833 | 23,296 |
| Investment in Associates | 19 | 2,905 | 3,043 | 1,000 | 1,000 |
| Deferred Tax Assets | 12 | 604 | 262 | – | – |
| Trade and Other Receivables, Non-current | 20 | – | – | 13,153 | 13,153 |
| Other Assets, Non-current | 21 | 3,363 | 2,622 | – | – |
| **Total Non-Current Assets** | | 17,757 | 16,855 | 37,666 | 39,145 |
| **Current Assets** | | | | | |
| Assets Held for Sale | 22 | – | 1,076 | – | – |
| Inventories | 23 | 157,903 | 151,691 | – | – |
| Trade and Other Receivables, Current | 24 | 9,807 | 7,159 | 6,755 | 9,098 |
| Other Assets, Current | 25 | 2,217 | 2,158 | 16 | 16 |
| Cash and Bank Balances | 26 | 11,519 | 12,686 | 287 | 63 |
| **Total Current Assets** | | 181,446 | 174,770 | 7,058 | 9,177 |
| **Total Assets** | | 199,203 | 191,625 | 44,724 | 48,322 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to owners of the parent** | | | | | |
| Share Capital | 27 | 35,481 | 35,481 | 35,481 | 35,481 |
| Other Reserves | 28 | (4,763) | (2,857) | – | – |
| Retained Earnings | | 69,609 | 59,946 | 6,638 | 10,269 |
| **Equity, Attributable to Owners of Parent, Total** | | 100,327 | 92,570 | 42,119 | 45,750 |
| Non-Controlling Interests | | 5,650 | 6,263 | – | – |
| **Total Equity** | | 105,977 | 98,833 | 42,119 | 45,750 |
| **Non-Current Liabilities** | | | | | |
| Provisions, Non-current | 29 | 606 | 469 | – | – |
| Other Financial Liabilities, Non-current | 30 | 2,522 | 1,606 | – | – |
| Deferred Tax Liabilities | 12 | 58 | – | – | – |
| Other Liabilities, Non-current | 31 | – | 1 | – | – |
| **Total Non-Current Liabilities** | | 3,186 | 2,076 | – | – |
| **Current Liabilities** | | | | | |
| Income Tax Payable | | 3,122 | 2,170 | 177 | 133 |
| Trade and Other Payables | 32 | 17,335 | 17,111 | 2,428 | 2,439 |
| Other Financial Liabilities, Current | 30 | 67,280 | 67,694 | – | – |
| Other Liabilities, Current | 33 | 2,303 | 3,741 | – | – |
| **Total Current Liabilities** | | 90,040 | 90,716 | 2,605 | 2,572 |
| **Total Liabilities** | | 93,226 | 92,792 | 2,605 | 2,572 |
| **Total Equity and Liabilities** | | 199,203 | 191,625 | 44,724 | 48,322 |

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

# STATEMENTS OF CHANGES IN EQUITY

## YEAR ENDED 31 MARCH 2011

| | Total Equity $'000 | Attributable to Parent Sub-total $'000 | Share Capital $'000 | Translation Reserves $'000 | Retained Earnings $'000 | Non-Controlling Interests $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **Current Year:** | | | | | | |
| Opening Balance at 1 April 2010 | 98,833 | 92,570 | 35,481 | (2,857) | 59,946 | 6,263 |
| **Movements in Equity:** | | | | | | |
| Total Comprehensive Income for the Year | 10,456 | 11,069 | – | (1,906) | 12,975 | (613) |
| Dividends Paid (Note 14) | (3,312) | (3,312) | – | – | (3,312) | – |
| **Closing Balance at 31 March 2011** | 105,977 | 100,327 | 35,481 | (4,763) | 69,609 | 5,650 |
| **Previous Year:** | | | | | | |
| Opening Balance at 1 April 2009 | 89,420 | 82,891 | 35,481 | (1,919) | 49,329 | 6,529 |
| **Movements in Equity:** | | | | | | |
| Total Comprehensive Income for the Year | 10,630 | 11,335 | – | (938) | 12,273 | (705) |
| Dividends Paid (Note 14) | (1,656) | (1,656) | – | – | (1,656) | – |
| Issuance of Subsidiaries Shares to Non-Controlling Shareholders | 439 | – | – | – | – | 439 |
| **Closing Balance at 31 March 2010** | 98,833 | 92,570 | 35,481 | (2,857) | 59,946 | 6,263 |

| | Total Equity $'000 | Share Capital $'000 | Retained Earnings $'000 |
|---|---|---|---|
| **Company** | | | |
| **Current Year:** | | | |
| Opening Balance at 1 April 2010 | 45,750 | 35,481 | 10,269 |
| **Movements in Equity:** | | | |
| Total Comprehensive Loss for the Year | (319) | – | (319) |
| Dividends Paid (Note 14) | (3,312) | – | (3,312) |
| **Closing Balance at 31 March 2011** | 42,119 | 35,481 | 6,638 |
| **Previous Year:** | | | |
| Opening Balance at 1 April 2009 | 44,488 | 35,481 | 9,007 |
| **Movements in Equity:** | | | |
| Total Comprehensive Income for the Year | 2,918 | – | 2,918 |
| Dividends Paid (Note 14) | (1,656) | – | (1,656) |
| **Closing Balance at 31 March 2010** | 45,750 | 35,481 | 10,269 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

## YEAR ENDED 31 MARCH 2011

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Profit Before Tax | 15,721 | 14,606 |
| Adjustments for: | | |
| Depreciation Expenses | 2,780 | 2,765 |
| Reversal of Impairment Loss | (43) | (262) |
| Interest Income | (9) | (8) |
| Interest Expense | 2,180 | 2,122 |
| Share of Loss (Profit) from Equity-Accounted Associates | 138 | (164) |
| (Gains) Losses on Disposal of Asset Held for Sale and Plant and Equipment | (147) | 17 |
| Amortisation of Other Liabilities, Non-Current | (1) | (3) |
| Plant and Equipment Written Off | 810 | – |
| Fair value adjustment on interest free loan payable to associate | – | 447 |
| Fair values losses on interest rate swaps | 1,036 | 213 |
| Provisions, Non-current | 137 | 91 |
| Net Effect of Exchange Rate Changes in Consolidating Foreign Operations | (1,112) | (573) |
| Operating Cash Flows Before Changes in Working Capital | 21,490 | 19,251 |
| Inventories | (6,212) | 1,954 |
| Trade and Other Receivables | (2,648) | 329 |
| Other Assets | (800) | 328 |
| Trade and Other Payables | 224 | (4,813) |
| Other Liabilities, Current | (1,438) | (197) |
| Net Cash Flows From Operations | 10,616 | 16,852 |
| Income Taxes Paid | (2,497) | (2,227) |
| Net Cash Flows From Operating Activities | 8,119 | 14,625 |
| **Cash Flows From Investing Activities** | | |
| Proceeds from Sale of Plant and Equipment | 165 | 21 |
| Purchase of Plant and Equipment (Note 26) | (3,170) | (3,883) |
| Interest Received | 9 | 8 |
| Proceeds from Sale of Assets Held for Sale | 1,268 | – |
| Net Cash Flows Used in Investing Activities | (1,728) | (3,854) |
| **Cash Flows From Financing Activities** | | |
| Proceeds from Shares Issued by Subsidiaries | – | 439 |
| Decrease in Other Financial Liabilities | (3,681) | (2,815) |
| Decrease in Finance Leases | (709) | (248) |
| Interest Paid | (2,180) | (2,122) |
| Dividends Paid (Note 14) | (3,312) | (1,656) |
| Net Cash Used In Financing Activities | (9,882) | (6,402) |
| **Net (Decrease) Increase in Cash and Cash Equivalents** | (3,491) | 4,369 |
| Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance | 10,177 | 6,114 |
| Effect of Foreign Exchange Rate Adjustments | (772) | (306) |
| **Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance (Note 26A)** | 5,914 | 10,177 |

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

# NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

**1. General**

Cortina Holdings Limited (the "company") is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the parent and the group's subsidiaries.

The board of directors approved and authorised these financial statements for issue on 8 June 2011.

The company is an investment holding company and provides management services to its subsidiaries and associates. It is listed on the Singapore Exchange Securities Trading Limited.

The principal activities of the subsidiaries are described in Note 18 to the financial statements.

The registered office and the principal place of business of the company is located at 391B Orchard Road, #18-01 Ngee Ann City Tower B, Singapore 238874. The company is domiciled in Singapore.

**2. Summary of Significant Accounting Policies**

**Accounting Convention**

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Cap 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

**Basis of Presentation**

The consolidation accounting method is used for the consolidated financial statements that include the financial statements made up to the end of the reporting year of the company and all of its directly and indirectly controlled subsidiaries. Consolidated financial statements are the financial statements of the group presented as those of a single economic entity. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including profit or loss items and dividends are eliminated in full on consolidation. The results of the investees acquired or disposed of during the reporting year are accounted for from the respective dates of acquisition or up to the dates of disposal which is the date on which effective control is obtained of the acquired business until that control ceases. On disposal the attributable amount of goodwill if any is included in the determination of the gain or loss on disposal. The equity accounting method is used for associates in the group financial statements.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's financial statements have been prepared on the same basis, and as permitted by the Companies Act, Cap. 50, no statement of income is presented for the company.

**Basis of Preparation of the Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

# NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

**2. Summary of Significant Accounting Policies (Cont'd)**

**Revenue Recognition**
The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes, estimated returns and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from rendering of services that are of short duration is recognised when the services are completed.

Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

Interest revenue is recognised using the effective interest method and dividends from equity instruments are recognised as income when the entity's right to receive payment is established.

**Employee Benefits**
Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund which is the Central Provident Fund in Singapore (a government managed retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

**Income Tax**
The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, and associates except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

## 2. Summary of Significant Accounting Policies (Cont'd)

**Foreign Currency Transactions**

The functional currency which is also the presentation currency of the Company, is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value dates respectively. All realised and unrealised exchange gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The Singapore dollar is the presentation currency of the group.

**Translation of Financial Statements of Other Entities**

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the entity operates. In translating the financial statements of an investee for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the profit and loss items are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that investee.

The direct method is used whereby the financial statements of the foreign operation are translated directly into the functional currency of the ultimate parent.

**Segment Reporting**

The group discloses financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

**Borrowing Costs**

All borrowing costs that are interest and other costs incurred in connection with the borrowing of funds that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Other borrowing costs are recognised as an expense in the period in which they are incurred. The interest expense is calculated using the effective interest rate method.

**Property, Plant and Equipment**

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

| | | |
|---|---|---|
| Freehold Property | – | 2% |
| Leasehold Property | – | Over terms of lease which is approximately 2% |
| Plant and Equipment | – | 16.67% to 50% |

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

**2. Summary of Significant Accounting Policies (Cont'd)**

**Property, Plant and Equipment (Cont'd)**
Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 29 on non-current provisions.

**Investment Property**
Investment property is property owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the cost model is used to measure the investment property using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value less costs to sell. For disclosure purposes, the fair values are determined periodically on a systematic basis at least once in three years by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

**Leases**
Whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

## 2. Summary of Significant Accounting Policies (Cont'd)

**Subsidiaries**

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities accompanying a shareholding of more than one half of the voting rights or the ability to appoint or remove the majority of the members of the board of directors or to cast the majority of votes at meetings of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

In the company's own separate financial statements, an investment in a subsidiary is stated at cost adjusted for any value in the contingent consideration less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed 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 net book value of a subsidiary is not necessarily indicative of the amounts that would be realised in a current market exchange.

**Associates**

An associate is an entity including an unincorporated entity in which the investor has a substantial financial interest (usually not less than 20% of the voting power), significant influence and that is neither a subsidiary nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The accounting for investments in an associate is on the equity method. The investment in an associate is carried in the statement of financial position at cost adjusted for any value in the contingent consideration plus post-acquisition changes in the share of net assets of the associate, less any impairment. The profit or loss reflects the investor's share of the results of operations of the associate. Losses of an associate in excess of the group's interest in the relevant entity are not recognised except to the extent that the group has an obligation. Profits and losses resulting from transactions between the group and an associate are recognised in the financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of an associate are changed where necessary to ensure consistency with the policies adopted by the group. The net book value of an associate is not necessarily indicative of the amounts that would be realised in a current market exchange. The investor discontinues the use of the equity method from the date that it ceases to have significant influence over the associate and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at its fair value at the date that it ceases to be an associate.

In the company's own separate financial statements, an investment in an associate is stated at cost adjusted for any value in the contingent consideration less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed 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 net book value of an associate is not necessarily indicative of the amount that would be realised in a current market exchange.

**Business Combinations**

Business combinations are accounted for by applying the acquisition method of accounting. There were none during the reporting year.

**Non-Controlling Interests**

The non-controlling interests in the net assets and net results of a consolidated subsidiary are shown separately in the appropriate components of the consolidated financial statements. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

# NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

**2. Summary of Significant Accounting Policies (Cont'd)**

**Assets Classified as Held for Sale**
Identifiable assets, liabilities and contingent liabilities are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement. The depreciation on depreciable assets is ceased.

**Impairment of Non-Financial Assets**
Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss unless the relevant asset is carried at a revalued amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Inventories**
Inventories are measured at the lower of cost (on the specific identification method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

**Financial Assets**
Initial recognition and measurement and derecognition of financial assets:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control.

## 2. Summary of Significant Accounting Policies (Cont'd)

**Financial Assets (Cont'd)**

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.

4. Available for sale financial assets: As at end of the reporting year date there were no financial assets classified in this category.

**Cash and Cash Equivalents**

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand, if any, that form an integral part of cash management.

**Hedging**

The entity is exposed to currency and interest rate risks. The policy is to reduce currency and interest rate exposures through derivatives and other hedging instruments. From time to time, there may be borrowings and foreign exchange arrangements or interest rate swap contracts or similar instruments entered into as hedges against changes in interest rates, cash flows or the fair value of the financial assets and liabilities. They are carried at fair value. The gain or loss from remeasuring these hedging or other arrangement instruments at fair value are recognised in profit or loss. The derivatives and other hedging instruments used are described below in the notes to the financial statements.

**Derivatives**

Derivatives: All derivatives are initially recognised and subsequently carried at fair value. Certain derivatives are entered into in order to hedge some transactions and all the strict hedging criteria prescribed by FRS 39 are not met. In those cases, even though the transaction has its economic and business rationale, hedge accounting cannot be applied. As a result, changes in the fair value of those derivatives are recognised directly in profit or loss and the hedged item follows normal accounting policies.

# NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

**2. Summary of Significant Accounting Policies (Cont'd)**

**Financial Liabilities**
Initial recognition and measurement:
A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement:
Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

**Financial guarantees**
A financial guarantee contract requires that the issuer makes specified payments to reimburse the holder for a loss when a specified debtor fails to make payment when due. Financial guarantee contracts are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18.

**Fair Value of Financial Instruments**
The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments. Disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting year. The fair value of a financial instrument is derived from an active market or by using an acceptable valuation technique. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or for liability held, the asking price. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique. The fair value measurements are classified using a fair value hierarchy of 3 levels that reflects the significance of the inputs used in making the measurements, that is, Level 1 for the use of quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 for the use of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and Level 3 for the use of inputs for the asset or liability that are not based on observable market data (unobservable inputs). The level is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Where observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

## 2. Summary of Significant Accounting Policies (Cont'd)

**Equity**

Equity instruments are contracts that give a residual interest in the net assets of the company. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

**Provisions**

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

**Critical Judgements, Assumptions and Estimation Uncertainties**

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Net realisable value of inventories:

A review is made periodically on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year was $157,903,000 (2010: $151,691,000).

Allowance for doubtful accounts:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management generally analyses trade receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful trade receivables. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year.

# NOTES TO THE FINANCIAL STATEMENTS
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**2. Summary of Significant Accounting Policies (Cont'd)**

**Critical Judgements, Assumptions and Estimation Uncertainties (Cont'd)**

Income tax expense:

The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. The carrying amount of group's income tax payables at the end of the reporting year was $3,122,000 (2010: $2,170,000).

Deferred tax asset estimation:

Management judgement is required in determining the amount of current and deferred tax recognised as income or expense and the extent to which deferred tax assets can be recognised. A deferred tax asset is recognised if it is more likely than not that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilised. Management also considers future taxable income and tax planning strategies in assessing whether deferred tax assets should be recognised in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature, it is likely that deferred tax calculation relates to complex fact patterns for which assessments of likelihood are judgmental and not susceptible to precise determination. The amount of the deferred tax asset and liabilities at the end of the reporting year was $604,000 and $58,000 respectively (2010: $262,000 and Nil respectively).

Property, plant and equipment:

An assessment is made at each end of the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is determined based on the value-in-use calculations. These calculations require the use of estimates. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset at the end of the reporting year affected by the assumption is $9,205,000 (2010: $9,232,000).

Useful lives of plant and equipment and investment properties:

The estimates for the useful lives and related depreciation charges for property, plant and equipment and investment properties are based on commercial and other factors which could change significantly as a result of innovations and competitor actions in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the property, plant and equipment and investment properties at the end of the reporting year affected by the assumption were $9,205,000 (2010: $9,232,000) and $1,680,000 (2010: $1,696,000) respectively.

Estimated impairment of subsidiaries or associates:

Where a subsidiary or associate is in net equity deficit and has suffered losses a test is made whether the investment in the investee has suffered any impairment, in accordance with the stated accounting policy. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset affected. The carrying amount of the relevant cost of investment at the end of the reporting year affected by the assumption was Nil (2010: $459,000).

## 3. Related Party Relationships and Transactions

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same group. (ii) One entity is an associate or joint venture of the other entity. (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

### 3.1 Related companies:

Related companies in these financial statements include the members of the company's group of companies.

There are transactions and arrangements between the reporting entity and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The current intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For non-current balances if significant an interest is imputed unless stated otherwise based on the prevailing market interest rate for similar debt less the interest rate if any provided in the agreement for the balance.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

### 3.2 Other related parties:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. For non-current balances if significant an interest is imputed unless stated otherwise based on the prevailing market interest rate for similar debt less the interest rate if any provided in the agreement for the balance.

Significant related party transactions:

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, the following are significant related party transactions agreed on terms between the parties concerned:

| | Associates | | Non-Controlling Shareholders of Subsidiaries | |
|---|---|---|---|---|
| | 2011 $'000 | 2010 $'000 | 2011 $'000 | 2010 $'000 |
| Purchase of goods | – | 75 | 505 | 190 |
| Sale of goods | – | (15) | – | – |
| Advertising rebate | – | – | (74) | (63) |

# NOTES TO THE FINANCIAL STATEMENTS
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**3. Related Party Relationships and Transactions (Cont'd)**

**3.3 Key management compensation:**

| | Group | |
|---|---|---|
| | **2011 $'000** | **2010 $'000** |
| Salaries and other short-term employee benefits | 5,388 | 4,899 |

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

| | Group | |
|---|---|---|
| | **2011 $'000** | **2010 $'000** |
| Remuneration of directors of the company | 3,695 | 3,421 |
| Remuneration of directors of the subsidiaries | 862 | 707 |
| Fees to directors of the company | 382 | 382 |

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly. The above amounts for key management compensation are for all the directors and key executives.

**3.4 Other receivables from and other payables to related parties:**

The trade transactions and the trade receivable and payable balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

| | Related parties | |
|---|---|---|
| | **2011 $'000** | **2010 $'000** |
| Balance at beginning of the year | – | 49 |
| Amounts received and settlement of liabilities on behalf of the company | – | (49) |
| Balance at end of the year | – | – |

| | Associates | |
|---|---|---|
| | **2011 $'000** | **2010 $'000** |
| Balance at beginning of the year | (3,480) | (3,241) |
| FRS 39 adjustment on interest-free loan (Note 7) | – | (447) |
| Amounts paid out and settlement of liabilities on behalf of another party | 3,480 | 208 |
| Balance at end of the year | – | (3,480) |

**3.5 Commitments and contingencies:**

Bank facilities of $155,475,000 (2010: $145,376,000) extended to subsidiaries were guaranteed by the company. A fee is not charged for these corporate guarantees as it is not significant at the company level.

## 4. Financial Information by Operating Segments

### 4A Information about Reportable Segment Profit or Loss, Assets and Liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the group.

For management purposes the group is organised into the following major strategic operating segments that offer different products and services: (1) wholesale and (2) retail. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information. They are managed separately because each business requires different strategies.

The segments and the types of products and services are as follows:

The wholesale segment is involved in wholesaling of watches and clocks.

The retail segment is involved in retailing of watches, pens, lighters and clocks.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation, interests and income taxes (called "Recurring EBITDA") and (2) operating result before income taxes and other unallocated items (called "ORBT").

### 4B Profit and Loss from Continuing Operations and Reconciliations

| | Wholesale $'000 | Retail $'000 | Unallocated $'000 | Elimination $'000 | Group $'000 |
|---|---|---|---|---|---|
| **Continuing Operations 2011** | | | | | |
| **Revenue by Segment** | | | | | |
| Total revenue by segment | 41,920 | 253,725 | 182 | – | 295,827 |
| Inter-segment sales | 7,008 | 242 | 1,243 | (8,493) | – |
| Total revenue | 48,928 | 253,967 | 1,425 | (8,493) | 295,827 |
| **Recurring EBITDA** | 4,402 | 15,320 | 1,195 | (141) | 20,776 |
| Finance costs | (241) | (1,983) | – | 44 | (2,180) |
| Depreciation | (257) | (2,464) | (59) | – | (2,780) |
| Impairment loss reversed | – | – | 43 | – | 43 |
| ORBT | 3,904 | 10,873 | 1,179 | (97) | 15,859 |
| Share of loss of associate | – | – | (138) | – | (138) |
| Profit before tax from continuing activities | | | | | 15,721 |
| Income tax expense | | | | | (3,165) |
| **Profit from continuing operations** | | | | | 12,556 |

# NOTES TO THE FINANCIAL STATEMENTS
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**4. Financial Information by Operating Segments (Cont'd)**

**4B Profit and Loss from Continuing Operations and Reconciliations (Cont'd)**

| | Wholesale $'000 | Retail $'000 | Unallocated $'000 | Elimination $'000 | Group $'000 |
|---|---|---|---|---|---|
| **Continuing Operations 2010** | | | | | |
| **Revenue by Segment** | | | | | |
| Total revenue by segment | 51,035 | 226,687 | 294 | – | 278,016 |
| Inter-segment sales | 7,109 | 211 | 1,102 | (8,422) | – |
| Total revenue | 58,144 | 226,898 | 1,396 | (8,422) | 278,016 |
| **Recurring EBITDA** | 8,170 | 10,265 | 2,997 | (2,365) | 19,067 |
| Finance costs | (271) | (1,559) | (344) | 52 | (2,122) |
| Depreciation | (258) | (2,448) | (59) | – | (2,765) |
| Impairment loss reversed | – | – | 262 | – | 262 |
| ORBT | 7,641 | 6,258 | 2,856 | (2,313) | 14,442 |
| Share of loss of associate | – | – | 164 | – | 164 |
| Profit before tax from continuing activities | | | | | 14,606 |
| Income tax expense | | | | | (3,200) |
| **Profit from continuing operations** | | | | | 11,406 |

**4C Assets and Reconciliations**

| | Wholesale $'000 | Retail $'000 | Unallocated $'000 | Elimination $'000 | Group $'000 |
|---|---|---|---|---|---|
| **2011** | | | | | |
| Total assets for reportable segments | 25,437 | 174,819 | – | (17,790) | 182,466 |
| Unallocated: | | | | | |
| Deferred tax assets | – | – | 604 | – | 604 |
| Cash and bank balances | – | – | 11,519 | – | 11,519 |
| Investment properties | – | – | 1,680 | – | 1,680 |
| Investment in associates | – | – | 2,905 | – | 2,905 |
| Other unallocated amounts | – | – | 1,678 | (1,649) | 29 |
| **Total group assets** | 25,437 | 174,819 | 18,386 | (19,439) | 199,203 |

| | Wholesale $'000 | Retail $'000 | Unallocated $'000 | Elimination $'000 | Group $'000 |
|---|---|---|---|---|---|
| **2010** | | | | | |
| Total assets for reportable segments | 20,979 | 169,892 | – | (16,937) | 173,934 |
| Unallocated: | | | | | |
| Deferred tax assets | – | – | 262 | – | 262 |
| Cash and bank balances | – | – | 12,686 | – | 12,686 |
| Investment properties | – | – | 1,696 | – | 1,696 |
| Investment in associates | – | – | 3,043 | – | 3,043 |
| Other unallocated amounts | – | – | 1,653 | (1,649) | 4 |
| **Total group assets** | 20,979 | 169,892 | 19,340 | (18,586) | 191,625 |

## 4. Financial Information by Operating Segments (Cont'd)

### 4D Liabilities and Reconciliations

| | Wholesale $'000 | Retail $'000 | Unallocated $'000 | Elimination $'000 | Group $'000 |
|---|---|---|---|---|---|
| **2011** | | | | | |
| Total liabilities for reportable segments | 2,473 | 35,165 | – | (20,019) | 17,619 |
| Unallocated: | | | | | |
| Deferred and current tax liabilities | – | – | 3,180 | – | 3,180 |
| Other financial liabilities | – | – | 69,802 | – | 69,802 |
| Other unallocated amounts | – | – | 2,625 | – | 2,625 |
| Total group liabilities | 2,473 | 35,165 | 75,607 | (20,019) | 93,226 |

| | Wholesale $'000 | Retail $'000 | Unallocated $'000 | Elimination $'000 | Group $'000 |
|---|---|---|---|---|---|
| **2010** | | | | | |
| Total liabilities for reportable segments | 1,463 | 29,203 | – | (15,466) | 15,200 |
| Unallocated: | | | | | |
| Deferred and current tax liabilities | – | – | 2,170 | – | 2,170 |
| Other financial liabilities | – | – | 69,300 | – | 69,300 |
| Other unallocated amounts | – | – | 6,122 | – | 6,122 |
| Total group liabilities | 1,463 | 29,203 | 77,592 | (15,466) | 92,792 |

### 4E Other Material Items and Reconciliations

| | Wholesale $'000 | Retail $'000 | Unallocated $'000 | Elimination $'000 | Group $'000 |
|---|---|---|---|---|---|
| Other material items and reconciliations | | | | | |
| Impairment (reversal) of assets: | | | | | |
| 2011 | – | – | (43) | – | (43) |
| 2010 | – | – | (262) | – | (262) |
| Expenditures for non-current assets: | | | | | |
| 2011 | 66 | 3,864 | – | – | 3,930 |
| 2010 | 70 | 3,813 | – | – | 3,883 |

# NOTES TO THE FINANCIAL STATEMENTS
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**4. Financial Information by Operating Segments (Cont'd)**

**4F Geographical Information**

| | Revenue | | Total Assets | |
|---|---|---|---|---|
| | 2011 $'000 | 2010 $'000 | 2011 $'000 | 2010 $'000 |
| Singapore | 162,143 | 140,011 | 109,943 | 105,275 |
| South East Asia (a) | 77,336 | 74,094 | 50,368 | 53,004 |
| North East Asia (b) | 52,536 | 59,244 | 38,455 | 33,084 |
| Others (c) | 3,812 | 4,667 | – | – |
| Unallocated | – | – | 437 | 262 |
| Total | 295,827 | 278,016 | 199,203 | 191,625 |

(a) South East Asia includes Malaysia, Thailand and Indonesia
(b) North East Asia includes Hong Kong and Taiwan
(c) Other countries include mainly Russia, Dubai and Cambodia

Revenues are attributed to countries on the basis of the customer's location irrespective of the origin of the goods and services. The total assets are analysed by the geographical area in which the assets are located.

**4G Information About Major Customers**

There are no customers with revenue transactions of over 10% of the group revenue.

**5. Revenue**

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Sale of goods | 294,081 | 276,448 |
| Rental income | 132 | 299 |
| Other income | 1,614 | 1,269 |
| | 295,827 | 278,016 |

**6. Interest Income**

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Interest income from financial institutions | 9 | 8 |

## 7. Other Credits and (Other Charges)

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Fair value losses on interest rate swaps | (1,036) | (213) |
| Bad debts written off - trade receivables | – | (102) |
| Bad debts written off - other receivables | – | (7) |
| Bad debts recovered on trade receivables | 40 | 19 |
| Allowance for impairment on trade receivables - loss | (39) | – |
| FRS 39 adjustment on interest free loan payable to associate | – | (447) |
| Foreign exchange adjustments (losses)/gains | (381) | 569 |
| Gains /(Losses) on disposal of asset held for sale and plant and equipment | 147 | (17) |
| Inventories written off | (12) | (39) |
| Recovery of inventory losses | 349 | – |
| Plant and equipment written off | (810) | – |
| Net | (1,742) | (237) |
| Presented in the consolidated statement of income as: | | |
| Other Credits | 536 | 588 |
| Other Charges | (2,278) | (825) |
| Net | (1,742) | (237) |

## 8. Employee Benefits Expense

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Employee benefits expense | 15,387 | 13,627 |
| Contributions to defined contribution plans | 933 | 814 |
| Total employee benefits expense | 16,320 | 14,441 |

## 9. Depreciation Expense

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Depreciation expense of property, plant and equipment | 2,721 | 2,706 |
| Depreciation expense of investment properties | 59 | 59 |
| | 2,780 | 2,765 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 10. Other Expenses

The major components include the following:

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Advertising and promotion | 2,386 | 1,582 |
| Credit card commission | 3,366 | 2,938 |

## 11. Finance Costs

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Interest expense on finance leases | 32 | 42 |
| Interest expense on borrowings | 2,148 | 2,080 |
| | 2,180 | 2,122 |

## 12. Income Tax

**12A Components of tax expense recognised in profit or loss include:**

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| **Current tax expense:** | | |
| Current tax expense | 3,391 | 2,824 |
| Under adjustments to current tax in respect of prior periods | 58 | 179 |
| Subtotal | 3,449 | 3,003 |
| **Deferred tax (income) expense:** | | |
| Deferred tax (income) expense | (318) | 203 |
| Over (Under) adjustments to deferred tax in respect of prior periods | 34 | (6) |
| Subtotal | (284) | 197 |
| Total income tax expense | 3,165 | 3,200 |

## 12. Income Tax (Cont'd)

### 12A Components of tax expense recognised in profit or loss include: (Cont'd)

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate. The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2010:17%) to profit or loss before tax as a result of the following differences:

| | Group | |
|---|---|---|
| | 2011<br>$'000 | 2010<br>$'000 |
| Profit Before Tax | 15,721 | 14,606 |
| Less: Share of losses (profits) from equity-accounted associates | 138 | (164) |
| | 15,859 | 14,442 |
| Income tax expense at the above rate | 2,696 | 2,455 |
| Not deductible items | 1,323 | 296 |
| Tax exemptions | (71) | (104) |
| Underprovision for tax in respect of previous periods | 92 | 173 |
| Effect of different tax rates in different countries | (77) | (25) |
| Deferred tax assets not recognised on unutilised tax losses | 3 | 405 |
| Tax losses utilised | (798) | – |
| Other minor items less than 3% each | (3) | – |
| Total income tax expense | 3,165 | 3,200 |

There are no income tax consequences of dividends paid to owners of the company.

### 12B Deferred tax (income) expense recognised in profit or loss include:

| | Group | |
|---|---|---|
| | 2011<br>$'000 | 2010<br>$'000 |
| Excess of net book value of plant and equipment over tax values | (51) | 77 |
| Excess of tax values over net book value of plant and equipment | 29 | (24) |
| Provisions | (248) | 110 |
| Unrealised foreign exchange (gains) / losses | (109) | 167 |
| Tax losses carryforwards | 95 | (57) |
| Fair value adjustment on interest free loan payable to an associate | – | (76) |
| Total deferred tax (income) expense recognised in statement of income | (284) | 197 |

# NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

**12. Income Tax (Cont'd)**

**12C Deferred tax balance in the statement of financial position:**

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 $'000 | 2010 $'000 | 2011 $'000 | 2010 $'000 |
| **Deferred tax assets/ (liabilities) recognised in statement of financial position:** | | | | |
| Excess of net book value of plant and equipment over tax values | (377) | (428) | – | – |
| Excess of tax values over net book value of plant and equipment | 26 | 55 | – | – |
| Provisions | 873 | 625 | – | – |
| Tax loss carryforwards | 27 | 122 | – | – |
| Unrealised foreign exchange losses | (3) | (112) | – | – |
| Total | 546 | 262 | – | – |
| Presented in the statement of financial position as follows: | | | | |
| Deferred tax assets | 604 | 262 | – | – |
| Deferred tax liabilities | (58) | – | – | – |
| Net position | 546 | 262 | – | – |

Temporary differences arising in connection with interests in subsidiaries are insignificant.

For deferred tax assets and liabilities it is impracticable to estimate the amount of tax to be settled or used within one year.

At end of the reporting year, the group has unused gross tax losses of approximately $6,530,000 (2010: $7,122,000) available for offset against future profits. No deferred tax asset has been recognised due to unpredictability of future profit streams. The realisation of the future income tax benefits from tax carryforwards is available for unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined except for the unused gross tax losses of $112,000, $1,028,000, $489,000, $8,000, $219,000, $93,000, $667,000 and $3,914,000 which will expire in 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020 respectively.

## 13. Items in the Consolidated Statement of Income

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following charges:-

| | Group | |
|---|---|---|
| | 2011<br>$'000 | 2010<br>$'000 |
| Other fees to independent auditors: | | |
| – Company's independent auditors | 25 | 18 |
| – Other independent auditors | 11 | 11 |
| | 31 | 29 |

## 14. Dividends on Equity Shares

| | Group | |
|---|---|---|
| | 2011<br>$'000 | 2010<br>$'000 |
| Final tax exempt (1-tier) dividend paid of 1 cent (2010: 1 cent) per share | 1,656 | 1,656 |
| Special tax exempt (1-tier) dividend paid of 1 cent (2010: Nil cent) per share | 1,656 | – |
| | 3,312 | 1,656 |

In respect of the current year, the directors propose that a final tax exempt (1-tier) dividend of 1 cent per share and a special tax exempt (1-tier) dividend of 1.5 cent per share with a total of $4,140,000 be paid to shareholders after the annual general meeting. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements.

## 15. Earnings Per Share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

| | Group | |
|---|---|---|
| | 2011 | 2010 |
| Numerators: Earnings attributable to equity: | | |
| Continuing operations: Attributable to equity holders ($'000) | 12,975 | 12,273 |
| Denominators: Weighted average number of equity shares Basic | 165,578,415 | 165,578,415 |

Basic earnings per share ratio is based on the weighted average number of common shares outstanding during each period. There is no dilution of earnings per share as there are no dilutive potential ordinary shares outstanding as at the end of the reporting year.

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## 16. Property, Plant and Equipment

| Group | Freehold Property $'000 | Leasehold Property and Improvement $'000 | Plant and Equipment $'000 | Total $'000 |
|---|---|---|---|---|
| Cost: | | | | |
| At 1 April 2009 | 2,379 | 5,394 | 9,235 | 17,008 |
| Additions | – | 2,512 | 1,371 | 3,883 |
| Disposals | – | (425) | (256) | (681) |
| Reclassifications for asset held for sale | – | (1,295) | – | (1,295) |
| Exchange adjustments | 68 | 128 | (29) | 167 |
| At 31 March 2010 | 2,447 | 6,314 | 10,321 | 19,082 |
| Additions | – | 2,062 | 1,868 | 3,930 |
| Disposals | – | (1,873) | (2,677) | (4,550) |
| Exchange adjustments | (70) | (214) | (122) | ( 406) |
| At 31 March 2011 | 2,377 | 6,289 | 9,390 | 18,056 |
| Depreciation and Impairment: | | | | |
| At 1 April 2009 | 234 | 3,023 | 4,685 | 7,942 |
| Depreciation for the year | 47 | 1,436 | 1,223 | 2,706 |
| Disposals | – | (409) | (234) | (643) |
| Reclassifications for asset held for sale | – | (219) | – | (219) |
| Exchange adjustments | 9 | (103) | 158 | 64 |
| At 31 March 2010 | 290 | 3,728 | 5,832 | 9,850 |
| Depreciation for the year | 48 | 1,384 | 1,289 | 2,721 |
| Disposals | – | (1,236) | (2,294) | (3,530) |
| Exchange adjustments | (9) | (110) | (71) | ( 190) |
| At 31 March 2011 | 329 | 3,766 | 4,756 | 8,851 |
| Net book value: | | | | |
| At 1 April 2009 | 2,145 | 2,371 | 4,550 | 9,066 |
| At 31 March 2010 | 2,157 | 2,586 | 4,489 | 9,232 |
| At 31 March 2011 | 2,048 | 2,523 | 4,634 | 9,205 |

## 16. Property, Plant and Equipment (Cont'd)

| Company | Plant and Equipment $'000 |
|---|---|
| Cost: | |
| At 1 April 2009, 31 March 2010 and 31 March 2011 | 129 |
| Depreciation and Impairment: | |
| At 1 April 2009, 31 March 2010 and 31 March 2011 | 129 |
| Net book value: | |
| At 1 April 2009, 31 March 2010 and 31 March 2011 | – |

Certain items are under finance lease agreements (Note 30).

Certain items of property, plant and equipment at a carrying value of $2,048,000 (2010: $2,145,000) are pledged as security for the bank facilities (Note 30).

## 17. Investment Properties

| | Group and Company | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| At cost: | | |
| At beginning and end of the year | 2,954 | 2,954 |
| Accumulated Depreciation and Impairment: | | |
| At beginning of the year | 1,258 | 1,461 |
| Depreciation for the year | 59 | 59 |
| Impairment loss reversed | (43) | (262) |
| At end of the year | 1,274 | 1,258 |
| Net book value: | | |
| At beginning of the year | 1,696 | 1,493 |
| At end of the year | 1,680 | 1,696 |
| Fair value: | | |
| Fair value at end of the year | 2,650 | 2,410 |
| Direct operating expenses (including repairs and maintenance) arising from investment property | (31) | (30) |
| Rental and service income from investment property | 129 | 85 |

The investment properties are leased out under operating leases.

The fair value is determined periodically on a systematic basis at least once in three years. The fair value was based on desktop valuations made by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, a firm of independent professional valuers based on reference to market evidence of transaction prices for similar properties. The fair value is regarded as the lowest level for fair value measurement as the valuation includes inputs for the asset that are not based on observable market data (unobservable inputs).

# NOTES TO THE FINANCIAL STATEMENTS
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## 18. Investments in Subsidiaries

| | Company | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Unquoted shares, at cost: | | |
| At beginning of the year | 22,955 | 22,296 |
| Additions | – | 659 |
| | 22,955 | 22,955 |
| Less allowance for impairment | (6,074) | (4,611) |
| FRS 39 adjustments [(a)] | 4,952 | 4,952 |
| At end of the year | 21,833 | 23,296 |
| Movements in allowance for impairment: | | |
| Balance at beginning of the year | 4,611 | 4,611 |
| Charged to statement of income | 1,463 | – |
| Balance at end of the year | 6,074 | 4,611 |
| Net book value of subsidiaries | 86,813 | 76,038 |
| Analysis of above amount denominated in non-functional currencies: | | |
| Hong Kong Dollars | 5,142 | 5,142 |
| New Taiwan Dollars | 4,896 | 4,896 |
| Malaysian Ringgit | 6,518 | 6,518 |
| Thailand Baht | 4,490 | 4,490 |

(a) The amount consists of $4,681,000 related to FRS 39 adjustment in previous years for interest-free intercompany receivables from subsidiary and $271,000 related to FRS 39 adjustment for corporate guarantee.

## 18. Investments in Subsidiaries (Cont'd)

The subsidiaries held by the company are listed below:

| Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors) | Cost in Books of Group | | Effective Percentage of Equity Held by Group | |
|---|---|---|---|---|
| | 2011 $'000 | 2010 $'000 | 2011 $'000 | 2010 $'000 |
| Chronoswiss Asia Pte Ltd [a]<br>Singapore<br>Import and export of Chronoswiss watches | 90 | 90 | 90 | 90 |
| Cortina Watch HK Limited [b]<br>Hong Kong<br>Retail, import and export of watches<br>(RSM Nelson Wheeler) | 2,529 | 2,529 | 100 | 100 |
| Cortina Watch Pte Ltd [a]<br>Singapore<br>Retail, import and export of watches, pens, lighters and clocks | 1,200 | 1,200 | 100 | 100 |
| Cortina Watch (Indochina) Pte Ltd [a]<br>Singapore<br>Dormant | 519 | 519 | 100 | 100 |
| Cortina Watch International Pte Ltd [a]<br>Singapore<br>Dormant | (d) | (d) | 100 | 100 |
| Cortina Watch Sdn Bhd [b]<br>Malaysia<br>Retail, import and export of watches, pens and clocks<br>(RSM Robert Teo, Kuan & Co.) | 6,518 | 6,518 | 70 | 70 |
| Pactime HK Limited [b]<br>Hong Kong<br>Import and export of watches<br>(RSM Nelson Wheeler) | 2,613 | 2,613 | 100 | 100 |
| Pacific Time Pte Ltd [a]<br>Singapore<br>Import and export of watches | 100 | 100 | 100 | 100 |
| Cortina Watch (Thailand) Co. Ltd [b]<br>Thailand<br>Retail, import and export of watches<br>(RSM Audit Services (Thailand) Limited) | 4,490 | 4,490 | 70 | 70 |
| Cortina Watch Co., Ltd [c]<br>Taiwan<br>Retail, import and export of watches<br>(Sun Rise CPAs & Company) | 3,893 | 3,893 | 60 | 60 |
| Pacific Time Co., Ltd [c]<br>Taiwan<br>Distribution of watches<br>(Sun Rise CPAs & Company) | 1,003 | 1,003 | 60 | 60 |
| | 22,955 | 22,955 | | |

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**18. Investments in Subsidiaries (Cont'd)**

(a) Audited by RSM Chio Lim LLP.
(b) Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(c) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.
(d) Cost of investment is less than $1,000.

As is required by Rule 716 of the Listing Manual of the Singapore Exchange Securities Trading Limited the audit committee and the board of directors of the company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the group.

**19. Investments in Associates**

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 $'000 | 2010 $'000 | 2011 $'000 | 2010 $'000 |
| Movements in carrying value: | | | | |
| At beginning of the year | 3,043 | 2,879 | 1,000 | 1,000 |
| Share of (loss) profit for the year | (138) | 164 | – | – |
| At end of the year | 2,905 | 3,043 | 1,000 | 1,000 |
| Carrying value: | | | | |
| Unquoted equity shares at cost | 1,000 | 1,000 | 1,000 | 1,000 |
| Share of post-acquisition profits, net of dividends received | 1,905 | 2,043 | – | – |
| | 2,905 | 3,043 | 1,000 | 1,000 |
| Analysis of the above amount denominated in non-functional currency: | | | | |
| Swiss Franc | 39 | 36 | – | – |

## 19. Investments in Associates (Cont'd)

The associates held by the company are listed below:

| Name of associates, country of incorporation, place of operations and principal activities (and independent auditors) | Effective Percentage of Equity Held by Group | |
|---|---|---|
| | 2011 % | 2010 % |
| Montre Royale Distributors (Singapore) Pte Ltd [(a)]<br>Singapore<br>Dealers in watches | 50 | 50 |
| Held through Montre Royale Distributors (Singapore) Pte Ltd | | |
| Societe Anoynyme De La Montre Royale [(b)]<br>Switzerland<br>Commission agents and general trading<br>(CRC Cabinet de Revision & Conseil S.A.) | 50 | 50 |

(a) Audited by RSM Chio Lim LLP.

(b) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

The summarised financial information of the associates, not adjusted for the percentage ownership held by the group, is as follows:

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Assets | 5,831 | 6,102 |
| Liabilities | 21 | 16 |
| Revenue | – | 75 |
| (Loss) Profit for the year | (276) | 328 |

## 20. Trade and Other Receivables, Non-Current

| | Company | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Loan receivables from subsidiaries (Notes 3 and 18) | 13,153 | 13,153 |
| Movements during the year - at amortised cost: | | |
| Amortised cost at beginning of the year | 13,153 | 14,026 |
| Amount paid in during the year | – | (1,068) |
| Fair value gain on interest free loan receivable from subsidiary | – | (564) |
| Unwinding of discount | – | 759 |
| Balance at end of the year | 13,153 | 13,153 |

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**20. Trade and Other Receivables, Non-Current (Cont'd)**

Loan receivables from subsidiaries consist of the following amounts:

(a) An amount of $4,300,000 which represents, in substance, part of the company's net investment in a subsidiary and is stated at cost. The amount is non-interest bearing, unsecured and not expected to be repaid within the next one year.

(b) An amount of $8,853,000 that the directors have converted to a quasi-equity loan during the previous year. The difference of $564,003 between the carrying amount as at 31 March 2010, and the revised carrying amount based on the present value of the revised estimated future cash flows is charged to profit and loss as other charges. This difference is eliminated in the consolidated financial statements.

**21. Other Assets, Non-Current**

| | Group | |
|---|---|---|
| | 2011<br>$'000 | 2010<br>$'000 |
| Deposits to secure services | 3,363 | 2,622 |

**22. Assets Held for Sale**

| | Group | |
|---|---|---|
| | 2011<br>$'000 | 2010<br>$'000 |
| Transfer from Property, Plant and Equipment | – | 1,076 |
| Liabilities associated with asset classified as held for sale:<br>Bank loans | – | 456 |
| Net assets held for sale | – | 620 |

On 17 March 2010, the Group has committed to sell one of its leasehold properties at a consideration above the net book value. The carrying value of this leasehold property in the statement of financial position is its net book value.

The sale of the leasehold properties was completed in 2011.

## 23. Inventories

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Finished goods | | |
| - at cost | 109,422 | 128,675 |
| - at net realisable value | 48,481 | 22,896 |
| - restricted | – | 120 |
| Total finished goods at lower of cost and net realisable value | 157,903 | 151,691 |
| The write-downs of inventories charged to consolidated statement of income included in changes in inventories of finished goods | 981 | 100 |

There are no inventories pledged as security for liabilities.

## 24. Trade and Other Receivables, Current

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 $'000 | 2010 $'000 | 2011 $'000 | 2010 $'000 |
| **Trade receivables:** | | | | |
| Outside parties | 9,830 | 7,181 | – | – |
| Less allowance for impairment | (55) | (22) | – | – |
| Subtotal | 9,775 | 7,159 | – | – |
| **Other receivables:** | | | | |
| Subsidiaries (Note 3) | – | – | 6,741 | 9,109 |
| Other receivables | 32 | – | 32 | 7 |
| Less allowance for impairment | – | – | (18) | (18) |
| Subtotal | 32 | – | 6,755 | 9,098 |
| Total trade and other receivables | 9,807 | 7,159 | 6,755 | 9,098 |
| Movements in above allowance: | | | | |
| Balance at beginning of the year | 22 | 22 | 18 | 18 |
| Charged for trade receivables to consolidated statement of income included in other charges | 39 | – | – | – |
| Foreign exchange adjustments | (6) | – | – | – |
| Balance at end of the year | 55 | 22 | 18 | 18 |

The allowance is based on individual accounts that are determined to be impaired at the reporting date. These are not secured.

# NOTES TO THE FINANCIAL STATEMENTS
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## 25. Other Assets, Current

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 $'000 | 2010 $'000 | 2011 $'000 | 2010 $'000 |
| Deposits to secure services | 1,186 | 1,024 | – | – |
| Prepayments | 1,031 | 1,134 | 16 | 16 |
| | 2,217 | 2,158 | 16 | 16 |

## 26. Cash and Bank balances

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 $'000 | 2010 $'000 | 2011 $'000 | 2010 $'000 |
| Not restricted in use | 11,519 | 12,686 | 287 | 63 |

The interest earning balances are insignificant. The amount represents bank balances with maturity of less than 90 days.

### 26A Cash and Cash Equivalents in the Consolidated Statement of Cash Flows:

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Cash and bank balances as shown above | 11,519 | 12,686 |
| Bank overdrafts (Note 30) | (5,605) | (2,509) |
| Cash and cash equivalents for consolidated statement of cash flows purpose at end of the year | 5,914 | 10,177 |

### 26B Non-cash transactions:

During the reporting year, there was acquisition of plant and equipment with a total cost of $760,000 (2010: NIL) acquired by means of finance leases.

## 27. Share Capital

| | Group and Company | |
|---|---|---|
| | Number of Shares Issued | Share Capital $'000 |
| **Ordinary shares of no par value:** | | |
| Balance at 1 April 2009, 31 March 2010 and 31 March 2011 | 165,578,415 | 35,481 |

The ordinary shares of no par value which are fully paid carry no right to fixed income.

In order to maintain its listing on the Singapore Stock Exchange, it has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

**Capital Management:**

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt.

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Net debt: | | |
| All current and non-current borrowings including finance leases (Note 30) | 69,802 | 69,300 |
| Less cash and bank balances (Note 26) | (11,519) | (12,686) |
| Net debt | 58,283 | 56,614 |
| Total capital: | | |
| Total equity | 105,977 | 98,833 |
| Debt-to-total capital ratio | 55% | 57% |

The decrease in the debt-to-total capital ratio for the reporting year resulted primarily from the increase in retained earnings.

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## 28. Other Reserves

| Group | Foreign Currency Translation Reserves $'000 |
|---|---|
| At 1 April 2009 | (1,919) |
| Exchange differences on translating foreign operations | (938) |
| At 31 March 2010 | (2,857) |
| Exchange differences on translating foreign operations | (1,906) |
| At 31 March 2011 | (4,763) |

All reserves classified on the face of the statement of financial position as retained earnings represents past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

The currency translation reserve accumulates all foreign exchange differences.

## 29. Provisions, Non-Current

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Provision for dismantling and removing the item and restoring the site relating to property, plant and equipment: | | |
| Movements in above provision: | | |
| Balance at beginning of the year | 469 | 378 |
| Additions | 152 | 107 |
| Used | (15) | (16) |
| Balance at end of the year | 606 | 469 |

The provision is based on the present value of costs to be incurred to remove leasehold improvements from leased property. The estimate is based on quotations from external contractors. The unexpired terms range from 2 years to 3 years.

## 30. Other Financial Liabilities

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| **Non-Current:** | | |
| Bank loans (secured) (Note 30A) | 711 | 911 |
| Finance lease liabilities (Note 30B) | 562 | 482 |
| Derivatives financial instrument (Note 34) | 1,249 | 213 |
| Non-current, total | 2,522 | 1,606 |
| **Current:** | | |
| Bank overdrafts (secured) (Note 30A) | 5,605 | 2,509 |
| Bank loans (secured) (Note 30A) | 21,756 | 15,894 |
| Bills payable (secured) (Note 30A) | 39,689 | 49,032 |
| Finance lease liabilities (Note 30B) | 230 | 259 |
| Current, total | 67,280 | 67,694 |
| Total | 69,802 | 69,300 |

The ranges of fixed interest rate paid were as follows:

| | Group | |
|---|---|---|
| | 2011 | 2010 |
| Finance leases | 1.88% - 2.28% | 2.28% - 3.00% |

The ranges of floating interest rate paid were as follows:

| | Group | |
|---|---|---|
| | 2011 | 2010 |
| Bank overdrafts | 3.14% - 7.75% | 4.25% - 7.25% |
| Bank loans | 1.35% - 7.60% | 1.70% - 6.85% |
| Bills payable | 1.40% - 4.80% | 1.63% - 6.15% |

### 30A Bank Loans, Bank Overdrafts and Bills Payable (Secured)

Certain of the bank loans, bank overdrafts, bills payable and other credit facilities are covered by a first and legal charge on the group's leasehold and freehold properties.

The bank loans are repayable in equal monthly instalments of amounts ranging from $16,000 to $30,000 over 5 to 10 years commencing from September 2004 and February 2011.

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## 30. Other Financial Liabilities (Cont'd)
### 30B Finance Leases

| Group 2011 | Minimum Payments $'000 | Finance Charges $'000 | Present Value $'000 |
|---|---|---|---|
| Minimum lease payments payable: | | | |
| Due within one year | 257 | (27) | 230 |
| Due within 2 to 5 years | 594 | (32) | 562 |
| Total | 851 | (59) | 792 |
| Net book value of plant and equipment under finance leases | | | 1,176 |

| Group 2010 | Minimum Payments $'000 | Finance Charges $'000 | Present Value $'000 |
|---|---|---|---|
| Minimum lease payments payable: | | | |
| Due within one year | 288 | (29) | 259 |
| Due within 2 to 5 years | 506 | (24) | 482 |
| Total | 794 | (53) | 741 |
| Net book value of plant and equipment under finance leases | | | 1,016 |

There are leases for certain of its plant and equipment under finance leases. The average lease term is 5 years (2010: 5 years). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in S$. The obligations under finance leases are secured by the lessor's charge over the leased assets.

## 31. Other Liabilities, Non-Current

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Deferred income | – | 1 |

## 32. Trade and Other Payables, Current

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 $'000 | 2010 $'000 | 2011 $'000 | 2010 $'000 |
| **Trade payables:** | | | | |
| Outside parties and accrued liabilities | 16,664 | 12,032 | 2,406 | 2,407 |
| Associate (Note 3) | 490 | 511 | – | – |
| Subtotal | 17,154 | 12,543 | 2,406 | 2,407 |
| **Other payables:** | | | | |
| Associate (Note 3) | – | 3,480 | – | – |
| Other payables | 181 | 1,088 | 22 | 32 |
| Subtotal | 181 | 4,568 | 22 | 32 |
| Total trade and other payables | 17,335 | 17,111 | 2,428 | 2,439 |

## 33. Other Liabilities, Current

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Advanced deposits from customers | 2,303 | 3,741 |

## 34. Derivatives Financial Instruments

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Liabilities – Derivatives with negative fair values: | | |
| Interest rate swaps | 1,249 | 213 |
| Non-current portion (Note 30) | 1,249 | 213 |
| The movements during the year were as follows: | | |
| Balance at the beginning of the year | 213 | – |
| Fair value losses recognised (Note 7) | 1,036 | 213 |
| Total net balance at end of the year | 1,249 | 213 |

The notional amount of the interest rate swaps are $50,000,000 (2010: $50,000,000). They are designed to convert floating rate borrowings to fixed rate exposure for the next two years effective from 20 December 2010 at fixed rates ranging from 2.075% to 2.130% (2010: 2.075% to 2.130%) per annum.

The fair value of the interest rate swaps are classified under Level 2 of the fair value hierarchy.

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**35. Forward Currency Contracts**

This includes the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts:

| | Principal $'000 | Reference Currency | Maturity | Favourable/ (Unfavourable) $'000 |
|---|---|---|---|---|
| 2011: | | | | |
| Forward currency contracts | 958 | SGD | April 2011 | (2) |
| 2010: | | | | |
| Forward currency contracts | 663 | SGD | April 2010 | 14 |

The fair value of the forward currency contracts are based on the current value of the difference between the contractual exchange rate and the market rate at the end of the reporting year (Level 2). The fair value for 2011 and 2010 are not recorded in the financial statements as they are not material.

**36. Financial Instruments: Information on Financial Risks**

**36A Classification of Financial Assets and Liabilities**

The following table summarises the carrying amount of financial assets and financial liabilities recorded at the end of the reporting year by FRS 39 categories:

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| **Financial assets:** | | |
| Cash and bank balances | 11,519 | 12,686 |
| Loans and receivables | 9,807 | 7,159 |
| At end of the year | 21,326 | 19,845 |
| **Financial liabilities:** | | |
| Other financial liabilities at fair value | 1,249 | 213 |
| Other financial liabilities at amortised cost | 68,553 | 69,087 |
| Trade and other payables at amortised cost | 17,335 | 17,111 |
| At end of the year | 87,137 | 86,411 |

| | Company | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| **Financial assets:** | | |
| Cash and bank balances | 287 | 63 |
| Loans and receivables | 19,908 | 22,251 |
| At end of the year | 20,195 | 22,314 |
| **Financial liabilities:** | | |
| Trade and other payables at amortised cost | 2,428 | 2,439 |
| At end of the year | 2,428 | 2,439 |

Further quantitative disclosures are included throughout these financial statements.

## 36. Financial Instruments: Information on Financial Risks (Cont'd)

### 36B Financial Risk Management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. The main risks arising from the entity's financial instruments are credit risk, interest risk, liquidity risk, foreign currency risk and market price risk comprising interest rate and currency risk exposures. The management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following good market practices.
5. When appropriate may consider investing in shares or similar instruments.
6. When appropriate enter into derivatives or any other similar instruments solely for hedging purposes.

There has been no changes to the the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

### 36C Fair Values of Financial Instruments

The financial assets, as disclosed in Note 24 and financial liabilities, as disclosed in Note 30 (excluding derivatives financial instrument) and Note 32, at amortised cost are at a carrying amount that is a reasonable approximation of fair values.

Derivatives financial instruments, as disclosed in Notes 30 and 34, are financial liabilities recorded at fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. These derivatives financial instruments are measured at Level 2.

### 36D Credit Risk on Financial Assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial instruments; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any loan payable commitment at the end of the reporting year. Credit risk on cash balances with banks and derivative financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed of the financial condition of the counter-parties and a loss from impairment is recognised in profit or loss. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to financial statements below.

Note 26 discloses the maturity of the cash and bank balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 90 days (2010: 30 to 90 days). But some customers take a longer period to settle the amounts.

# NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

**36. Financial Instruments: Information on Financial Risks (Cont'd)**

**36D Credit Risk on Financial Assets (Cont'd)**

(a) Ageing analysis of the trade receivable amounts that are past due as at the end of reporting year but not impaired:

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Trade receivables: | | |
| Less than 60 days | 60 | 183 |
| 61-90 days | 65 | 119 |
| 91-180 days | – | 2 |
| Over 180 days | 36 | 13 |
| Total | 161 | 317 |

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Trade receivables: | | |
| Over 180 days | 55 | 22 |

Other receivables are normally with no fixed terms and therefore there is no maturity.

Concentration of trade receivables customers as at the end of reporting year:

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| Top 1 customer | 1,622 | 400 |
| Top 2 customers | 2,318 | 761 |
| Top 3 customers | 2,605 | 948 |

**36E Liquidity Risk**

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

| Group<br>Non-derivative financial liabilities | Less than 1 year $'000 | 2-5 years $'000 | Over 5 years $'000 | Total $'000 |
|---|---|---|---|---|
| **2011** | | | | |
| Gross Borrowing Commitments | 67,731 | 1,659 | – | 69,390 |
| Trade and Other Payables | 17,335 | – | – | 17,335 |
| At end of the year | 85,066 | 1,659 | – | 85,725 |

## 36. Financial Instruments: Information on Financial Risks (Cont'd)

### 36E Liquidity Risk (Cont'd)

| Group<br>Non-derivative financial liabilities | Less than 1 year<br>$'000 | 2-5 years<br>$'000 | Over 5 years<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **2010** | | | | |
| Gross Borrowing Commitments | 67,985 | 1,333 | 186 | 69,504 |
| Trade and Other Payables | 17,111 | – | – | 17,111 |
| At end of the year | 85,096 | 1,333 | 186 | 86,615 |

The following table analyses the derivative financial liabilities by remaining contractual maturity:

| Group<br>Derivative financial liabilities | 2-5 years<br>$'000 | Total<br>$'000 |
|---|---|---|
| **2011** | | |
| Net settled: | | |
| Interest rate swaps | 1,249 | 1,249 |
| At end of the year | 1,249 | 1,249 |

| Group<br>Derivative financial liabilities | 2-5 years<br>$'000 | Total<br>$'000 |
|---|---|---|
| **2010** | | |
| Net settled: | | |
| Interest rate swaps | 213 | 213 |
| At end of the year | 213 | 213 |

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. At the end of the reporting year no claims on the financial guarantees are expected.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 90 days (2010: 30 to 90 days) In order to meet such cash commitments the operating activity and undrawn borrowing facilities are expected to generate sufficient cash inflows.

Bank Facilities:

| | Group | |
|---|---|---|
| | 2011<br>$'000 | 2010<br>$'000 |
| Undrawn borrowing facilities | 89,763 | 67,805 |

# NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

**36. Financial Instruments: Information on Financial Risks (Cont'd)**

**36E Liquidity Risk (Cont'd)**

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for forecasted operations. A monthly schedule showing the maturity of financial liabilities and unused borrowing facilities is provided to management to assist them in monitoring the liquidity risk.

**36F Interest Rate Risk**

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the financial liabilities by type of interest rate:

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| **Financial assets:** | | |
| Floating rate | 11,519 | 12,686 |
| **Financial liabilities:** | | |
| Fixed rate | 2,041 | 954 |
| Floating rate | 67,761 | 68,346 |
| At end of the year | 69,802 | 69,300 |

The floating rate debt instruments are with interest rates that are re-set regularly at one, three or six month intervals. The interest rates are disclosed in the Note 30.

Sensitivity Analysis:

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| **Financial assets:** | | |
| A hypothetical variation in interest rates by 50 basis points with all other variables held constant, would have an increase/decrease in pre-tax profit for the year by | 58 | 63 |
| **Financial liabilities:** | | |
| A hypothetical variation in interest rates by 50 basis points with all other variables held constant, would have an increase/decrease in pre-tax profit for the year by | 339 | 342 |

The analysis has been performed separately for fixed interest rate liabilities and floating interest rate financial liabilities. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair value. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changes in the cash flows and the resulting impact on net expenses. The hypothetical changes in the basis points are not based on observable market data (unobservable inputs).

In management's opinion, the above effective interest rates are unrepresentative of the inherent interest risks as the historical exposure does not reflect the exposure in the future.

## 36. Financial Instruments: Information on Financial Risks (Cont'd)

### 36G Foreign Currency Risks

There is exposure to foreign currency risk as part of its normal business activities as the group transacts in currencies other than its functional currency.

Analysis of amounts denominated in non-functional currency of respective entities in the group:

| | Group | | |
|---|---|---|---|
| Financial assets: | Cash and Bank Balances $'000 | Trade and Other Receivables $'000 | Total $'000 |
| **At 31 March 2011:** | | | |
| Hong Kong Dollars | 7,413 | 272 | 7,685 |
| Malaysian Ringgit | 17 | 52 | 69 |
| New Taiwan Dollars | 2,253 | 2,204 | 4,457 |
| Thailand Baht | 209 | 1,235 | 1,444 |
| Others | 46 | 1,768 | 1,814 |
| | 9,938 | 5,531 | 15,469 |
| **At 31 March 2010:** | | | |
| Hong Kong Dollars | 6,774 | 212 | 6,986 |
| Malaysian Ringgit | 119 | 346 | 465 |
| New Taiwan Dollars | 943 | 1,137 | 2,080 |
| Thailand Baht | 398 | 918 | 1,316 |
| Others | 103 | 409 | 512 |
| | 8,337 | 3,022 | 11,359 |

| | Group | | |
|---|---|---|---|
| Financial liabilities: | Other Financial Liabilities $'000 | Trade and Other Payables $'000 | Total $'000 |
| **At 31 March 2011:** | | | |
| Hong Kong Dollars | 1,595 | 1,364 | 2,959 |
| Malaysian Ringgit | 8,093 | 598 | 8,691 |
| New Taiwan Dollars | 14,163 | 2,541 | 16,704 |
| Thailand Baht | 10,044 | 383 | 10,427 |
| Others | – | 1,456 | 1,456 |
| | 33,895 | 6,342 | 40,237 |
| **At 31 March 2010:** | | | |
| Hong Kong Dollars | – | 103 | 103 |
| Malaysian Ringgit | 9,681 | 440 | 10,121 |
| New Taiwan Dollars | 8,918 | 3,954 | 12,872 |
| Thailand Baht | 12,805 | 389 | 13,194 |
| Others | – | 973 | 973 |
| | 31,404 | 5,859 | 37,263 |

# NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

**36. Financial Instruments: Information on Financial Risks (Cont'd)**

**36G Foreign Currency Risks (Cont'd)**

The group reports its consolidated results in Singapore dollars. The assets and liabilities of the operations, denominated in foreign currencies, are translated to Singapore dollars at exchange rates prevailing at the reporting date. Exchange differences arising on such translation are recognised directly in other comprehensive income and accumulated in a separate component of equity under the heading translation reserve. The currencies giving rise to this risk is primarily the Hong Kong Dollars (HKD), the Malaysian Ringgit (MYR), Thailand Baht (THB) and New Taiwan Dollars (NTD). The Group does not hedge its foreign currency consolidation translation exposure.

The group's exposure to foreign currency translation risk as follow:

| | 31 March 2011 | | | | 31 March 2010 | | | |
|---|---|---|---|---|---|---|---|---|
| Group | HKD $'000 | MYR $'000 | THB $'000 | NTD $'000 | HKD $'000 | MYR $'000 | THB $'000 | NTD $'000 |
| Net assets | 13,424 | 9,424 | 3,092 | 3,882 | 12,618 | 10,169 | 3,018 | 4,941 |

Sensitivity analysis:

| | Group | |
|---|---|---|
| 31 March 2011 | Profit or Loss $'000 | Equity $'000 |
| A hypothetical 10% weakening in the exchange rate of the functional currency $ against the Hong Kong Dollars with all other variables held constant would have a favourable effect on | 2 | 1,342 |
| A hypothetical 10% weakening in the exchange rate of the functional currency $ against the Malaysia Ringgit with all other variables held constant would have a favourable effect on | 3 | 942 |
| A hypothetical 10% weakening in the exchange rate of the functional currency $ against the Thailand Baht with all other variables held constant would have a (adverse)/favourable effect on | (39) | 309 |
| A hypothetical 10% weakening in the exchange rate of the functional currency $ against the New Taiwan Dollars with all other variables held constant would have a favourable effect on | – | 388 |

| | Group | |
|---|---|---|
| 31 March 2010 | Profit or Loss $'000 | Equity $'000 |
| A hypothetical 10% weakening in the exchange rate of the functional currency $ against the Hong Kong Dollars with all other variables held constant would have a favourable / (adverse) effect on | (6) | 1,262 |
| A hypothetical 10% weakening in the exchange rate of the functional currency $ against the Malaysia Ringgit with all other variables held constant would have a favourable effect on | 3 | 1,017 |
| A hypothetical 10% weakening in the exchange rate of the functional currency $ against the Thailand Baht with all other variables held constant would have a favourable effect on | 3 | 302 |
| A hypothetical 10% weakening in the exchange rate of the functional currency $ against the New Taiwan Dollars with all other variables held constant would have a favourable effect on | – | 494 |

## 36. Financial Instruments: Information on Financial Risks (Cont'd)

### 36G Foreign Currency Risks (Cont'd)

The above table shows the sensitivity to a hypothetical 10% variation in the functional currency against the relevant foreign currencies. The sensitivities rate used is the reasonably possible change in foreign exchange rates. For similar rate strenthening of the functional currency against the relevant foreign currencies, there would be comparable impacts in the opposite direction on the profit or loss.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the following basis that there are no hedged transactions.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

## 37. Contingent Liabilities

| | Company | |
|---|---|---|
| | 2011<br>$'000 | 2010<br>$'000 |
| Corporate guarantee given to bank in favour of subsidiaries | 155,475 | 145,376 |
| Undertaking to provide continuing financial support to subsidiaries in a net liability position | 49 | 118 |

## 38. Operating Lease Payment Commitments

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

| | Group | |
|---|---|---|
| | 2011<br>$'000 | 2010<br>$'000 |
| Not later than one year | 17,703 | 13,391 |
| Later than one year and not later than five years | 20,879 | 17,622 |
| | 38,582 | 31,013 |
| Rental expenses for the year | 14,937 | 11,734 |

Operating lease payments represent rentals payable by the group for its retail outlets and office premises. The lease rental terms are negotiated for an average of 1 to 3 years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

# NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

**39. Operating Lease Income Commitments**

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Not later than one year | 57 | 81 |
| Later than one year and not later than five years | – | 34 |
| | 57 | 115 |
| Rental income for the year | 132 | 299 |

Operating lease income represents rentals receivable from certain of the company's investment properties.

**40. Capital Commitments**

| | Group | |
|---|---|---|
| | 2011 $'000 | 2010 $'000 |
| Commitments to purchase computer software | 82 | – |

**41. Changes and Adoption of Financial Reporting Standards**

For the reporting year ended 31 March 2011 the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

| FRS No. | Title |
|---|---|
| FRS 1 | Presentation of Financial Statements (Amendments) |
| FRS 7 | Statement of Cash Flows (Amendments) |
| FRS 17 | Leases (Amendments) |
| FRS 27 | Consolidated and Separate Financial Statements (Revised) |
| FRS 28 | Investments in Associates (Revised) |
| FRS 36 | Impairment of Assets (Amendments) |
| FRS 38 | Intangible Assets (Amendments) (*) |
| FRS 39 | Financial Instruments: Recognition and Measurement – Eligible Hedged Item (Amendments to) (*) |
| FRS 39 | Financial Instruments: Recognition and Measurement (Amendments) |
| FRS 102 | Share-based Payment (Amendments) (*) |
| FRS 103 | Business Combinations (Revised) |
| FRS 105 | Non-current Assets Held for Sale and Discontinued Operations (Amendments) |
| FRS 108 | Operating Segments (Amendments) |

## 41. Changes and Adoption of Financial Reporting Standards (Cont'd)

| FRS No. | Title |
|---|---|
| INT FRS 109 | Reassessment of Embedded Derivatives (Amendments) (*) |
| INT FRS 116 | Hedges of a Net Investment in a Foreign Operation (Amendments) |
| INT FRS 117 | Distributions of Non-cash Assets to Owners (*) |
| INT FRS 118 | Transfers of Assets from Customers (*) |

(*) Not relevant to the entity.

## 42. Future Changes in Financial Reporting Standards

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

| FRS No. | Title | Effective date for periods beginning on or after |
|---|---|---|
| FRS 32 | Classification Of Rights Issues (Amendments) (*) | 01.02.2010 |
| FRS 103 | Business Combinations (Amendments) | 01.07.2010 |
| INT FRS 119 | Extinguishing Financial Liabilities with Equity Instruments (*) | 01.07.2010 |
| FRS 1 | Presentation of Financial Statements Disclosures (Amendments) | 01.01.2011 |
| FRS 24 | Related Party Disclosures (revised) | 01.01.2011 |
| FRS 34 | Interim Financial Reporting (Amendments) | 01.01.2011 |
| FRS 107 | Financial Instruments: Disclosures (Amendments) | 01.01.2011 |
| INT FRS 113 | Customer Loyalty Programmes (Amendments) (*) | 01.01.2011 |
| INT FRS 114 | Prepayments of a Minimum Funding Requirement (revised) (*) | 01.01.2011 |
| INT FRS 115 | Agreements for the Construction of Real Estate (*) | 01.01.2011 |
| FRS 27 | Consolidated and Separate Financial Statements (Amendments) | 01.07.2011 |
| FRS 107 | Financial Instruments: Disclosures (Amendments) - Transfers of Financial Assets (*) | 01.07.2011 |
| FRS 12 | Deferred Tax (Amendments) – Recovery of Underlying Assets (*) | 01.01.2012 |

(*) Not relevant to the entity.

# SHAREHOLDING STATISTICS

## AS AT 16 JUNE 2011

| | | |
|---|---|---|
| Number of Shares | : | 165,578,415 |
| Class of shares | : | Ordinary shares |
| Voting rights | : | One vote per share |

### Analysis of Shareholdings

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1,000 - 10,000 | 396 | 78.57 | 1,571,000 | 0.95 |
| 10,001 - 1,000,000 | 93 | 18.45 | 5,508,000 | 3.33 |
| 1,000,001 and above | 15 | 2.98 | 158,499,415 | 95.72 |
| **Total** | **504** | **100.00** | **165,578,415** | **100.00** |

### List of Top 20 Largest Shareholders

| No. | | No. of Shares | % |
|---|---|---|---|
| 1 | LIM KEEN BAN HOLDINGS PTE LTD | 51,457,490 | 31.08 |
| 2 | HENRY TAY YUN CHWAN | 20,533,000 | 12.40 |
| 3 | MING YAW PTE LTD | 13,080,935 | 7.90 |
| 4 | HSBC (SINGAPORE) NOMS PTE LTD | 11,851,000 | 7.16 |
| 5 | YU CHUEN TEK | 9,835,015 | 5.94 |
| 6 | LONG FOO PIENG | 8,564,940 | 5.17 |
| 7 | RENNICK PTE LTD | 8,560,000 | 5.17 |
| 8 | FOO SEE JIN MICHAEL | 7,107,320 | 4.29 |
| 9 | YU LEE CHIUN | 6,880,010 | 4.16 |
| 10 | YU YUNG TEK | 6,880,010 | 4.16 |
| 11 | PHILLIP SECURITIES PTE LTD | 4,399,000 | 2.66 |
| 12 | FONG TIT FUNG | 3,245,000 | 1.96 |
| 13 | LONG AH HIAN | 2,475,695 | 1.50 |
| 14 | HOW SOW CHUEN | 1,980,000 | 1.20 |
| 15 | NG KWAN SIANG | 1,650,000 | 1.00 |
| 16 | HUI YI WAN | 600,000 | 0.36 |
| 17 | JEREMY TAN JUN DA | 459,000 | 0.28 |
| 18 | CHEAH YOK KIAN | 350,000 | 0.21 |
| 19 | TAN SOO YONG | 250,000 | 0.15 |
| 20 | THIAN YIM PHENG | 201,000 | 0.12 |
| | **Total** | **160,359,415** | **96.85** |

**Shareholdings Held in Hands of Public**

Based on information available to the Company as at 16 June 2011, approximately 27.96% 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.

**Substantial Shareholders**

| Name of Substantial Shareholder | Direct Interests No. of Shares | % | Demmed interests No. of Shares | % |
|---|---|---|---|---|
| Lim Keen Ban Holdings Pte Ltd | 51,457,490 | 31.08 | 13,080,935(1) | 7.90 |
| Lim Keen Ban | - | | 64,538,425(2) | 38.98 |
| Chia Nyok Song@Cheah Yoke Heng | | - | 64,538,425(3) | 38.98 |
| Lim Jit Ming | | - | 64,538,425(4) | 38.98 |
| Lim Jit Yaw | | | 64,538,425(5) | 38.98 |
| Lim Yin Chian | | - | 64,538,425(6) | 38.98 |
| Henry Tay Yun Chwan | 20,533,000 | 12.40 | - | - |
| Ming Yaw Pte Ltd | 13,080,935 | 7.90 | - | - |
| Yu Chuen Tek | 9,835,015 | 5.94 | 8,678,000(7) | 5.24 |
| Maria Norma D Yu | 118,000 | 0.07 | 18,395,015(8) | 11.11 |
| Rennick Pte Ltd | 8,560,000 | 5.17 | - | - |
| Long Foo Pieng | 8,564,940 | 5.17 | - | - |

(1) This represents Lim Keen Ban Holdings Pte Ltd's deemed interest of 13,080,935 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 Kee Ban's deemed interest of 64,538,425 shares held in the name of the following:
(a) 51,457,490 shares held by Lim Keen Ban Holdings Pte Ltd; and
(b) 13,080,935 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 64,538,425 shares held in the name of the following:
(a) 51,457,490 shares held by Lim Keen Ban Holdings Pte Ltd; and
(b) 13,080,935 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 64,538,425 shares held in the name of the following:
(a) 51,457,490 shares held by Lim Keen Ban Holdings Pte Ltd; and
(b) 13,080,935 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 64,538,425 shares held in the name of the following:
(a) 51,457,490 shares held by Lim Keen Ban Holdings Pte Ltd; and
(b) 13,080,935 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 64,538,425 shares held in the name of the following:
(a) 51,457,490 shares held by Lim Keen Ban Holdings Pte Ltd; and
(b) 13,080,935 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 represents Mr Yu Chuen Tek's deemed interest of 8,678,000 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) 8,560,000 shares held by Rennick Pte Ltd (a company owned by Mr Yu Chuen Tek and Mrs Maria Norma D Yu).

(8) This represents Mrs Maria Norma D Yu's deemed interest of 18,395,015 shares held in the name of the following:
(a) 9,835,015 shares held by Mr Yu Chuen Tek (spouse of Mrs Maria Norma D Yu); and
(b) 8,560,000 shares held by Rennick Pte Ltd (a company owned by Mr Yu Chuen Tek and Mrs Maria Norma D Yu).

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at York Hotel, 21 Mount Elizabeth, Singapore 228516 on Thursday, 21 July 2011 at 9:00 a.m. to transact the following businesses: -

**As Ordinary Business**

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2011 together with the reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To declare a Final Dividend (tax exempt 1-tier) of 1 cent per ordinary share and a Special Dividend (tax exempt 1-tier) of 1.5 cents per ordinary share for the financial year ended 31 March 2011. **(Resolution 2)**

3. To approve the Directors' Fees of S$416,500 for the financial year ending 31 March 2012 (2011: S$382,125). **(Resolution 3)**

4. To re-appoint the following Directors:
   (i) Mr Lim Keen Ban, Anthony retiring pursuant to Section 153(6) of the Companies Act, Chapter 50. **(Resolution 4)**
   (ii) Mr Lau Ping Sum, Pearce retiring pursuant to Section 153(6) of the Companies Act, Chapter 50. **(Resolution 5)**
   *Mr Lau Ping Sum, Pearce will, upon re-appointment as a Director of the Company, remain as a member of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will continue as the Chairman of the Remuneration Committee and a member of the Nominating Committee.*

5. To re-elect the following Directors:
   (i) Mr Chin Sek Peng, Michael retiring under Article 91 of the Articles of Association of the Company. **(Resolution 6)**
   *Mr Chin Sek Peng, Michael will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will continue as a member of the Nominating Committee.*
   (ii) Mr Lim Jit Ming, Raymond retiring under Article 91 of Articles of Association of the Company. **(Resolution 7)**
   (iii) Mr Foo See Jin retiring under Article 91 of the Articles of Association of the Company. **(Resolution 8)**

6. To re-appoint RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 9)**

**As Special Business**

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

7. Authority to allot and issue shares
   That pursuant to Section 161 of the Companies Act, Cap. 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:

   (a) (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

**As Special Business (Cont'd)**

7. Authority to allot and issue shares (Cont'd)

   (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that:
      (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares, 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 twenty per cent (20%) of the total number of issued shares excluding treasury shares, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares 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 SGX-ST, and
         (c) any subsequent bonus issue, 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 10)**
**(See Explanatory Note 1)**

**Any Other Business**

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

BY ORDER OF THE BOARD

Foo Soon Soo
Company Secretary

Singapore, 6 July 2011

# NOTICE OF ANNUAL GENERAL MEETING

**Explanatory Notes on Special Business to be transacted:-**

Resolution 10, if passed, will empower 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 fifty per cent (50%) of the total number of issued shares excluding treasury shares 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 twenty per cent (20%) of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. The total number of issued shares excluding treasury shares of the Company for this purpose shall be the total number of issued shares excluding treasury shares at the time this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent bonus issues 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 333 North Bridge Road #08-00 KH KEA Building Singapore not later than 48 hours before the time appointed for the Meeting.

## NOTICE OF BOOK CLOSURE DATE

**NOTICE IS HEREBY GIVEN** that the Share Transfer Books and Register of Members of the Company will be closed on 3 August 2011 after 5:00 p.m for the preparation of determining of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, KCK CorpServe Pte. Ltd., of 333 North Bridge Road #08-00, KH KEA Building, Singapore 188721 up to 5:00 p.m. on 3 August 2011 will be registered to determine shareholders' entitlements to proposed Final and Special Dividends. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares of the Company as at 5:00 p.m. on 3 August 2011 will be entitled to such proposed dividends.

The proposed dividends, if approved by shareholders at the Annual General Meeting to be held on 21 July 2011 will be paid on 18 August 2011.

BY ORDER OF THE BOARD

Foo Soon Soo
Company Secretary

Singapore, 6 July 2011

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

**I MPORTANT**

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.

# PROXY FORM

I/We, _____

of _____

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

| Name | Address | NRIC/Passport No. | Proportion of Shareholdings to be represented by proxy (%) |
|---|---|---|---|
| | | | |
| *and/or | | | |
| | | | |

as my/our proxy/proxies, to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at York Hotel, 21 Mount Elizabeth, Singapore on Thursday, 21 July 2011 at 9.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the 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 | To be used on a show of hands | | To be used in the event of a poll | |
|---|---|---|---|---|---|
| | | For* | Against** | For* | Against** |
| 1. | To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2011 together with the Reports of the Directors and Auditors thereon. | | | | |
| 2. | To declare a Final Dividend (tax exempt 1-tier) of 1 cent per ordinary share and a Special Dividend (tax exempt 1-tier) of 1.5 cent per ordinary share for the financial year ended 31 March 2011. | | | | |
| 3 | To approve the Directors' Fees of S$416,500 for the financial year ending 31 March 2012. | | | | |
| 4. | To re-appoint Mr Lim Keen Ban, Anthony, a Director pursuant to Section 153(6) of the Companies Act, Chapter. 50. | | | | |
| 5. | To re-appoint Mr Lau Ping Sum, Pearce, a Director pursuant to Section 153(6) of the Companies Act, Chapter. 50 | | | | |
| 6. | To re-elect Mr Chin Sek Peng, Michael, a Director retiring pursuant to Article 91 of the Articles of Association. | | | | |
| 7. | To re-elect Mr Lim Jit Ming, Raymond, a Director retiring pursuant to Article 91 of the Articles of Association. | | | | |
| 8. | To re-elect Mr Foo See Jin, a Director retiring pursuant to Article 91 of the Articles of Association. | | | | |
| 9. | To re-appoint RSM Chio Lim LLP Lim as Auditors of the Company and to authorise the Directors to fix their remuneration. | | | | |
| 10. | To authorize Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50. | | | | |

* Please indicate your vote "For" or "Against" with a "✓" within the box provided.

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2011

| Total Number of Shares Held |
|---|
| |

_____

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

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**IMPORTANT:** PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

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 333 North Bridge Road #08-00, KH KEA Building, Singapore 188721 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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AFFIX
POSTAGE
STAMP

The Company Secretary
**CORTINA HOLDINGS LIMITED**
c/o 333 North Bridge Road
#08-00 KH KEA Building
Singapore 188721

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# CORPORATE LISTINGS

## 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 4939 / 6336 7913
Chief Operating Officer: Jeremy Lim
www.cortinawatch.com

**MALAYSIA**
**Cortina Watch Sdn Bhd**
CP31, 22nd Floor Central Plaza
No.34, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: (020) 3 2148 8354 / 2148 2814
Fax: (020) 3 2145 1866
Director: Ivan Tshai

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

**THAILAND**
**Cortina Watch (Thailand) Co Ltd**
26/48, 14th Floor Orakarn Building,
Soi Chidlom, Ploenchit Road,
Lumpini, Pathumwan
Bangkok 10330, Thailand
Tel: (66) 2254 1031
Fax: (66) 2254 1030
Director: Krist Chatikaratana
General Manager: Alvin Tan

**TAIWAN**
**Cortina Watch**
Room C, 10F., No.3, Sec. 1,
Dunhua S. Rd., Songshan District
Taipei City 105
Taiwan (R.O.C.)
Tel: (886) 2 2579 6186
Fax: (886) 2 2579 6185
Managing Director: Douglas Shih

## 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

## CORTINA WATCH ESPACE

**SINGAPORE**
**Cortina Watch Espace**
**Marina Bay Sands**
2 Bayfront Avenue, #B2-39/39A,
The Shoppes at Marina Bay Sands
Singapore 018972
Tel: (65) 6688 7357
Fax: (65) 6688 7358
Key Personnel: Xavier Tan

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

**THAILAND**
**Cortina Watch Espace**
**Erawan Bangkok**
1st Floor, Erawan Bangkok
494 Ploenchit Road
Lumpini Pathumwan
Bangkok 10330 THAILAND
Tel: (66) 2250 7999
Fax: (66) 2250 7799
Key Personnel: Nopparat Poynok

## CORTINA WATCH BOUTIQUES

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

**Cortina Watch Raffles City**
**Shopping Centre**
252 North Bridge Road
#01-36, Raffles City Shopping Centre,
Singapore 179103
Tel: (65) 6339 9185
Fax: (65) 6339 1566
Key Personnel: Jack Cher

**Cortina Watch ION Orchard**
2 Orchard Turn
#03-02, ION Orchard,
Singapore 238801
Tel: (65) 6509 9218
Fax: (65) 6509 9217
Key Personnel: Patrick Tok

**MALAYSIA**
**Cortina Watch Fahrenheit 88**
G-03, Ground Floor, Fahrenheit 88,
No. 179
Jalan Bukit Bintang
55100 Kuala Lumpur
TEL: (60) 03-2142-1171 / 03-2142-1161
FAX: (60) 03-2142-1172
Key Personnel: Teh Chin Soon

# CORPORATE LISTINGS

**Cortina Watch Suria KLCC**
Lot 122 & 123, First Floor,
Suria KLCC,
Kuala Lumpur City Centre,
50088 Kuala Lumpur
Tel: (60) 03-2164 5175 / 03-2166 6355
Fax: (60) 03-2166 5575
Key Personnel: Simon Loh

**Cortina Watch Plaza Gurney**
170-G-62/63/63A, Ground Floor,
Plaza Gurney
Persiaran Gurney, 10250 Penang
Tel: (60) 04-229 1248
Fax: (60) 04-226 2248
Key Personnel: Frederick Teoh

**Cortina Watch 1 Borneo Hypermall**
G-231, Ground Floor, 1 Borneo
Hypermall, Jalan Sulaman
88400 Kota Kinabalu, Sabah,
East Malaysia
Tel: (60) 8848 5269
FAX: (60) 8848 5169
Key Personnel: Jeffery Wong

**INDONESIA**
**Cortina Watch Plaza Indonesia**
1st Floor, No. 36-38
Jalan M.H. Thamrin Kav 28-30
Jakarta 10350, Indonesia
Tel: (001) 62 21319 26632
Fax: (001) 62 2131 42923
Key Personnel: Joanes Djunaidi

**HONG KONG**
**Cortina Watch Queen's Road Central**
53 Queen's Road Central, Ground Floor
Hong Kong
Tel: (852) 2522 0645
Fax: (852) 2522 8898
Key Personnel: Raymond Lee

**TAIWAN**
**Cortina Watch Taipei 101**
**Flagship Store**
2F, No. 45, Shihu Rd., Taipei, Taiwan,
R.O.C.
Tel: (886) 2 8101 7677
Fax: (886) 2 810 7672
Key Personnel: Hugo Yang

**Cortina Watch Bellavita Boutique**
No.28, Songren Rd., Xinyi Dist., Taipei
City 110, Taiwan R.O.C.
Tel: (886) 2 2723 2728
Key Personnel: Charles Lee

## MANAGEMENT BOUTIQUES

**PATEK PHILIPPE BOUTIQUES**
**SINGAPORE**
**ION Orchard**
2 Orchard Turn
#02-03, ION Orchard,
Singapore 238801
Tel: (65) 6509 9238
Fax: (65) 6509 9239
Key Personnel: Joseph Lay

**Marina Bay Sands**
2 Bayfront Avenue
#B2-239, The Shoppes at
Marina Bay Sands
Singapore 018972
Tel: (65) 6688 7008
Fax: (65) 6688 7800
Key Personnel: Sunny Lau

**TAIWAN**
**Taipei 101 Shopping Mall**
2F, No. 45, Shihu Rd., Taipei, Taiwan,
R.O.C.
Tel: (886) 2 8101 8201
Fax: (886) 2 8101 8222
Key Personnel: Mark Chen

**LONGINES BOUTIQUE**
**SINGAPORE**
**Wisma Atria**
435 Orchard Road
#02-38, Wisma Atria, Singapore 238877
Tel: (65) 6836 9659
Fax: (65) 6836 8356
Key Personnel: Jenny Tang

**ROLEX BOUTIQUE**
**MALAYSIA**
**Plaza Gurney, Persiaran Gurney**
170-G-33/33A, Ground Floor,
Plaza Gurney
Persiaran Gurney, 10250 Penang,
Malaysia
Tel: (60) 04- 227 1239
Fax: (60) 04-227 0871
Key Personnel: Frederick Teoh

**THAILAND**
**Central Shopping Centre**
Central Chidlom, GF
1027 Ploenchit Road,
Lumpini, Pathumwan,
Bangkok 10330
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Fax: (662) 655 7831
Key Personnel: Laddawan
Chaiworawitsakul

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