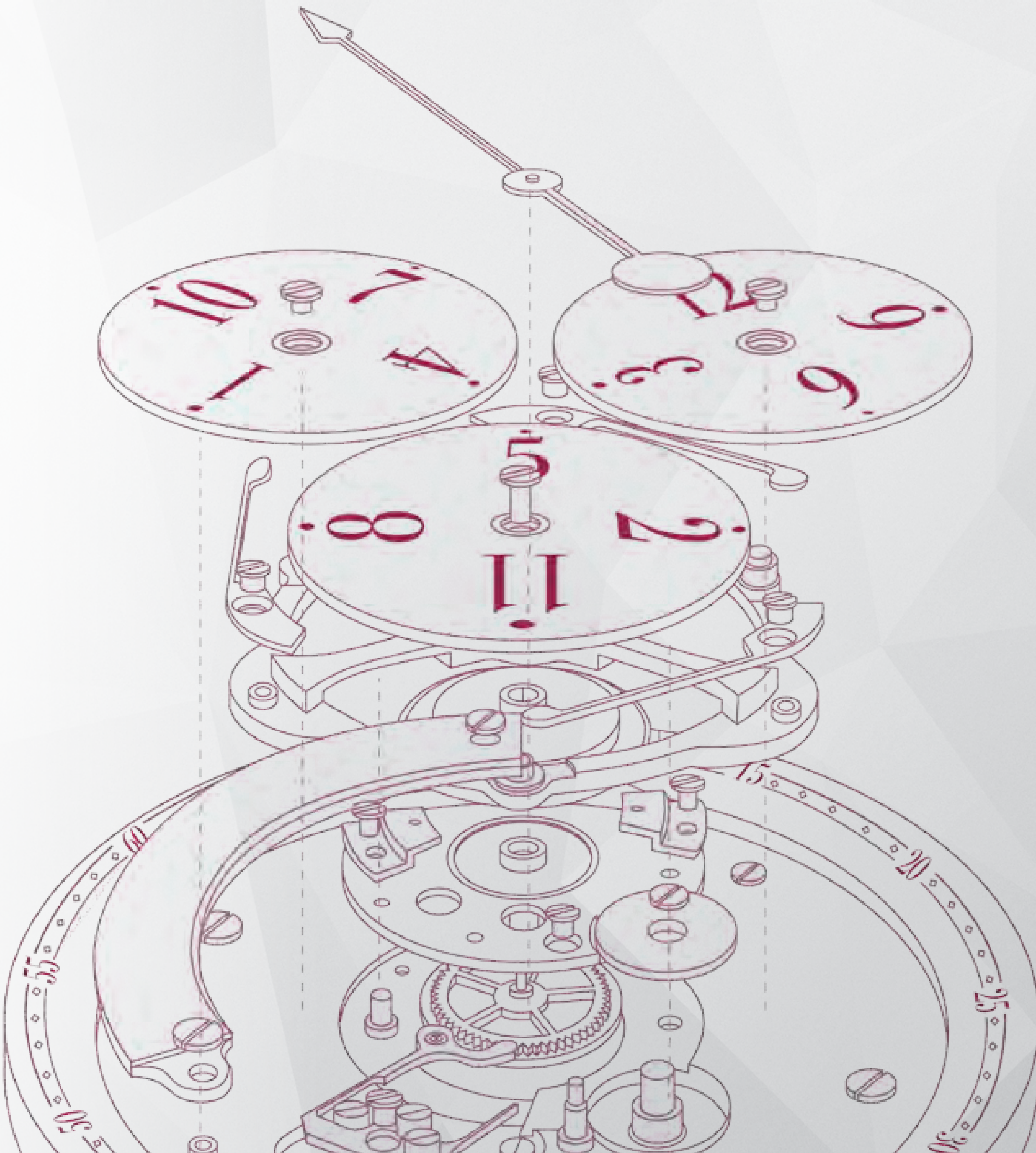
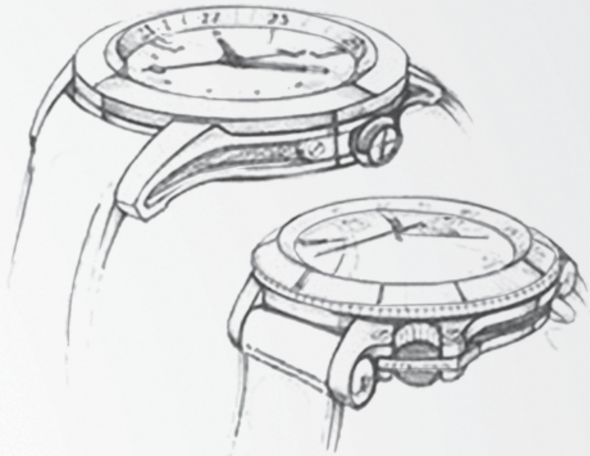
Cortina Holdings Limited

ANNUAL REPORT 2016



CONTENTS

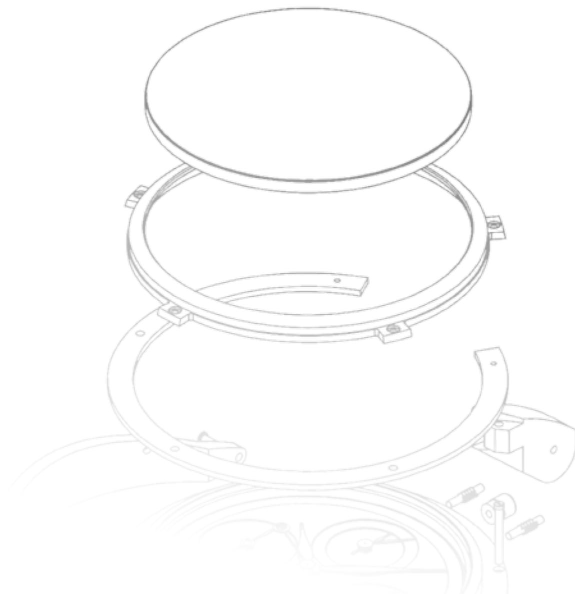


CORPORATE PROFILE

The times may change but true style and quality last forever. For over 44 years, Cortina Holdings Limited ("Cortina") has established itself as a brand synonymous with impeccable, high-quality timepieces, renowned amongst discerning individuals.

As we progress towards our next phase of growth, we remain focussed on our mission of being a leading retailer and distributor of luxury timepieces and accessories across the Asia Pacific region. We continually add to our network of retail outlets, seeking opportunities in countries and cities with high growth potential, while augmenting and strengthening our presence in Singapore, Malaysia, Thailand, Indonesia, Hong Kong and Taiwan.

Our position in the industry is a result of the collective passion, foresight and diligence of our people. Our commitment and dedication to bringing you the best of luxury horology remains our utmost priority – by achieving that perfect balance between innovation, we continue to delight our customers with timepieces of the highest quality.



Cortina's resilience is built over the years through the refining process of successfully weathering numerous business cycles, each time emerging stronger than before.

DEAR SHAREHOLDERS

The financial year (FY2016) was a challenging year for businesses in Singapore and across the region, and Cortina Holdings was no exception. Volatile financial markets and slowing global trade weighed on the global economy. The impact of weaker growth in the major economies and the slowdown in China, the world's second largest economy, was felt in many countries and business segments, including the luxury watch industry in Asia-Pacific where we operate.

Notwithstanding the difficult operating environment, the Group was able to harness the strength of its fundamentals and deep experience and continued to deliver profits for shareholders in the year under review. For FY2016, total revenue achieved by the Group was S$367.3 million, a 9.2% decrease compared to S$404.7 million in the previous year. The decline could be attributed to lower gains from disposal of properties, lower tourist arrivals and spending and lower demand for luxury watches amidst a more competitive market. This, combined with exchange losses due to the strength of the Singapore dollar vis-a-vis regional currencies and higher rental and depreciation expenses arising from the opening and expansion of stores, caused net profit after tax to decrease from $S16.6 million attained the year before to S$8.5 million, a drop of 49.1%.

Despite the global slowdown in the luxury watch markets, the Group managed to improve gross profit margin to 22.8% compared to 21.6% in FY2015. Group net asset value and earnings per share were 92.8 cents and 5.1 cents respectively, compared to 92.1 cents and 9.2 cents correspondingly from the previous year.

RESILIENCE

Resilience is a critical component of a sustainable business. Cortina's resilience is built over the years through the refining process of successfully weathering numerous business cycles, each time emerging stronger than before. This current downturn is not the first that Cortina has faced, nor will it be the last. We have and will continue to implement initiatives and put in place processes that will enhance our resilience to enable the Group to overcome current and future challenges.

In last year's annual report, I noted the positive contributions from the new boutiques that were opened in the region in FY2015. I also informed that the Group would open new and expand specific existing stores in FY2016.

Our strategy to prudently open and expand existing boutiques in selected locations across the region has enhanced the Group's resilience to better weather the downturn in the global luxury watch industry. Our broad presence in the major luxury watch markets across Asia has mitigated our exposure to business risk factors such as currency movements and tourist arrivals that are beyond our control. On the other hand, our extensive client networks across different geographical markets enable the Group to tap our deep and rich relationships with our diversified clients to optimise sales so as to mitigate the dampening impact of the slowdown in the regional economies.

ON TRACK

I am pleased to inform that during the financial year under review, we have realised our plans to expand selected existing and open new boutiques in Singapore and the region. All of these stores were selected for their locations in prime and luxurious shopping malls and life-style destinations that attract discerning and affluent local horological aficionados and tourists.

The expansion of our existing Patek Philippe boutique at ION Orchard mall and the multi-brand luxury watch boutique in The Paragon was completed successfully during the year. In addition, we also opened a new multi-brand watch boutique in the recently opened Capitol Piazza, the newest prime lifestyle destination in the central business district.

Elsewhere in the region, we opened a new multi-brand luxury watch boutique in Starhill Gallery, the prime shopping and lifestyle destination in Kuala Lumpur, strengthening our leadership position in this market with ten single and multi-brand luxury watch boutiques.

LONG-TERM FOCUS

Although contributions from the new and expanded stores have been positive, the overall revenue and profitability performances were moderated by lower tourist arrivals, especially Chinese tourists who had in the past accounted for a significant proportion of the demand for luxury watches in the region. However, we are focused on the long term and we are confident that the investments will strengthen our fundamentals and place the Group in a strong position to ride the next uplift in the business cycle and realise the full benefits of the Group's marketing strategies.

In line with the slowdown in the luxury watch market in Hong Kong, the Group's operations in the Special Administrative Region were, like other players in the industry, affected by the sharp decline in the number of Chinese tourists and lower tourism receipts. In addition, the muted economic sentiments also dampen demand for luxury watches in this market as well as in other markets in Southeast and Northeast Asia where we have a presence.

Notwithstanding the current challenging business conditions, the group will continue to focus on long-term sustainable growth while strategising and implementing initiatives to weather short-term adversities.


PATEK PHILIPPE
GENEVE

CHAIRMAN'S MESSAGE

STAYING THE COURSE

With our strong fundamentals and highly recognisable brand, we will stay the course and continue our strategy of prudent investments in new boutiques and stores expansion in high growth markets. However, when evaluating investment opportunities, we will review each investment according to our risk management framework and put the interests of stakeholders on the highest priority.

In this regard, the Group is primed to open in the first half of FY2017 a new Rolex boutique in Marina Square, the largest in Southeast Asia. Themed the Rolex Experience, the boutique will occupy 5,500 sq ft of the refurbished mall located in the Marina Square shopping and lifestyle destination. The boutique will offer a comprehensive range of Rolex's prestigious and exclusive watches and its opening will be eagerly anticipated by not only fans of Rolex but also discerning collectors and horological enthusiasts in general. From the Group's perspective, we are confident that the new Rolex flagship store will be able to contribute positively to the Group.

In the region, we anticipate the opening of a multi-brand boutique in Kota Kinabalu, East Malaysia in FY2017.

DOING GOOD, DOING WELL

In May 2015, the Group participated in the celebration of Patek Philippe's 175th Anniversary. In conjunction with the celebration and as part of our corporate social responsibility initiative in support of a charitable cause, the Group contributed S$750,000 for the acquisition of a Patek Philippe's 175th Anniversary clock. The contribution would be disbursed by the National Heritage Board to the disadvantaged and people with special needs. The contribution ceremony, which was held during the Anniversary Gala Dinner at the Pinacotheque de Paris at Fort Canning Hill, was witnessed by many industry captains, VIP customers from the region and horological aficionados and the positive publicity greatly enhanced the Cortina brand.

OUTLOOK

The outlook for 2016 is muted. Forecasts by most international institutions like IMF and World Bank indicate continued uncertainty in the global economy. The operating environment will increasingly be more challenging and will continue to exert pressure on our revenue and margins.

Notwithstanding the challenges, we will continue to draw on the Group's considerable experience, extensive client base and deep industry knowledge and implement appropriate measures to strengthen our competitiveness and resilience as we continue to forge ahead with confidence and vigour. We will continue our strategy of growing our market share through prudent expansion of our regional network of boutiques at prime and prestigious locations which cater to the luxurious lifestyle pursuits of affluent collectors and consumers in fast growth geographic markets.

APPRECIATION

The Group's ability to come through a difficult year with resilience is due to the contributions of many stakeholders. First and foremost, I am grateful to the Board of Directors for their wisdom and expert advice in providing guidance and direction in propelling the Group forward. I am also appreciative of our partners for their continued support and co-operation. I would especially like to thank our shareholders for their patience and loyalty during the year. On this note, I am pleased to inform that the Board of Directors has proposed a final tax-exempt cash dividend of two cents per ordinary share for FY2016, subject to approval of shareholders at the next annual general meeting to be held on 21 July 2016.

Last but not least, I would also like to thank the staff and management for their professionalism, hard work and unwavering commitment to enable the Group to maintain steady progress during the year.

LIM KEEN BAN,
ANTHONY
Chairman & CEO

CORTINA WATCH SINGAPORE LAUNCHES LARGEST PATEK PHILIPPE BOUTIQUE IN SOUTH EAST ASIA AT ION ORCHARD

5 APRIL 2016

Cortina Watch officiate the re-opening of its boutique at ION Orchard, after four months of comprehensive expansion, renovation and remodelling work. Now the largest Patek Philippe boutique in South East Asia houses a treasure trove of the Swiss brand's most precious and coveted timepieces. The Patek Philippe boutique is now 265.48m^2, more than 4 times bigger than when it was opened back in 2009 with a size of only 65m^2. Operated by Cortina Watch, the Patek Philippe boutique aims to welcome watch collectors and enthusiasts from around the world into an environment that is as sophisticated as its timepieces.

The re-opening of this boutique is symbolic of the enduring partnership between Patek Philippe and Cortina Watch, both esteemed family-owned establishments who helped shaping global watch appreciation in distinct ways. Over 40 years of business relations between both companies, it now spans two generations of leaders. Cortina Watch and Patek Philippe opened Patek Philippe's Singapore first boutique at ION Orchard in 2009. In 2015, the store underwent an extensive renovation and expansion, which was completed in 2016. Besides the ION Orchard boutique, Cortina Watch also manages three other Patek Philippe boutiques regionally.

CORTINA WATCH AND HAUTLENCE CELEBRATES THEIR NEW PARTNERSHIP IN MALAYSIA WITH A BANG

20 & 21 MAY 2015

Hautlence and Cortina Watch Malaysia hosted a series of events to celebrate their new exclusive partnership in Malaysia and the launch of the INVICTUS Morphos Chronograph in the presence of Hautlence's global ambassador, Eric Cantona.

Cortina Watch and Hautlence celebrated this significant event over 2 days with a press and guests cocktail and a private dinner. The press and guest cocktail was held at The Smoke House in the beautiful colonial-styled Majestic Hotel while the private dinner was hosted at Marble 8 Restaurant, a modern and elegant fine dining restaurant. Both venues are famous for their private club ambience hence it were the ideal venues for the brand as they embodied the spirit of Hautlence's Gentlemen Rebels Club.

Both the event saw the attendance of Mr Jeremy Lim, Chief Operating Officer of Cortina Watch Pte Ltd, Mr Tay Liam Khoon, Managing Director of Cortina Watch Sdn. Bhd, Miss Sharon Lim, Executive Director of Pacific Time Pte. Ltd., Hautlence's distribution partner, Mr Guillaume Tetu, co-founder and CEO of Hautlence and Mr Eric Cantona.

Commenting on the events, Hautlence co-founder and CEO Guillaume Tetu said, "We are very excited to expand our exclusive partnership with Cortina Watch to Malaysia. Having Eric Cantona with us during these events has been very beneficial for the brand and has helped increase its visibility even more. It is such a fantastic feeling to the witness the incredible success of the Invictus Morphos on the Asian continent. We have everything necessary to grow the brand in this market of true connoisseurs and lovers of creative and contemporary watchmaking."

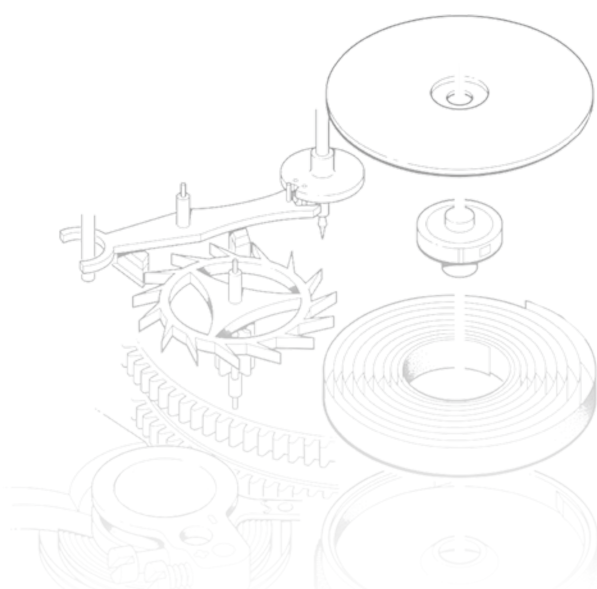
Hautlence watches are now exclusively available at Cortina Watch boutiques at Suria KLCC and their new multibrand boutique at Starhill Gallery KL.

CORTINA WATCH UNVEILS ITS 10TH BOUTIQUE IN MALAYSIA AT STARHILL GALLERY, KUALA LUMPUR

3 NOVEMBER 2015

Leading luxury timepiece retailer, Cortina Watch unveiled the latest addition of its 10th boutique in Malaysia at the prestigious Starhill Gallery, Kuala Lumpur in a glitzy gold 'Icons Of Desire' theme accompanied by bright red floral deco at the event launch. The launch was attended by 200 pax of VIP customers, watch collectors, members of the media, brand partners, celebrities and Lamborghini Owners Malaysia. The evening commenced as emcee for the night, Sarah Lian, dressed in a gold-studded cocktail dress, welcomed Mr Jeremy Lim, Chief Operating Officer of Cortina Watch Pte Ltd and Mr Tay Liam Khoon, Managing Director of Cortina Watch Sdn. Bhd.

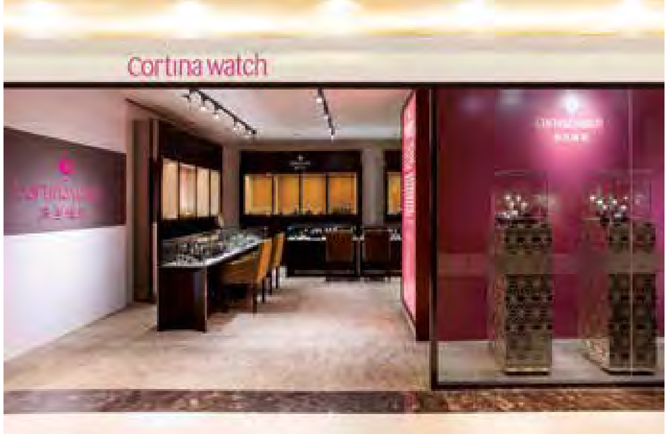
The Cortina Watch boutique at Starhill Gallery occupies a total retail space of 6,133 sq ft at its Adorn Floor and features a new modern luxury concept with bright lights and wide spaces, and specially embedded shop-in-shop features to reflect each brand's uniqueness and characteristics, just like experiencing each of its own boutiques. 15 internationally renowned brands like Rolex, Patek Philippe, Cartier, IWC, Piaget, Hautlence, Harry Winston, Zenith, Breitling, Corum, Panerai, Tudor, Chronoswsiss, Concord and Bell & Ross are housed in this new Cortina Watch flagship boutique, each brand offering its product range of high-quality timepieces and various collections to choose from including special editions and for various occasions.



NEW BOUTIQUE OPENING IN FAR EASTERN THE MALL IN TAIWAN, TAIPEI

3 OCTOBER 2015

Cortina Watch took the wraps off a remodelled boutique in Taiwan. The new multi-brand boutique, at Far Eastern The Mall, is connected with Shangri-La's Hotel Taipei and located at the center of the most prominent district in Taipei. The boutique spans across 115 square meters and carries vast selection of timepiece from international watch brands. The boutique at Far Eastern The Mall boutique is now brighter, wider and more modern, keeping up with the ever changing preferred shopping experience.



A GRAND OPENING OF THE NEW CORTINA WATCH ESPACE, ERAWAN BANGKOK

10 MARCH 2015

Mr Krist Chatikaratana, Executive Director of Cortina Watch (Thailand) Co. Ltd, hosted an exclusive grand opening party to unveil its new luxury iconic watch boutique "Cortina Watch Espace", a new sumptuous design concept to serve Thai's watch enthusiasts and aficionados with world prestige brands like Patek Philippe, Rolex, Breguet, Cartier, Chopard, IWC, Jaeger-LeCoultre, Bulgari, Bell & Ross, Ebel, Concord, Chronoswiss, to name a few. The newly-renovated "shop-in-shop" concept still remains Thailand's largest and most luxurious watch boutique to date.

With 11 years presence in Thailand, Mr Jeremy Lim, Chief Operating Officer of Cortina Watch Singapore flew in specially to join the celebration and together with Mr Buddy Chatikaratana, Director of Cortina Watch (Thailand) Co. Ltd and Mr Krist Chatikaratana officiate the grand opening of the boutique.

VIEWING OF PATEK PHILIPPE "THE ESPLANADE-SINGAPORE" DOME TABLE CLOCK COCKTAIL EVENT

11 NOVEMBER 2015

Patek Philippe recently celebrated Singapore's 50th year of independence and its golden jubilee in Singapore with a charity gala dinner and auction held at the National Museum of Singapore on 23 September 2015. To commemorate this occasion, Patek Philippe presented three exceptional gifts to the nation - "The Peranakan Culture", "The Esplanade – Singapore" and "The Farquhar Collection" dome table clocks to raise funds in benefit of the National Heritage Board (NHB) in support of charitable causes as well as causes related to the preservation and promotions of the arts.

Cortina Watch is pleased to announce that our CEO, Mr Anthony Lim, successfully won the bid for 'The Esplanade – Singapore' dome table clock at $750,000.

This exquisite table dome clock presents one of the most famous panoramic views of Singapore, portraying the familiar sights of the river and the distinctive architecture of the Esplanade theatre.

To celebrate the winning of this auction, Cortina Watch Singapore held an intimate cocktail evening to welcome regular customers and guest to view the table dome clock at our Patek Philippe boutique in Marina Bay Sands. Amongst the invited guests were the senior management of MBS, Geneva Master Time, business partners, VIP customers and many other distinguished guests. The celebration saw the guests enjoying themselves late into the night with live classical music being played, alcohol and canapés being served. All guests who attended the event were also given a box of specially customised gourmet chocolates to commemorate the special occasion.

A BRAND NEW LOOK FOR SINGAPORE PARAGON BOUTIQUE

13 AUGUST 2015

Cortina Watch introduced the newly renovated and expanded Paragon boutique, now spanning 3,272 sq ft. Other than featuring 11 world renowned watch brands, brands such as Patek Philippe, Rolex, Cartier, Vacheron Constantin and Chopard are housed in their own store-in-store within the boutique, designed uniquely by their own respective brands. These exclusive areas allow customers to view the watches with more privacy and take in the whole shopping experience not only with Cortina but also with the specific brand.

CORTINA WATCH SINGAPORE OPEN ITS SIXTH MULTI-BRAND BOUTIQUE

APRIL 2015

Cortina Watch Singapore opens its sixth multi-brand boutique at Capitol Piazza. Capitol Piazza is part of Singapore's first integrated luxury lifestyle development comprising luxurious Eden Residences Capitol, six-star hotel The Patina, Capitol Singapore and the iconic Capitol Theatre. The 3,000 sq ft boutique not only houses world renowned internal timepiece brands, it also features 4 store-in-store concept with Cartier, Patek Philippe, Vacheron Constantin and Audemars Piguet.

BOARD OF DIRECTORS

01.

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BOARD OF DIRECTORS

01.
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 currently the 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.

02.
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. He plays a pivotal role in assisting the CEO in the overall management, strategic planning and is actively involved in the 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.

03.
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.

04.
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. Mr Lim was appointed as the President of the Singapore Clock and Watch Trade Association in April 2012.

05.
CHIN SEK PENG, MICHAEL

Michael Chin is the Deputy Managing Partner of PKF-CAP LLP, a firm of chartered accountants based in Singapore and the Head of Audit and Assurance Division responsible for running, managing and developing the assurance business of PKF-CAP LLP. He is also the co-founding Director of PKF-CAP Advisory Partners Pte Ltd, a company engaged in the provision of consultancy and business advisory services.

Michael started his audit training in London. After qualifying as a chartered accountant, he joined legacy Price Waterhouse and worked in UK, Europe and Singapore from 1983 to 1994.

In 1994, he joined the Institute of Singapore Chartered Accountants ("ISCA") as the first Practice Review Director, heading, running and regulating the compliance of work standards for all audit practices in Singapore. In 1999, Michael joined legacy Arthur Andersen as a partner in its Assurance and Business Advisory division and in 2002 he left the firm to set up his own audit and consultancy practices with other partners.

He holds a Bachelor of Arts (Honours) degree in Accounting and Finance from Lancaster University in the United Kingdom and is a Fellow (practising) Chartered Accountant of Singapore and a Fellow Member of the Institute of Chartered Accountants in England and Wales. Michael serves as Independent Director mainly in the capacity as Audit Committee Chairman to several public companies listed on the Singapore Exchange and is a member of the Institute of Internal Auditors, Singapore. He is also a Council member of ISCA and the Chairman of ISCA's Public Accounting Practice Committee.

06.
LAU PING SUM, PEARCE

Lau Ping Sum, Pearce was appointed Independent Director since 2002. He has held management positions in both the public and the private sectors. 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. He is a member of the advisory commitee on translation and interpretation at UniSIM and a member of the Institute of Directors.

07.
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 law firm Ng, Lee & Partners. James is the Chairman of Yuying Secondary School Management Committee and has been serving in various capacities in Non-Government Organisations and clan associations for many years. James is also an Independent Director of another two listed companies in Singapore.

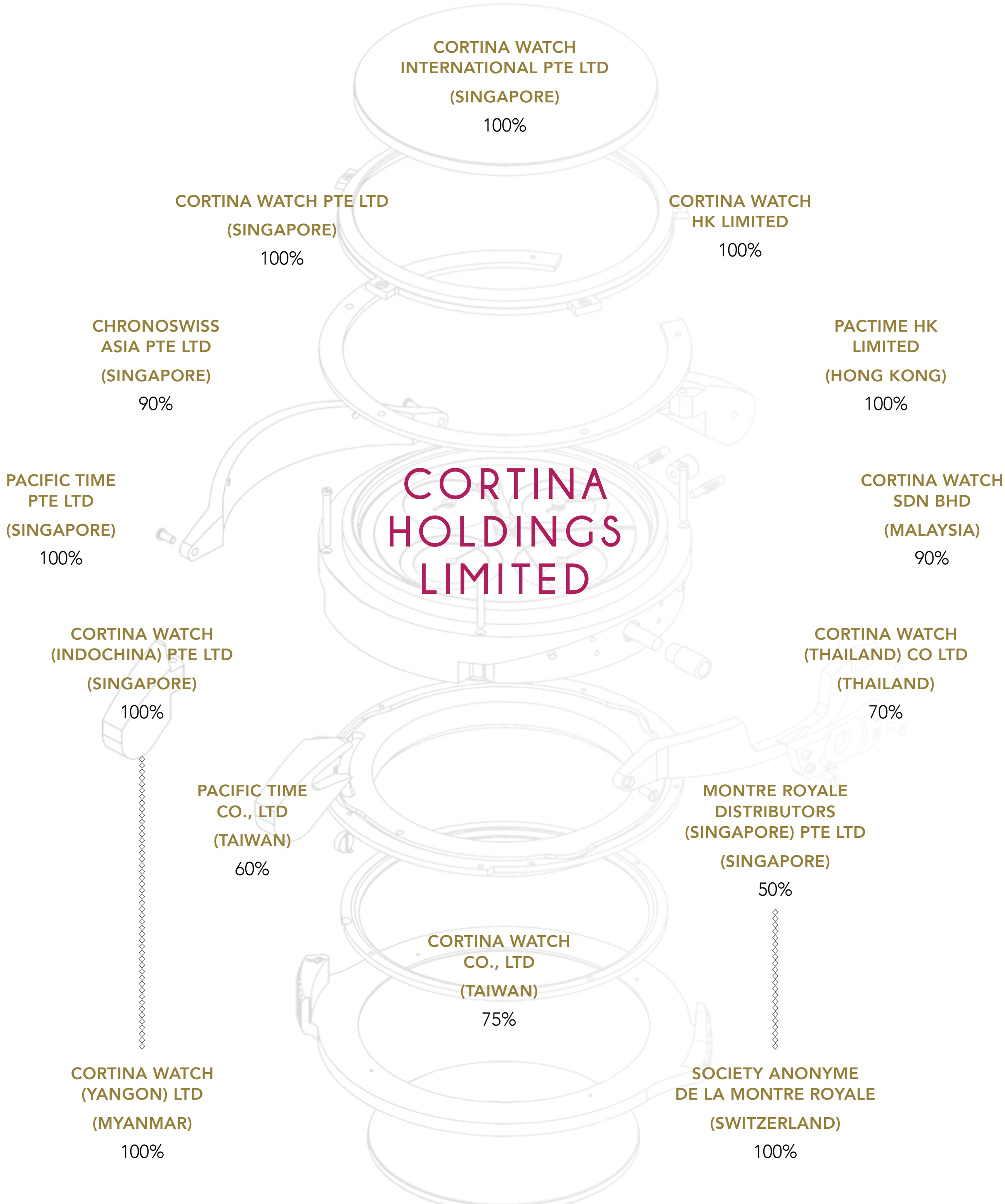
08.
FOO SEE JIN, MICHAEL

Foo See Jin, Michael is one of the founders of our Group and was a Non-Executive Director of our Group from 1972. He was designated as Independent Director since November 2013. 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.

09.
LONG FOO PIENG, BENNY

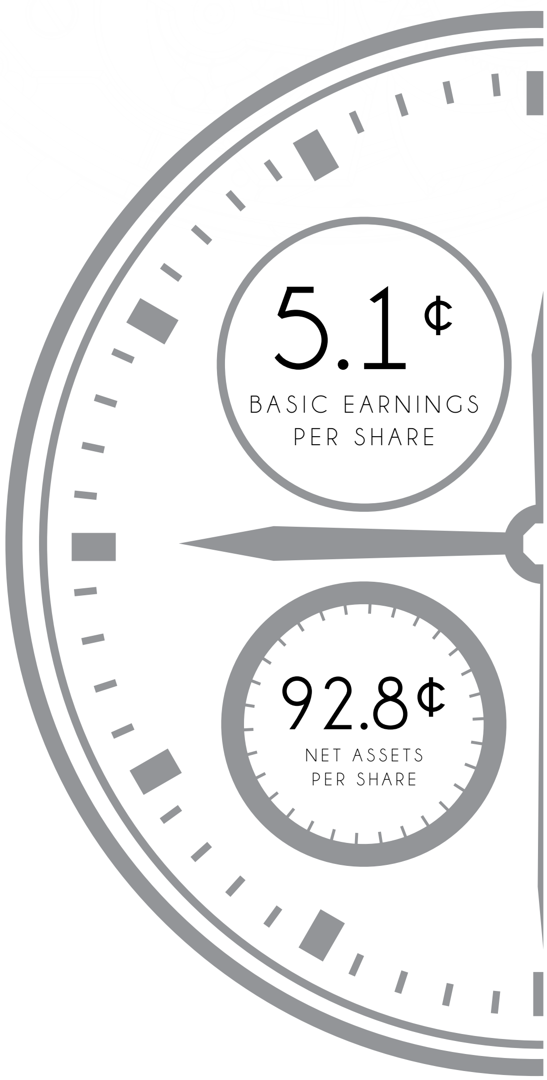
Long Foo Pieng, Benny was appointed as Non-Executive Director of our Group from 2000. He was designated as Independent Director since November 2013. Prior to joining us, he was an aircraft engine specialist with Pratt and Whitney Canada (S.E.A) Pte Ltd. Mr Long holds an Associate Degree in Aviation Maintenance Technology from Embry-Riddle Aeronautical University in Florida, the United States of America.

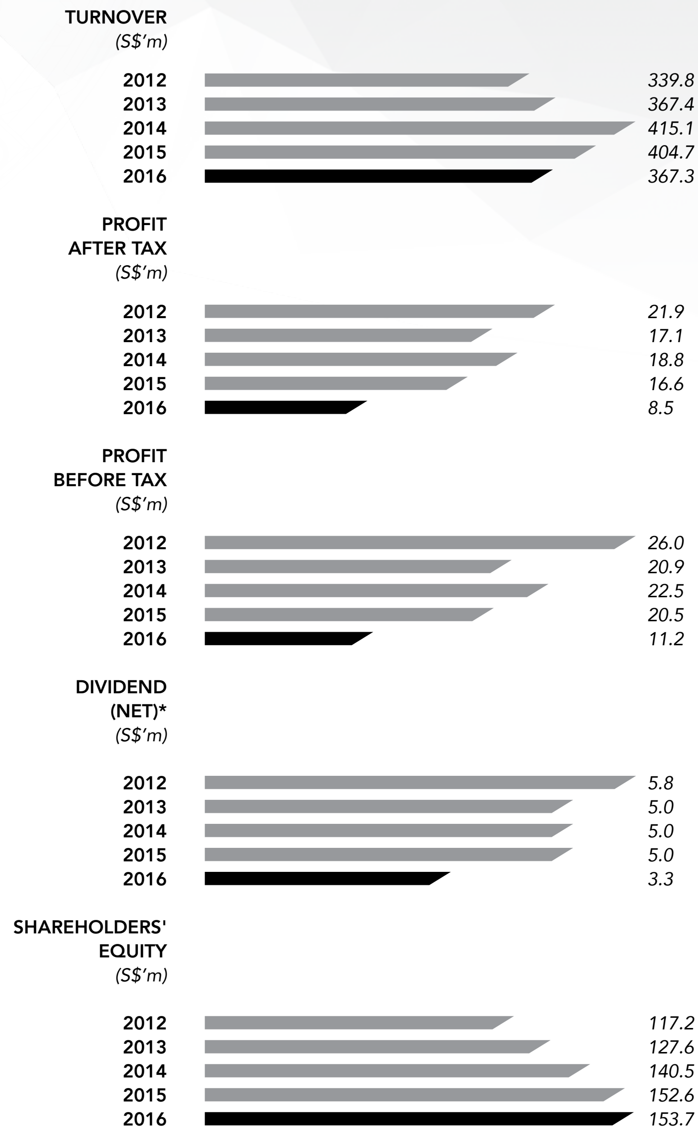
GROUP STRUCTURE



| FINANCIAL HIGHLIGHTS |

FIGURES IN CENTS





	FY2012	FY2013	FY2014	FY2015	FY2016
S$ MILLION					
Turnover	339.8	367.4	415.1	404.7	367.3
Profit before Tax	26.0	20.9	22.5	20.5	11.2
Profit after Tax	21.9	17.1	18.8	16.6	8.5
Dividend (Net)*	5.8	5.0	5.0	5.0	3.3
Shareholders' Equity	117.2	127.6	140.5	152.6	153.7
CENTS					
Basic Earnings Per Share	12.8	10.0	11.1	9.2	5.1
Net Assets Per Share	70.8	77.1	84.9	92.1	92.8

CORPORATE INFORMATION

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 Chin Sek Peng, Michael
Lead Independent Director

Mr Lau Ping Sum, Pearce
Independent Director

Mr Lee Ah Fong, James
Independent Director

Mr Foo See Jin, Michael
Independent Director

Mr Long Foo Pieng, Benny
Independent Director

COMPANY SECRETARIES

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

Ms Edna Pansy 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

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www.cortina.com.sg
Co. Registration No.:
197201771W

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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 Chan Sek Wai
(a member of the Institute of
Singapore Chartered Accountants)
Year of Appointment:
Reporting year ended
31 March 2013

Cortina Holdings Limited (the "Company") is committed to ensure high standards of corporate governance and this report outlines the Company's corporate governance practices with reference to the principles and guidelines of the Singapore Code of Corporate Governance 2012 (the "Code").

BOARD MATTERS

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 long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board of Directors (the "Board") comprises an Executive Chairman, an Executive Deputy Chairman, two Executive Directors, and five Independent Directors. 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	(Chairman and CEO)
Mr Lim Jit Ming	(Deputy Chairman and Deputy CEO)
Mr Yu Chuen Tek	(Senior Executive Director)
Mr Lim Jit Yaw	(Executive Director)
Mr Chin Sek Peng, Michael	(Lead Independent Director)
Mr Lau Ping Sum, Pearce	(Independent Director)
Mr Lee Ah Fong	(Independent Director)
Mr Foo See Jin	(Independent Director)
Mr Long Foo Pieng	(Independent Director)

The primary role of the Board is to protect and enhance long-term shareholders' value. It provides entrepreneurial leadership, sets the corporate strategies of the Group and sets directions and goals for the Management (comprising the key executive officers of the Group). 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. The Board also considers sustainability issues of its business strategy.

The principal responsibilities of the Board are to:

(a) provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Company to meet its goals and objectives;

(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;

(c) review Management performance;

(d) identify key stakeholder groups and recognize that their perceptions affect the Group's reputation;

(e) set the Group's values and standards, and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) consider sustainability issues as part of its strategy formulation.

Matters specifically reserved for the Board's decision are:

(a) matters involving a conflict of interest for a substantial shareholder or a director;

(b) strategic policies of the Group;

(c) annual budgets;

(d) public release of periodic financial results;

(e) material acquisitions and disposal of assets;

(f) corporate or financial restructuring;

(g) share issuances, interim dividends and other returns to shareholders; and

(h) any investment or expenditure not in the ordinary course of business and where the transactions fall within Rule 1004 (b) to (d) of the Listing Manual.

Independent judgement

All directors exercise due diligence and independent judgement, and make decisions objectively in the best interests of the Group.

Delegation by the Board

The Board has formed Board Committees, namely, Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"), 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.

The current members of the Board and their membership on the Board committees of the Company are as follows:

	Board Appointments		Board Committees		
Name of Director	Executive Director	Independent Director	AC	NC	RC
Lim Keen Ban	*		–	–	–
Lim Jit Ming	*		–	–	–
Yu Chuen Tek	*		–	Member	–
Lim Jit Yaw	*		–	–	–
Chin Sek Peng, Michael		*	Chairman	Member	–
Lau Ping Sum, Pearce		*	Member	Member	Chairman
Lee Ah Fong		*	Member	Chairman	Member
Foo See Jin		*	–	–	Member
Long Foo Pieng		*	–	–	–

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 2016:

	Board	Audit Committee	Nominating Committee	Renumeration Committee
Number of meetings held	**5**	**4**	**1**	**2**
Name of Directors	**Number of meetings attended**			
Lim Keen Ban	5	N.A	N.A	N.A
Lim Jit Ming	4	1*	N.A	N.A
Yu Chuen Tek	5	N.A	1	N.A
Lim Jit Yaw	5	4*	N.A	N.A
Chin Sek Peng, Michael	4	4	1	N.A
Lau Ping Sum, Pearce	5	4	1	2
Lee Ah Fong	5	4	1	2
Foo See Jin	4	N.A	N.A	1
Long Foo Pieng	5	N.A	N.A	N.A

* Attended meeting as invitee

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.

Orientation, Briefings, Updates and Trainings Provided for Directors in FY2016

The Company has in place an orientation process. A new incoming independent director is issued a formal letter of appointment setting out his duties and obligations.

Incoming directors joining the Board will be briefed by the NC on their directors' duties and obligations and be introduced to the Group's business and governance practice, in particular the Company's policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information.

The incoming director will meet up with the senior management and the Company Secretary to familiarize himself with their roles, organization structure and business practices. This will enable him to get acquainted with senior management and the Company Secretary thereby facilitating board interaction and independent access to senior management and the Company Secretary.

The directors are continually and regularly updated on the Group's business and governance practices, changes to the accounting standards and regulatory updates, Code of Corporate Governance and Listing Manual by the Company Secretary. The directors are also encouraged to be members of the Singapore Institute of Directors (SID) and for them to receive updates and training from SID. Briefings and updates provided for directors in FY2016 included:

– At every AC meeting, the external auditors briefed the AC members on developments in accounting and governance standards whenever there are changes or there is a need to update such standards;

– The Board was briefed on the implementation of the Companies Act (Amendment) Bill, ACRA (Amendment) Act, compliance with SGX Listing Rules and 2012 Code of Corporate Governance by the Company Secretary;

- The CEO updated the Board at each meeting on business and strategic developments;
- The directors are provided opportunities to attend courses and seminars in directors' practices and governance issues to update themselves on the latest developments in these areas; and
- Apart from discussion at Board meetings, the directors were also provided with timely updates on developments within the Group on a regular basis, mainly through emails. Two-way communication between the directors and the management was maintained throughout the year.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board consists of nine Directors, four of whom are Executive Directors and five are independent Directors, one of them being the Lead Independent Director.

The Board is of the view that the current Board comprises persons whose diverse skills, experience and attributes provide for effective direction of the Group. The composition of the Board will be reviewed on an annual basis by the NC 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.

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 corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company. The independence of each Director is reviewed annually by the NC, based on the definition of independence as stated in the Code.

For the purpose of determining directors' independence, every director has provided declaration of his independence which is reviewed by the NC and the Board. Except for the executive directors, all the other directors on the Board are considered by the NC and the Board to be independent directors.

Independent Directors, Mr Lau Ping Sum, Pearce, Mr Foo See Jin and Mr Long Foo Pieng have served the Board for more than nine years from the date of each of their first appointment.

The NC and the Board had conducted a rigorous review and was of the view that each of Mr Lau, Mr Foo and Mr Long each has no relationship with the Company, its related corporations, its 10% shareholders or its officers, and each has always exercised independent judgement in the best interest of the Company in the discharge of their directors' duties. The NC and the Board (with Mr Lau, Mr Foo and Mr Long abstaining) concurred that these independent directors have exercised independent judgement in the best interests of the Company in the discharge of their directors' duties and have engaged the Board in constructive discussion; their contributions are relevant and reasoned. These directors with institutional memory continue to contribute as independent directors on the Board and are able to make informed strategic decision in the business of the Company. The Board firmly believes that they continue to be independent.

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' Statement on pages 35 to 38 of this annual report.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Mr Lim Keen Ban is both the Chairman and the 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 and CEO, Mr Lim Keen Ban is primarily responsible for the overall management, strategic planning and business development of the Group. He is assisted by the Deputy Chairman and Deputy CEO, Mr Lim Jit Ming.

In assuming his roles and responsibilities, Mr Lim Keen Ban consults with the Board, AC, NC and RC on major issues. Mr Chin Sek Peng, Michael has been the Company's Lead Independent Director since September 2007. Also, the Independent Directors make up more than half the Board. With these, the Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Company has established a 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 (Chairman)	(Independent Director)
Mr Chin Sek Peng, Michael	(Lead Independent Director)
Mr Lau Ping Sum, Pearce	(Independent Director)
Mr Yu Chuen Tek	(Senior Executive Director)

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 nominations.

– To ensure that independent directors meet SGX-ST's guidelines and criteria;

– To ensure the effectiveness of the Board as a whole and the effectiveness and contribution of each director to the Board;

– To review board succession plans for directors and key management personnel, in particular the Chairman and the CEO;

– To develop a process for evaluation of the performance of the Board, its committees and its directors, and undertake assessment of the effectiveness of the Board, Board Committees and Directors, including reviewing multiple board representations of directors where applicable;

– To review the training and professional development programmes for the Board;

– To recommend to the Board the appointment and re-appointment of Directors; and

– To assess the independence of the Independent Directors.

The NC will conduct 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 NC may recommend the appointment of a new director to fill a casual vacancy in the Board.

The Company has in place policy and procedures for the appointment of new directors to the Board, including a description on the search and nomination process. The NC will deliberate and propose 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's ability 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 discussions.

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

The Constitution of the Company requires one-third of the Board to retire from office at each Annual General Meeting. Accordingly, the directors will submit themselves for nomination and re-election at regular intervals of at least once every three years. They can be re-elected if eligible. The CEO's appointment is not subject to this retirement by rotation.

The NC has recommended to the Board the re-election of Mr Lim Jit Ming, Mr Yu Chuen Tek and Mr Long Foo Pieng who will retire by rotation pursuant to Article 91 of the Constitution of the Company, and the re-appointment of Mr Lau Ping Sum Pearce and Mr Lim Kee Ban who will retire at the coming Annual General Meeting under Section 153(6) of the Companies Act which was in force immediately before 3 January 2016 and repealed on 3 January 2016, at the forthcoming meeting.

Directors' multiple board representations

The NC has set guidelines on the maximum number of Board appointments in listed companies that a Board member can hold to ensure that the directors are able to commit their time to effectively discharge their responsibilities. Based on the guidelines set by the NC, each Board member cannot have more than six listed Board representations including the Company. All the directors currently do not sit on the boards of more than six listed companies.

Succession planning

The NC has in place a board succession plan for Directors, in particular, the Executive Chairman and CEO. The NC has reviewed contingency arrangements for any unexpected incapacitation of the CEO or any of the top management personnel and is satisfied with the procedures in place for smooth transition.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees 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 with the Board's approval, implemented a process for annually assessing the effectiveness of the Board and the contribution by each individual director to the effectiveness of the Board on an annual basis. The individual Director conducted a self-assessment of his own performance as a Director. The Board was also able to assess the Board Committees through their regular reports to the Board on their activities. This process includes having the directors complete a performance evaluation form seeking their evaluation on various aspects of board performance, such as the Board's level of governance, effective delegation to the Board committees, leadership and accountability. The Company Secretary compiles the directors' evaluation into a consolidated report. The report is discussed at the NC meeting and is also shared with the entire Board.

The NC has reviewed and evaluated the performance of the Board as a whole, and of individual directors, 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, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

All Directors are from time to time furnished with information concerning the Company to enable them to be fully cognisant of the decisions and actions of the Management. The Management provides the Board with regular management reports, which includes budgets, forecasts and quarterly management accounts. In respect of budgets, any material variances between the projections and actual results are explained to the Board. Management provides Directors with information whenever necessary and board papers are sent to Directors before each Board and Board Committee meetings. The Board has unrestricted access to the Company's records and information.

As and when required, senior members of management staff are available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at board meetings, or by external consultants engaged on specific projects.

The Board has separate and independent access to the Company Secretary and to other senior management executives of the Company and of the Group at all times in carrying out their duties. The Company Secretary attends all Board meetings and meetings of the Committees of the Company and ensures that relevant board and board committee procedures are followed and that applicable rules and regulations are complied with.

Each Director has the right to seek independent legal and other professional advices, 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 RC comprises three Directors, all of whom are independent. The members of the RC are:

Mr Lau Ping Sum, Pearce (Chairman)	(Independent Director)
Mr Lee Ah Fong	(Independent Director)
Mr Foo See Jin	(Independent Director)

The RC recommends to the Board a framework of remuneration for the directors and executive officers, and reviews the specific remuneration package for each executive director and the CEO. The RC recommends to the Board where appropriate 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 review the specific remuneration packages for each executive director;
– To recommend the compensation framework for non-executive directors to the Board of Directors and review the appropriateness of the compensation for non-executive directors for approval at the AGM;
– To review the Group's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous;
– To review the remuneration of employees who are immediate family members of a director or the CEO to ensure that the remuneration of each of such employees is commensurate with his or her duties and responsibilities, and no preferential treatment is given to him or her; and
– To review and recommend the engagement of remuneration consultant on the request of management or as it deems appropriate for the Company.

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

LEVEL AND MIX OF REMUNERATION

Disclosure on Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9: Every company should provide clear disclosure of its remuneration policies, 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 management personnel and performance.

Remuneration of Executive Directors and key management personnel

The level and mix of each remuneration package of the Directors are designed after considering the market's pay and employment conditions within the industry and in comparable companies, the individual's level of responsibilities, the Company's relative performance and the performance of individual Directors. As part of its review, the RC ensures that the performance-related elements of remuneration form a significant part of the total remuneration package of executive directors and is designed to align the directors' interest with the long-term interest and risk policies of the company and of the shareholders, and link rewards to corporate and individual performance.

For executive directors, service agreements are in place between each executive director and the Company. The remuneration structure provides for basic salaries, annual wage supplement, and incentive bonus which is tied to the performance of the Group. Key management staff is compensated on a fixed plus variable basis. The RC would periodically review the Group's remuneration framework to ensure compensation for executive directors and key management staff remains linked to both individual and Group's performance for long-term sustainability.

Currently there is no contractual provision to allow the Company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the issuer. The RC would review such contractual provision as and when necessary.

Recommendations are then put forward to the Board by the RC.

Remuneration of Independent Directors

For Independent Directors of the Company, the structure and level of directors' fee are tied to their respective roles and responsibilities on the Board and Committees. The directors' contributions and attendance at meetings are taken into consideration in determining the directors' fee structure.

Remuneration of Directors and the CEO

A breakdown showing the level and mix of each director's remuneration for the financial year ended 31 March 2016 is as follows:

Remuneration Band and Name of Director	Fee %	Salary %	Bonus %	Other Benefits %
$1,200,000 to $1,250,000				
Lim Keen Ban (also CEO)	6	36	54	4
$750,000 to $1,000,000				
Lim Jit Ming	4	45	44	7
Yu Chuen Tek	6	48	42	4
$250,000 to $500,000				
Lim Jit Yaw	7	51	35	7
Below $250,000				
Chin Sek Peng, Michael	100	–	–	–
Lau Ping Sum, Pearce	100	–	–	–
Lee Ah Fong	100	–	–	–
Foo See Jin	100	–	–	–
Long Foo Pieng	100	–	–	–

* Other benefits refer to benefits-in-kind such as car, club membership, etc. which are made available to directors, as appropriate.

The Board is of the view that it is in the best interests of the Company that specific details of the remuneration of each individual Director and key management be kept confidential. The Board believes that the disclosure provided is in the interest of the Company as it would avoid a situation where the information might be exploited by the competitors, while allowing directors and key management staff to maintain some degree of their personal confidentiality on remuneration matters.

Remuneration of Key Executives

The remuneration paid to or accrued to the key management personnel (who are not Directors or the CEO) for FY2016 is as follows:

Remuneration Band and Name of Key Executives	Salary %	Bonus %	Other Benefits %	Total %
$250,000 to $499,999				
Lim Yin Chian	74	17	9	100
Yuen King Yu Andrew	76	22	2	100
Cheah Yok Khian Dorris	53	15	32	100
Tay Liam Khoon	65	30	5	100
Below $250,000				
Tshai Kin Chon Ivan	85	15	–	100
Krist Chatikaratana	86	7	7	100
Shih Wen Lian Douglas	86	7	7	100

* Other benefits refer to benefits-in-kind such as car, housing allowances, etc. which are made available to key management personnel, as appropriate.

The aggregate of total remuneration paid or accrued to the key management personnel (who are not directors or the CEO) for FY2016 was S$1,896,495.

Immediate Family Member of Directors or the CEO

The following are employees who are immediate family members of a director or the CEO and whose remuneration exceeds S$50,000 during the financial year ended 31 March 2016:

	Relationship to Director or the CEO
$200,000 to $250,000	
Chia Nyok Song @ Cheah Yoke Heng	Spouse
$150,000 to $200,000	
Cheah Kok Chong	Brother-in-law
$50,000 to $100,000	
Sim Kee Hoon	Sister-in-law

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.

Undertaking by the Board and Executive Officer on compliance with Listing Manual

The Board is accountable to the shareholders and is mindful of its obligations to ensure compliance with the Listing Rules of the SGX-ST. The Directors have each signed the respective undertaking in the form set out in Appendix 7.7 of the Listing Manual to undertake to use their best endeavours to comply with the Listing Rules and to procure that the Company shall so comply. The Directors have also procured a similar undertaking by the Financial Controller in his capacity as an Executive Officer.

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.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously together with such meetings.

Financial results and annual reports will be announced or issued within legally prescribed periods. The Board ensures timely and full disclosure of information on material corporate developments to shareholders.

The Board also reviews regulatory compliance reports from management to ensure that the Group complies with the relevant regulatory requirements.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Risk Management and Internal Controls

The Board with the assistance of the AC reviews the effectiveness of the Group's material internal controls and system of controls to address key financial, operational, information technology and compliance risks. In this respect, the AC 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. An internal control 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.

The Group regularly reviews its 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 AC.

For the financial year ended 31 March 2016, the Board had received assurance from the CEO and Financial Controller (Chief Financial Officer equivalent) in the execution of their respective duties as CEO and Financial Controller and to the best of their knowledge and belief the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and the Company's risk management and internal controls system are effective to address the key risks of the Company and its subsidiaries.

During the year, the AC on behalf of the Board had reviewed the effectiveness of the Group's risk management system and internal controls in light of key business and financial risks affecting the operations. The Group's financial risk management objectives and policies are discussed under Note 37 of the Financial Statements.

Based on the risk management system and internal controls established and maintained by the Group, the assurance from the CEO and Financial Controller as described above, and work performed by the external and internal auditors ("auditors") and discussions with them, including the Management's responses to the auditors' recommendations for improvements to the Group's internal controls, the Board with the concurrence of the AC is of the opinion that the internal controls of the Group are adequate and effective in addressing the key financial, operational, compliance, and information technology risks which are significant as at reporting date. The Board is also of the view that the risk management system that has been put in place is effective to address the key risks of the Group.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The establishment of an 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)	(Lead Independent Director)
Mr Lau Ping Sam, Pearce	(Independent Director)
Mr Lee Ah Fong	(Independent Director)

The Chairman of the AC, Mr Chin Sek Peng, Michael is a practising public accountant, a fellow member of the Institute of Singapore Chartered Accountants ("ISCA") as well as the Institure of Chartered Accountants in England and Wales, a Council member of ISCA and the Chairman of the Public Accounting Practice Committee of ISCA. Mr Lau Ping Sum has the requisite financial experience having previously chaired for more than 10 years the AC of another listed company. Mr Lee Ah Fong has experience in accounting, finance and business management. The Board is satisfied that the members of the AC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions.

The AC meets with both the external and internal auditors without the presence of the Management at least once a year. These meetings enable the external auditors and internal auditors to raise issues encountered in the course of their work directly with the AC.

The AC is guided by the following Terms of Reference, which include:

(a) To review the financial statements of the Company and the Group 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.

(b) To review the audit plans of the Group with the external and internal auditors and their evaluation of internal accounting controls including Management responses;

(c) To review the findings relating to auditing 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;

(d) To review findings of any internal investigations and Management's response;

(e) To review the effectiveness and adequacy of the internal audit function;

(f) To review the independence of the external auditors and make recommendations to the Board on the appointment, re-appointment and removal of the external auditors;

(g) To review interested person transactions and potential conflicts of interest situations that may arise including any transactions, procedures or courses of action that raise questions about Management's integrity; and

(h) To review complaints that may raise concerns about possible improprieties or irregularities that require the AC to review and, if required, investigate with the support of external professional service firms.

The AC had 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, were 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 Company confirms compliance with Rules 712, 715 and 716 of the Listing Manual. RSM Chio Lim LLP is the external auditors of the Company and its Singapore subsidiaries and is registered with the Accounting and Corporate Regulatory Authority. The names of the auditors of the Company's subsidiaries and its associated companies are disclosed in note 18 and 19 of the financial statements.

The AC has reviewed the non-audit services rendered to the Group by the external auditors. During the year, the fees paid to the external auditors of the Company for non-audit services amounted to S$23,300 or 13.5% of the total fees. Having satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, the AC recommended their nomination to the Board.

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

Whistle-blowing

The Company has in place a whistle-blowing framework to deal with staff concerns about improprieties. The AC oversees the administration of the framework and ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up actions.

The staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties on matters of financial reporting or other matters to the Executive Directors or the Human Resource Department, for onward forwarding to the AC Chairman. The Company also makes known to such complainants that they may, if they so wish, make direct reports to the AC. The written and circulated whistleblowing policy and procedures also sets out the procedures for raising concern or making complaints, and the process of investigation. Such concerns raised are independently investigated and appropriate follow-up action taken.

The Company will treat all information received as confidential and protect the identity and interest of all whistleblowers. Following investigation and evaluation of a complaint the AC will decide whether the matter needs further follow up and appropriate action to be taken. If the AC decides not to proceed with the investigation, the decision must be explained as fully as possible to the person who raised the concern. The action determined by the AC will then be brought to the Board or to appropriate members of senior management, for improvements or remedial actions, as appropriate.

The whistle-blowing policy is communicated to all employees as part of the Group's efforts to promote awareness of fraud control.

INTERNAL AUDIT

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company has engaged One-Partnership Risk Advisory as its internal auditors.

The primary functions of Internal Audit are :

(a) To assess if adequate systems of internal controls are in place to safeguard the funds and assets of the Group, and to ensure that control procedures are complied with;

(b) To assess if the business processes under review are conducted efficiently and effectively; and

(c) To identify and recommend improvement to internal control procedures, where required.

The Internal Audit function reports directly to the AC. The Internal Audit function follows essentially the Standards for Professional Practice of Internal Auditing established by the Institute of Internal Auditors. The AC 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

SHAREHOLDER RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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

Information is disseminated to shareholders on a timely basis through:

(a) SGXNET announcements and news release;

(b) Annual Report prepared and issued to all shareholders;

(c) Press releases on major developments of the Group;

(d) Notices of and explanatory memoranda for AGM and Extraordinary General Meetings ("EGM"); and

(e) Company's website at www.cortina.com.sg where shareholders can access information on the Group.

The Company's AGMs and EGMs 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 AGMs/EGMs to ensure a high level of interaction and to stay informed of the Group's strategies and goals. Notice of the meeting will be advertised in newspapers and announced on SGXNET.

The Company will have separate resolutions at general meetings on each distinct issue. The Company's Constitution allows a member (other than a relevant intermediary as defined in section 181 of the Companies Act) to appoint one or two proxies to attend and vote at its general meetings. The Companies Act allows relevant intermediaries who include CPF agent banks nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF agent banks' proxies.

All resolutions at the forthcoming AGM would be put to vote by poll in accordance with the Listing Rule of SGX-ST so as to allow greater transparency and more equitable participation by shareholders.

Dividends

The details of dividend payment, if any, would be disclosed via the release of the announcements through SGXNET.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Group supports and encourages active shareholders participation at general meetings. The Board believes that general meetings serve as an opportune forum for Shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers.

Dealing in Securities

In line with Rule 1207(19) of the Listing Manual, the Company has in place a policy prohibiting dealings of the Company's securities by Directors and officers of the Company on short-term considerations or if they are in possession of price sensitive information and during the period two weeks before the release of the quarterly results or one month prior to the announcement of the Company's half year and full-year results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period.

Interested Persons Transactions

There were no interested person transactions which require disclosure or shareholders' approval under SGX-ST rules regulating interested person transactions.

Material Contracts

There was no material contract entered into by the Company or any of its subsidiary companies involving the interest of the CEO, any Director or controlling shareholder.

STATEMENT BY DIRECTORS AND FINANCIAL STATEMENTS

CONTENTS

STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company (collectively known as "financial statements") for the reporting year ended 31 March 2016.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the accompanying financial statements set out on pages 41 to 91 are drawn up so as to give a true and fair view of the financial position of the group and of the company as at 31 March 2016 and of 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; and

(b) at the date of the 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.

2. DIRECTORS IN OFFICE AT DATE OF STATEMENT

The directors of the company in office at the date of this statement are:

Lim Keen Ban	(Chairman and CEO)
Lim Jit Ming	(Deputy Chairman and Deputy CEO)
Yu Chuen Tek	(Senior Executive Director)
Lim Jit Yaw	(Executive Director)
Chin Sek Peng, Michael	(Lead Independent Director)
Lau Ping Sum, Pearce	(Independent Director)
Lee Ah Fong	(Independent Director)
Foo See Jin	(Independent Director)
Long Foo Pieng	(Independent Director)

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

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

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of directors and company in which interests are held	Shareholdings in which director are deemed to have interest	
	At beginning of the reporting year	At end of the reporting year
The company		
Cortina Holdings Limited	Number of ordinary shares of no par value	
Lim Keen Ban	67,988,425	69,638,425
Lim Jit Ming	52,657,490	52,657,490
Yu Chuen Tek	7,428,000	7,428,000
Lim Jit Yaw	67,988,425	69,638,425

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 2016 were the same as those at the end of the reporting year.

4. ARRANGEMENTS TO ENABLE DIRECTORS 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 arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

5. OPTIONS

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

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

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

6. INDEPENDENT AUDITOR

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7. REPORT OF AUDIT COMMITTEE

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

Mr Chin Sek Peng, Michael	(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 Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor and the internal auditor their audit plans.
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.
- Reviewed with the internal auditor the internal control findings and recommendations arising from their internal audit work to address key financial, operational and compliance controls and risk management, and the assistance given by the management to the internal auditor.
- Reviewed the financial statements prior to it being submitted to the directors of the company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

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

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

8. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the group's and the company's preliminary financial results and information, as announced on 26 May 2016, which would materially affect the group's operating and financial performance as of the date of this report.

On behalf of the directors

....	....
Lim Keen Ban	Yu Chuen Tek
Director	Director

13 June 2016

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORTINA HOLDINGS LIMITED (REGISTRATION NO: 197201771W)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Cortina Holdings Limited (the "company") and its subsidiaries (the "group") set out on pages 41 to 91, which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 March 2016, and the consolidated statement of profit or loss and consolidated statement of 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 significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 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 financial statements and to maintain accountability of assets.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 financial statements.

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

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORTINA HOLDINGS LIMITED (REGISTRATION NO: 197201771W)

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 financial position of the group and of the company as at 31 March 2016 and of the financial performance, 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 by those subsidiary corporations incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

....

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

13 June 2016

Partner in charge of audit: Chan Sek Wai
Effective from reporting year ended 31 March 2013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED MARCH 31 2016

	Notes	Group 2016 $'000	Group 2015 $'000
Revenue	5	367,257	404,690
Interest income	6	36	21
Other gains	7	748	2,736
Changes in inventories of finished goods		980	(1,337)
Purchase of goods and consumables		(284,632)	(315,972)
Employee benefits expense	8	(20,722)	(22,317)
Rental expense		(27,165)	(23,077)
Depreciation expense	9	(4,835)	(3,874)
Other expenses	10	(15,578)	(16,975)
Other losses	7	(2,061)	(430)
Finance costs	11	(2,811)	(2,986)
Share of loss from equity-accounted associates		(9)	(21)
Profit before tax from continuing operations		11,208	20,458
Income tax expense	12	(2,755)	(3,864)
Profit net of tax		8,453	16,594
Profit attributable to owners of the parent, net of tax		8,388	15,215
Profit attributable to non-controlling interests, net of tax		65	1,379
Profit net of tax		8,453	16,594

Earnings per share		**Cents**	**Cents**
Earnings per share currency unit			
Basic			
Continuing operations	15	5.1	9.2
Diluted			
Continuing operations	15	5.1	9.2

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

| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME |

YEAR ENDED MARCH 31 2016

	Group	
	2016	**2015**
	$'000	**$'000**
Profit from continuing activities, net of tax	8,453	16,594
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations, net of tax	(3,270)	2,110
Total comprehensive income for the year, net of tax	5,183	18,704
Total comprehensive income attributable to owners of the parent	6,081	17,271
Total comprehensive income attributable to non-controlling interests	(898)	1,433
Total comprehensive income	5,183	18,704

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

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31 2016

	Notes	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	16	15,891	15,413	211	216
Investments in subsidiaries	18	–	–	51,701	24,928
Investments in associates	19	2,518	2,527	1,000	1,000
Deferred tax assets	12	724	1,006	–	–
Trade and other receivables, non-current	20	–	–	5,403	10,593
Other assets, non-current	21	4,313	4,495	–	–
Total non-current assets		23,446	23,441	58,315	36,737
Current assets					
Assets held for sale under FRS105	22	–	4,603	–	4,603
Inventories	23	216,330	215,350	–	–
Trade and other receivables, current	24	8,198	11,755	2,566	16,774
Other assets, current	25	2,967	2,969	14	13
Cash and cash equivalents	26	17,262	27,336	51	1,121
Total current assets		244,757	262,013	2,631	22,511
Total assets		268,203	285,454	60,946	59,248
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	27	35,481	35,481	35,481	35,481
Other reserve	28	(5,969)	(3,662)	–	–
Retained earnings		124,165	120,744	6,183	9,491
Equity, attributable to owners of the parent, total		153,677	152,563	41,664	44,972
Non-controlling interests		7,796	8,694	–	–
Total equity		161,473	161,257	41,664	44,972
Non-current liabilities					
Provisions, non-current	29	1,316	954	–	–
Other financial liabilities, non-current	30	2,618	10,345	–	5,000
Deferred tax liabilities	12	–	52	–	–
Total non-current liabilities		3,934	11,351	–	5,000
Current liabilities					
Income tax payable		1,404	2,227	182	240
Trade and other payables, current	31	14,319	19,990	14,100	4,036
Other financial liabilities, current	30	83,628	89,607	5,000	5,000
Other liabilities, current	32	3,445	1,022	–	–
Total current liabilities		102,796	112,846	19,282	9,276
Total liabilities		106,730	124,197	19,282	14,276
Total equity and liabilities		268,203	285,454	60,946	59,248

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

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED MARCH 31 2016

	Total equity $'000	Attributable to parent sub-total $'000	Share capital $'000	Translation reserve $'000	Retained earnings $'000	Non-controlling interests $'000
Group:						
Current year:						
Opening balance at 1 April 2015	161,257	152,563	35,481	(3,662)	120,744	8,694
Movements in equity:						
Total comprehensive income for the year	5,183	6,081	–	(2,307)	8,388	(898)
Dividends paid (Note 14)	(4,967)	(4,967)	–	–	(4,967)	–
Closing balance at 31 March 2016	161,473	153,677	35,481	(5,969)	124,165	7,796
Previous year:						
Opening balance at 1 April 2014	147,520	140,501	35,481	(5,718)	110,738	7,019
Movements in equity:						
Total comprehensive income for the year	18,704	17,271	–	2,056	15,215	1,433
Acquisition of non-controlling interests without a change in control (Note 18)	(575)	(242)	–	–	(242)	(333)
Subscription of share capital in a subsidiary by non-controlling interests (Note 18)	575	–	–	–	–	575
Dividends paid (Note 14)	(4,967)	(4,967)	–	–	(4,967)	–
Closing balance at 31 March 2015	161,257	152,563	35,481	(3,662)	120,744	8,694

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

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED MARCH 31 2016

	Total Equity $'000	Share Capital $'000	Retained Earnings $'000
Company:			
Current year:			
Opening balance at 1 April 2015	44,972	35,481	9,491
Movements in equity:			
Total comprehensive income for the year	1,659	–	1,659
Dividends paid (Note 14)	(4,967)	–	(4,967)
Closing balance at 31 March 2016	41,664	35,481	6,183
Previous year:			
Opening balance at 1 April 2014	46,335	35,481	10,854
Movements in equity:			
Total comprehensive income for the year	3,604	–	3,604
Dividends paid (Note 14)	(4,967)	–	(4,967)
Closing balance at 31 March 2015	44,972	35,481	9,491

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31 2016

	2016 $'000	2015 $'000
Cash flows from operating activities		
Profit before tax	11,208	20,458
Adjustments for:		
Depreciation expense	4,835	3,874
Interest income	(36)	(21)
Interest expense	2,811	2,986
Share of loss from equity-accounted associates	9	21
Losses/(gains) on disposal of plant and equipment	9	(156)
Gains on disposal of assets held for sale under FRS105	(748)	(2,580)
Plant and equipment written off	679	60
Net effect of exchange rate changes in consolidating foreign operations	(2,190)	1,988
Operating cash flows before changes in working capital	16,577	26,630
Inventories	(980)	1,337
Trade and other receivables	3,557	1,832
Other assets	184	(590)
Trade and other payables	(5,671)	(3,534)
Other liabilities, current	2,423	(1,273)
Net cash flows generated from operations	16,090	24,402
Income taxes paid	(3,348)	(4,093)
Net cash flows generated from operating activities	12,742	20,309
Cash flows from investing activities		
Acquisition of non-controlling interests without change in control (Note 18)	–	(575)
Disposal of plant and equipment	2	522
Proceeds from disposal of assets held for sale under FRS105	5,351	18,102
Purchase of plant and equipment (Note 26B)	(6,204)	(7,472)
Interest received	36	21
Net cash flows (used in) from investing activities	(815)	10,598
Cash flows from financing activities		
Increase in new borrowings	–	8,266
Decrease in other financial liabilities	(13,535)	(18,510)
Decrease in finance leases	(294)	(535)
Additional investment in a subsidiary by a non-controlling interest (Note 18)	–	575
Interest paid	(2,811)	(2,986)
Dividends paid	(4,967)	(4,967)
Net cash flows used in financing activities	(21,607)	(18,157)
Net (decrease)/increase in cash and cash equivalents	(9,680)	12,750
Cash and cash equivalents, statement of cash flows, beginning balance	27,299	14,405
Effect of foreign exchange rate adjustments	(383)	144
Cash and cash equivalents, statement of cash flows, ending balance (Note 26A)	17,236	27,299

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

1. GENERAL

The company is incorporated in Singapore with limited liability. It is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are presented in Singapore dollars and they cover the company (referred to as "parent") and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The company is an investment holding company and provides management services to its subsidiaries and associates. 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 situated in Singapore.

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRSs") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 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. The accounting policies in FRSs need not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRSs. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

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.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. 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 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 separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. SIGNIFICANT ACCOUNTING POLICIES

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, 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 and when the collection is reasonably assured.

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.

Dividend from equity instruments is recognised as income when the entity’s right to receive payment is established.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries overseas have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. 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.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

Foreign currency transactions

The functional 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 measurement dates respectively. All realised and unrealised exchange adjustment 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 presentation currency of the company is its functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Translation of financial statements of other entities

The presentation currency for the group is Singapore Dollar. Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity 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 income and expense items for each statement presenting profit or loss and other comprehensive income 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 relevant reporting entity.

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

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. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax 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, branches and associates, and joint arrangements 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.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 cost 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases

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 measured 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 costs 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.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost 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 carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. 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. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with FRS 103 Business Combinations. However the entire carrying amount of the investment is tested under FRS 36 for impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in FRS 39 indicates that the investment may be impaired.

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an 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 fair value at the date that it ceases to be an associate.

In the company's separate financial statements, an investment in an associate is accounted for at cost 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 carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

Business combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Assets classified as held for sale

Identifiable assets, liabilities and contingent liabilities and any disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by FRS 105 in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale. 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.

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.

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. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the 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 measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Initial recognition, measurement and derecognition:

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. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

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. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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 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. 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Financial liabilities

Initial recognition, measurement and derecognition:

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.

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. Financial guarantee contracts if significant 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. 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless state otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the 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 to the financial statements.

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. A provision is 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2B. 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 currently or 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. 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 including the ornament time pieces 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 is disclosed in Note 23.

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. 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. The carrying amount is disclosed in the Note 24 on trade and other receivables.

Income tax amount:

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. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the Note 12 on income tax.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2B. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)

Property, plant and equipment:

An assessment is made for 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 measured based on the fair value less costs of disposal or value in use calculations. 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 or class of assets at the end of the reporting year affected by the assumption is $15,891,000 (2015: $15,413,000).

Useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment 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 at the end of the reporting year affected by the assumption were $15,891,000 (2015: $15,413,000). If the useful lives of the property, plant and equipment differ by 10% from management's estimate, the carrying amount of the property, plant and equipment will be approximately higher/lower by $1,589,100 (2015: $1,541,300).

Gain on sale on investment property:

During the current reporting year, the company disposed its investment property classified as assets held for sales located at 1 Coleman Street, The Adelphi, #05-06, Singapore 179803 for an aggregate consideration of $5,403,000 (2015: 1 Coleman Street, The Adelphi, #05-06A, #05-07, #05-08, #05-11B, #05-16 and #05-17, Singapore 179803 for an aggregate consideration of $18,388,000). The disposal resulted in a gain of $748,000 (2015: $2,580,000), which is presented in other gains in the consolidated statement of profit or loss. The management has considered the gain to be capital in nature and therefore management was of the view that the gain on the aforesaid disposal is not taxable. Accordingly, no income tax liability has been recognised on the capital gains.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. 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 intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any non-current balances and financial guarantees no interest or charge is imposed unless stated otherwise.

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

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

3B. RELATED PARTY TRANSACTIONS:

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 related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any balances and financial guarantees no interest or charge is imposed unless stated otherwise.

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Associates		Non-controlling shareholder of subsidiary	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Purchase of goods	–	31	268	588
Advertising rebates	–	–	(37)	(85)

3C. KEY MANAGEMENT COMPENSATION:

	Group	
	2016	**2015**
	$'000	**$'000**
Salaries and other short-term employee benefits	5,702	7,279

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

	Group	
	2016	**2015**
	$'000	**$'000**
Remuneration of directors of the company	3,285	4,770
Remuneration of directors of the subsidiaries	1,091	1,472
Fees to directors of the company	521	521

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.

3D. COMMITMENTS AND CONTINGENCIES:

Bank facilities of $180,370,000 (2015: $176,604,000) extended to subsidiaries are guaranteed by the company. A fee is not charged for these corporate guarantees which is also not recorded at company level as the amount involved is not significant. It has no effect at the group 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 reporting entity.

For management purposes the reporting entity 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 wholesale of time piece and luxury branded accessories (the "Wholesale").

The retail segment is involved in retailing of time piece, branded pens and accessories (the "Retail").

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

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities:

	Wholesale $'000	Retail $'000	Unallocated $'000	Elimination $'000	Group $'000
Continuing Operations 2016					
Revenue by Segment					
Total revenue by segment	66,885	299,595	777	–	367,257
Inter-segment sales	20,645	318	1,616	(22,579)	–
Total revenue	87,530	299,913	2,393	(22,579)	367,257
Recurring EBITDA	3,637	17,498	2,838	(5,110)	18,863
Finance costs	(112)	(2,553)	(282)	136	(2,811)
Depreciation	(395)	(4,436)	(4)	–	(4,835)
ORBT	3,130	10,509	2,552	(4,974)	11,217
Share of loss of associates			(9)	–	(9)
Profit before tax from continuing activities					11,208
Income tax expense					(2,755)
Profit from continuing operations					8,453

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 2015					
Revenue by Segment					
Total revenue by segment	51,649	352,275	766	–	404,690
Inter-segment sales	25,131	406	1,889	(27,426)	–
Total revenue	76,780	352,681	2,655	(27,426)	404,690
Recurring EBITDA	2,993	46,303	4,929	(26,886)	27,339
Finance costs	(140)	(2,588)	(411)	153	(2,986)
Depreciation	(414)	(3,454)	(6)	–	(3,874)
ORBT	2,439	40,261	4,512	(26,733)	20,479
Share of loss of associates	–	–	(21)	–	(21)
Profit before tax from continuing activities					20,458
Income tax expense					(3,864)
Profit from continuing operations					16,594

4C. ASSETS AND RECONCILIATIONS

	Wholesale $'000	Retail $'000	Unallocated $'000	Elimination $'000	Group $'000
2016					
Total assets for reportable segments	5,737	245,367	–	(3,646)	247,458
Unallocated:					
Deferred tax assets	–	–	724	–	724
Cash and cash equivalents	–	–	17,262	–	17,262
Investments in associates	–	–	2,518	–	2,518
Other unallocated amounts	–	–	241	–	241
Total group assets	5,737	245,367	20,745	(3,646)	268,203
2015					
Total assets for reportable segments	29,528	245,192	–	(24,971)	249,749
Unallocated:					
Deferred tax assets	–	–	1,006	–	1,006
Cash and cash equivalents	–	–	27,336	–	27,336
Assets held for sale under FRS105	–	–	4,603	–	4,603
Investments in associates	–	–	2,527	–	2,527
Other unallocated amounts	–	–	7,201	(6,968)	233
Total group assets	29,528	245,192	42,673	(31,939)	285,454

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

4D. LIABILITIES AND RECONCILIATIONS

	Wholesale $'000	Retail $'000	Unallocated $'000	Elimination $'000	Group $'000
2016					
Total liabilities for reportable segments	1,866	15,957	–	(809)	17,014
Unallocated:					
Deferred and current tax liabilities	–	–	1,404	–	1,404
Other financial liabilities	–	–	86,246	–	86,246
Other unallocated amounts	–	–	2,066	–	2,066
Total group liabilities	1,866	15,957	89,716	(809)	106,730
2015					
Total liabilities for reportable segments	1,588	44,131	–	(27,784)	17,935
Unallocated:					
Deferred and current tax liabilities	–	–	2,279	–	2,279
Other financial liabilities	–	–	99,952	–	99,952
Other unallocated amounts	–	–	4,031	–	4,031
Total group liabilities	1,588	44,131	106,262	(27,784)	124,197

4E. OTHER MATERIAL ITEMS AND RECONCILIATIONS

	Wholesale $'000	Retail $'000	Unallocated $'000	Elimination $'000	Group $'000
Expenditures for non-current assets:					
2016	–	6,700	–	–	6,700
2015	–	7,990	–	–	7,990

4F. GEOGRAPHICAL INFORMATION

The following table provides an analysis of the revenue by geographical market, irrespective of the origin of the goods and services:

	Revenue		Total assets	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Singapore	183,636	195,162	142,716	149,020
South East Asia (a)	121,851	142,985	74,850	80,797
North East Asia (b)	56,842	60,712	49,913	54,631
Others (c)	4,928	5,831		–
Unallocated	–	–	724	1,006
Total	367,257	404,690	268,203	285,454

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

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

4F. GEOGRAPHICAL INFORMATION (CONT'D)

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 exceeding 10% of the group revenue.

5. REVENUE

	Group	
	2016 $'000	2015 $'000
Sale of goods	364,424	401,934
Other income	2,833	2,756
	367,257	404,690

6. INTEREST INCOME

	Group	
	2016 $'000	2015 $'000
Interest income from financial institutions	36	21

7. OTHER GAINS AND (OTHER LOSSES)

	Group	
	2016 $'000	2015 $'000
Foreign exchange adjustments losses	(1,330)	(331)
(Losses)/Gains on disposal of plant and equipment	(9)	156
Gains on disposal of assets held for sale under FRS105	748	2,580
Inventories written off	(43)	(39)
Plant and equipment written off	(679)	(60)
Net	(1,313)	2,306
Presented in the consolidated statement of profit or loss as:		
Other gains	748	2,736
Other losses	(2,061)	(430)
Net	(1,313)	2,306

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2016 $'000	2015 $'000
Short term employee benefits expense	19,196	20,847
Contributions to defined contribution plans	1,526	1,470
Total employee benefits expense	20,722	22,317

9. DEPRECIATION EXPENSE

	Group	
	2016	2015
	$'000	$'000
Depreciation expense of property, plant and equipment (Note 16)	4,835	3,868
Depreciation expense of investment properties (Note 17)	–	6
	4,835	3,874

10. OTHER EXPENSES

The major components include the following:

	Group	
	2016	2015
	$'000	$'000
Advertising and promotion	4,493	5,712
Credit cards commission	4,798	5,538

11. FINANCE COSTS

	Group	
	2016	2015
	$'000	$'000
Interest expense on finance leases	37	42
Interest expense on bank borrowings	2,774	2,944
	2,811	2,986

12. INCOME TAX

12A. COMPONENTS OF TAX EXPENSE RECOGNISED IN PROFIT OR LOSS INCLUDE:

	Group	
	2016	2015
	$'000	$'000
Current tax expense:		
Current tax expense	2,459	3,879
Under/(Over) adjustments in respect of prior years	66	(84)
Subtotal	2,525	3,795
Deferred tax expense (income):		
Deferred tax expense (income)	230	(16)
Under adjustments in respect of prior years	–	85
Subtotal	230	69
Total income tax expense	2,755	3,864

12. INCOME TAX (CONT'D)

12A. COMPONENTS OF TAX EXPENSE RECOGNISED IN PROFIT OR LOSS INCLUDE:

The amount of income tax payable of the group as at end of the reporting year was $1,404,000 (2015: $2,227,000). Such an amount is net of tax advances, which, according to the tax rules, were paid before the end of the reporting year.

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% (2015: 17%) to profit or loss before tax as a result of the following differences:

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

	Group	
	2016	**2015**
	$'000	**$'000**
Profit before tax	11,208	20,458
Add: Share of losses from equity-accounted associates	9	21
	11,217	20,479
Income tax expense at the above rate	1,907	3,481
Expenses not deductible for tax purposes	559	96
Withholding tax	117	–
Income not subject to tax	(100)	(92)
Under adjustments in respect of prior years	66	1
Effect of different tax rates in different countries	204	370
Other minor items less than 3% each	2	8
Total income tax expense	2,755	3,864

12B. DEFERRED TAX INCOME RECOGNISED IN PROFIT OR LOSS INCLUDES:

	Group	
	2016	**2015**
	$'000	**$'000**
Excess of book over tax depreciation on plant and equipment	5	66
Excess of tax over book depreciation on plant and equipment	(33)	(26)
Provisions	467	(151)
Tax losses carryforwards	215	295
Unrecognised deferred tax assets	(424)	(115)
Total deferred tax income recognised in statement of profit or loss	230	69

12. INCOME TAX (CONT'D)

12C. DEFERRED TAX BALANCES IN THE STATEMENT OF FINANCIAL POSITION:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Deferred tax assets/ (liabilities) recognised in statement of financial position:				
Excess of net book value of plant and equipment over tax values	(390)	(385)	–	–
Excess of tax values over net book value of plant and equipment	66	33	–	–
Provisions	1,113	1,580	–	–
Tax loss carryforwards	204	419	–	–
Unrecognised deferred tax assets	(269)	(693)	–	–
Total	724	954	–	–
Presented in the statements of financial position as follows:				
Deferred tax assets	724	1,006	–	–
Deferred tax liabilities	–	(52)	–	–
Net position	724	954	–	–

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

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

The group has unused gross tax losses of approximately $1,586,000 (2015: $4,078,000) available for offset against future profits. The estimated deferred tax assets of $269,000 (2015: $693,000) have not been recognised on these tax losses 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 which will expire as follows:

	Unused gross tax losses	
	2016	2015
	$'000	$'000
Year of expiry		
2015	–	24
2016	8	8
2017	214	214
2018	–	54
2019	54	175
2020	174	1,935
2021	457	–
2022	145	–
2024	94	–
Indefinitely	440	1,668
Total unused gross tax losses	1,586	4,078

13. ITEMS IN THE CONSOLIDATED STATEMENT OF INCOME

In addition to the profit and loss line items disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:

	Group	
	2016 $'000	2015 $'000
Audit fees to the independent auditors of the company	172	155
Audit fees to the other independent auditors	52	51
Other fees to the independent auditors of the company	23	23
Other fees to the other independent auditors	13	28

14. DIVIDENDS ON EQUITY SHARES

	Group and Company	
	2016 $'000	2015 $'000
Final tax exempt (1-tier) dividend paid of 2 cents (2015: 2 cents) per share	3,312	3,312
Special tax exempt (1-tier) dividend paid of 1 cent (2015: 1 cent) per share	1,655	1,655
	4,967	4,967

In respect of the current reporting year, the directors propose that a final tax exempt (1-tier) dividend of 2 cents per share with a total of $3,312,000 be paid to shareholders after the annual general meeting to be held on the 21 July 2016. 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. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including the new qualifying shares issued up to the date the dividend becomes payable.

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	
	2016	2015
Numerators: Earnings attributable to equity		
Continuing operations: Attributable to equity holders ($'000)	8,388	15,215
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.

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold/ Leasehold Properties $'000	Leasehold Improvements $'000	Plant and Equipment $'000	Assets in Progress $'000	Total $'000
Group:					
Cost					
At 1 April 2014	2,202	12,328	10,968	–	25,498
Additions	–	6,421	1,333	236	7,990
Disposals	–	(629)	(1,003)	–	(1,632)
Reclassifications	–	612	(612)	–	–
Transfer from investment properties (Note 17)	284	–		–	284
Foreign exchange adjustments	(83)	34	368	–	319
At 31 March 2015	2,403	18,766	11,054	236	32,459
Additions	–	2,438	3,373	889	6,700
Disposals	–	(4,732)	(1,173)	–	(5,905)
Reclassification	–	236	–	(236)	–
Foreign exchange adjustments	(154)	(1,129)	(154)	–	(1,437)
At 31 March 2016	2,249	15,579	13,100	889	31,817
Accumulated depreciation:					
At 1 April 2014	437	8,633	4,899	–	13,969
Depreciation for the year	44	1,701	2,123	–	3,868
Disposals	–	(652)	(553)	–	(1,205)
Reclassifications	–	322	(322)	–	–
Transfer from investment properties (Note 17)	68	–	–	–	68
Foreign exchange adjustments	(18)	34	330	–	346
At 31 March 2015	531	10,038	6,477	–	17,046
Depreciation for the year	45	2,964	1,826	–	4,835
Disposals	–	(4,147)	(1,068)	–	(5,215)
Foreign exchange adjustments	(33)	(603)	(104)	–	(740)
At 31 March 2016	543	8,252	7,131	–	15,926
Carrying value:					
At 1 April 2014	1,765	3,695	6,069	–	11,529
At 31 March 2015	1,872	8,728	4,577	236	15,413
At 31 March 2016	1,706	7,327	5,969	889	15,891

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold Property $'000
Company	
Cost:	
At 1 April 2014	–
Transfer from investment properties (Note 17)	284
At 31 March 2015 and 31 March 2016	284
Accumulated depreciation:	
At 1 April 2014	–
Transfer from investment properties (Note 17)	68
At 31 March 2015	68
Depreciation for the year	5
At 31 March 2016	73
Carrying value:	
At 1 April 2014	–
At 31 March 2015	216
At 31 March 2016	211

17. INVESTMENT PROPERTIES

	Group and Company	
	2016 $'000	2015 $'000
At cost:		
Balance at beginning of the year	–	284
Transfer to property, plant and equipment (Note 16)	–	(284)
Balance at end of the year	–	–
Accumulated depreciation:		
Balance at beginning of the year	–	62
Depreciation for the year	–	6
Transfer to property, plant and equipment (Note 16)	–	(68)
At end of the year	–	–
Carrying value:		
At beginning of the year	–	222
At end of the year	–	–

18. INVESTMENTS IN SUBSIDIARIES

	Company 2016 $'000	Company 2015 $'000
Movements during the year. At cost:		
Balance at beginning of the year	24,928	22,633
Acquisitions	26,773	2,295
Cost at the end of the year	51,701	24,928
Total cost comprising:		
Unquoted equity shares at cost	57,775	31,002
Allowance for impairment	(6,074)	(6,074)
Total at cost	51,701	24,928

	Company 2016 $'000	Company 2015 $'000
Movements in allowance for impairment:		
Balance at beginning and end of the year	6,074	6,074
Net book value of subsidiaries	174,663	144,208

	Company 2016 $'000	Company 2015 $'000
Analysis of amount denominated in non-functional currencies:		
Hong Kong Dollars	5,142	5,142
New Taiwan Dollars	7,196	7,196
Malaysian Ringgit	33,320	6,547
Thailand Baht	4,531	4,531

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 company		Effective percentage of equity held by company	
	2016 $'000	2015 $'000	2016 %	2015 %
Chronoswiss Asia Pte Ltd [(a)] Singapore Import and export of Chronoswiss watches	90	90	90	90
Cortina Watch HK Limited [(b)] Hong Kong Retail, import and export of watches (RSM Hong Kong)	2,529	2,529	100	100
Cortina Watch Pte Ltd [(a)] Singapore Retail, import and export of time piece, branded pens and luxury accessories	6,871	6,871	100	100
Cortina Watch (Indochina) Pte Ltd [(a)] Singapore Dormant	519	519	100	100
Cortina Watch International Pte Ltd [(a)] Singapore Dormant	(e)	(e)	100	100
Cortina Watch Sdn Bhd [(b)] Malaysia (Note A) Retail, import and export of watches, pens and clocks (RSM Malaysia)	33,320	6,547	90	70
Pactime HK Limited [(d)] Hong Kong Dormant	2,613	2,613	100	100
Pacific Time Pte Ltd [(a)] Singapore Import and export of watches	106	106	100	100
Cortina Watch (Thailand) Co. Ltd [(b)] Thailand Retail, import and export of watches (RSM Audit Services (Thailand) Limited)	4,531	4,531	70	70

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditors)	Cost in books of company		Effective percentage of equity held by company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cortina Watch Co., Ltd [c] Taiwan (Note B) Retail, import and export of watches (Sun Rise CPAs & Company)	6,193	6,193	75	75
Pacific Time Co., Ltd [c] Taiwan Distribution of watches (Sun Rise CPAs & Company)	1,003	1,003	60	60
	57,775	31,002		

(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) Not audited, as it is not material and not required to be audited under the relevant laws and regulations of its country of incorporation.
(e) 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.

Note A:

(i) In August 2015, the company subscribed for 38,150,007 new ordinary shares of Cortina Watch Sdn Bhd for a total consideration of $26,773,000. This consideration is satisfied by capitalisation of debts payable by the subsidiary to the company amounting to $24,675,000 and cash contribution of $2,098,000. Subsequently, the controlling interest by the company in the subsidiary has been increased from 70% to 90%.

Note B:

(i) In June 2014, the company acquired an additional 15% of the paid-up and issued capital of Cortina Watch Co., Ltd, Taiwan, for a total consideration of $575,000 from the non-controlling interests. Following this acquisition, the company now holds 75% equity interest in the subsidiary.

An acquisition of further equity interests from non-controlling interests without losing control is accounted for as equity transaction. The difference between the amount by which the non-controlling interests is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the owners of the parent. As a result, $242,000 was debited to retained earnings at group level as at 30 June 2014.

(ii) In July 2014, the company subscribed for 75% of the new ordinary shares in Cortina Watch Co., Ltd, Taiwan, for a consideration of $1,720,000. At the same time, the non-controlling interests also subscribed for 25% of the new share capital issued amounting to $575,000.

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

There are subsidiaries that have non-controlling interests that are considered material to the reporting entity and additional disclosures on them (amounts before inter-company eliminations) are presented below.

	Group	
	2016	2015
	$'000	$'000
Name of the subsidiary: Cortina Watch Sdn Bhd, Malaysia		
1. The profit allocated to NCI of the subsidiary during the reporting year	62	852
2. Accumulated NCI of the subsidiary at the end of the reporting year	3,960	4,591
3. The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the group and amounts before inter-company eliminations) is as follows:		
– Current assets	45,910	45,827
– Non-current assets	4,196	5,094
– Current liabilities	8,107	35,606
– Non-current liabilities	–	10
– Revenues	69,140	86,127
– Profit for the reporting year	1,650	2,839
– Total comprehensive income	1,650	2,839
– Operating cash flows, increase	470	9,294
– Net cash flows, (decrease)/increase	(692)	4,580
Name of the subsidiary: Cortina Watch (Thailand) Co. Ltd, Thailand		
1. The (loss)/profit allocated to NCI of the subsidiary during the reporting year	(28)	346
2. Accumulated NCI of the subsidiary at the end of the reporting year	1,870	2,090
3. The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the group and amounts before inter-company eliminations) is as follows:		
– Current assets	26,487	29,558
– Non-current assets	2,161	3,252
– Current liabilities	22,416	25,631
– Non-current liabilities	–	211
– Revenues	31,692	36,797
– (Loss)/Profit for the reporting year	(94)	1,154
– Total comprehensive income	(94)	1,154
– Operating cash flows, increase/(decrease)	1,017	(2,700)
– Net cash flows, decrease	(350)	(1,779)

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

	Group 2016 $'000	Group 2015 $'000
<u>Name of the subsidiary: Cortina Watch Co., Ltd, Taiwan</u>		
1. The profit allocated to NCI of the subsidiary during the reporting year	49	180
2. Accumulated NCI of the subsidiary at the end of the reporting year	1,366	1,386
3. The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the group and amounts before inter-company eliminations) is as follows:		
– Current assets	25,926	26,725
– Non-current assets	1,798	2,558
– Current liabilities	22,261	23,719
– Non-current liabilities	–	40
– Revenues	31,430	30,129
– Profit for the reporting year	197	723
– Total comprehensive income	197	723
– Operating cash flows, (decrease)/increase	(1,743)	4,898
– Net cash flows, (decrease)/increase	(2,114)	1,520

19. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Movements in carrying value:				
At beginning of the year	2,527	2,548	1,000	1,000
Share of losses for the year	(9)	(21)	–	–
At end of the year	2,518	2,527	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	1,518	1,527	–	–
	2,518	2,527	1,000	1,000
Analysis of amount denominated in non-functional currency:				
Swiss Franc	28	29	–	–

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**	
	2016	**2015**
	$'000	**$'000**
Montre Royale Distributors (Singapore) Pte Ltd [a] Singapore Dealers in watches	50	50
Held through Montre Royale Distributors (Singapore) Pte Ltd		
Societe Anoynyme De La Montre Royale [b] Switzerland Commission agents and general trading (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.

These associates are considered not material to the reporting entity. The summarised financial information of these non-material associates and the aggregate amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associates are as follows. These are adjusted to reflect adjustments made by the reporting entity when using the equity method.

	Group	
	2016	**2015**
	$'000	**$'000**
Aggregate for all non-material associates:		
Assets	5,056	5,069
Liabilities	20	15
Revenue	–	31
Loss for the year	(18)	(41)

20. TRADE AND OTHER RECEIVABLES, NON-CURRENT

	Company	
	2016	2015
	$'000	$'000
Loan receivables from subsidiaries (Notes 3 and 18)	5,403	10,593
Movements during the year - at amortised cost:		
Amortised cost at beginning of the year	10,593	12,635
Capitalisation of loan receivable (Note A)	(4,300)	–
Amount received during the year	(890)	(2,042)
Balance at end of the year	5,403	10,593

Note A: An amount of $4,300,000 which is in substance a part of the company's net investment in a subsidiary was capitalised by way of issuing new shares to the Company.

The loan receivables from subsidiaries have no terms or interest and are not expected to be settled in the foreseeable future, as the repayment is dependent on the cash flows of the borrower. The fair value is not determinable as the timing of the future cash flows arising from the loan cannot be estimated reliably.

21. OTHER ASSETS, NON-CURRENT

	Group	
	2016	2015
	$'000	$'000
Deposits to secure services	4,313	4,495

22. ASSETS HELD FOR SALE UNDER FRS 105

	Group and Company	
	2016	2015
	$'000	$'000
Assets held for sale:		
Investment properties at carrying value	–	4,603
Balance at beginning of the year	4,603	20,125
Disposals	(4,603)	(15,522)
Balance at end of the year	–	4,603

22. ASSETS HELD FOR SALE UNDER FRS 105 (CONT'D)

Details of assets held for sale as at 31 March 2015:

Description/Location	Tenure of land/ (Gross floor area)	Tenure of land/ last valuation date
Singapore: 1 Coleman Street, The Adelphi #05-06, Singapore 179803 (named as "The Adelphi")	Property: 999 years from 1828/ (239 square metres)	Commercial building/ 22 April 2014

During the year, the property was sold with the consideration of $5,403,000 (2015: $18,388,000) and the gains on disposal of asset held for sale (after deducting direct cost of disposal) amounting to $748,000 (2015: $2,580,000) has been included in other gains (Note 7).

23. INVENTORIES

	Group	
	2016 $'000	2015 $'000
Finished goods		
– at cost	165,404	178,795
– at net realisable value	50,926	36,555
Total finished goods at lower of cost and net realisable value	216,330	215,350
The write-downs of inventories charged to consolidated statement of income included in changes in inventories of finished goods	43	39

There are no inventories pledged as security for liabilities as at the end of the reporting year.

24. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade receivables:				
Outside parties	8,197	11,754	–	–
Less allowance for impairment	(5)	(5)	–	–
Subtotal	8,192	11,749	–	–
Other receivables:				
Subsidiaries (Note 3)	–	–	2,578	16,786
Other receivables	6	6	6	6
Less allowance for impairment on subsidiary	–	–	(18)	(18)
Subtotal	6	6	2,566	16,774
Total trade and other receivables	8,198	11,755	2,566	16,774
Movements in above allowance:				
Balance at beginning and end of the year	5	5	18	18

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

25. OTHER ASSETS, CURRENT

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Deposits to secure services	1,325	1,191	–	–
Prepayments	1,642	1,778	14	13
	2,967	2,969	14	13

26. CASH AND CASH EQUIVALENTS

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Not restricted in use	17,262	27,336	51	1,121

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 2016 $'000	Group 2015 $'000
Amount as shown above	17,262	27,336
Bank overdrafts (Note 30)	(26)	(37)
Cash and cash equivalents for consolidated statement of cash flows purpose at end of the reporting year	17,236	27,299

26B. NON-CASH TRANSACTIONS:

During the reporting year, there was acquisition of certain plant and equipment with a total cost of $134,000 (2015: $507,000) acquired by means of finance leases.

27. SHARE CAPITAL

	Group and Company Number of shares issued	Group and Company Share capital $'000
Ordinary shares of no par value:		
Balance at 1 April 2014, 31 March 2015 and 31 March 2016	165,578,415	35,481

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

27. SHARE CAPITAL (CONT'D)

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. Adjusted capital comprises all components of equity (that is, share capital and reserves).

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		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Net debt:				
All current and non-current borrowings including finance leases (Note 30)	86,246	99,952	5,000	10,000
Less cash and cash equivalents (Note 26)	(17,262)	(27,336)	(51)	(1,121)
Net debt	68,984	72,616	4,949	8,879
Total equity	161,473	161,257	41,664	44,972
Debt-to-adjusted total capital ratio	43%	45%	12%	20%

The improvement as shown by the decrease in the debt-to-adjusted total capital ratio for the reporting year for the group and the company resulted primarily from the decrease of borrowings as at the end of the reporting year.

28. OTHER RESERVE

Group	Foreign currency Translation reserve 2016 $'000	2015 $'000
At beginning of the year	3,662	5,718
Exchange differences on translating foreign operations	2,307	(2,056)
At end of the year	5,969	3,662

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 reserve is not available for cash dividends unless realised.

The foreign currency translation reserve accumulates all foreign exchange differences arising from the translation of financial statements of entities that are denominated in currencies other than the presentation currency of the company.

29. PROVISION, NON-CURRENT

	Group	
	2016 $'000	2015 $'000
Provision for dismantling and removing the item and restoring the site relating to property, plant and equipment:		
Movements in above provision:		
At beginning of the year	954	943
Additions	362	149
Utilised	–	(138)
At end of the year	1,316	954

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 3 years to 5 years. The unwinding of discount is not significant.

30. OTHER FINANCIAL LIABILITIES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Non-Current:				
Financial instruments with floating interest rates:				
Bank loan C (Note 30C)	–	211	–	–
Financial instruments with fixed interest rates:				
Bank loan D (Note 30D)	2,139	4,472	–	–
Bank loan E (Note 30E)	–	5,000	–	5,000
Finance lease liabilities (Note 30F)	479	662	–	–
Non-current, total	2,618	10,345	–	5,000

30. OTHER FINANCIAL LIABILITIES (CONT'D)

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Current:				
Financial instruments with floating interest rates:				
Bank overdrafts	26	37	–	–
Bank loan A (Note 30A)	10,705	13,103	–	–
Bank loan B (Note 30B)	12,209	12,075		
Bank loan C (Note 30C)	192	1,055	–	–
Bills payable	52,866	55,730	–	–
Financial instruments with fixed interest rates:				
Bank loan D (Note 30D)	2,333	2,333	–	–
Bank loan E (Note 30E)	5,000	5,000	5,000	5,000
Finance lease liabilities (Note 30F)	297	274	–	–
Current, total	83,628	89,607	5,000	5,000
Total	86,246	99,952	5,000	10,000
The non-current portion is repayable as follows:				
Due within 2 to 5 years	2,618	10,345	–	5,000
Total non-current portion	2,618	10,345	–	5,000

The ranges of floating interest rate paid were as follows:

	Group		Company	
	2016	2015	2016	2015
Bank overdrafts	7.85% to 7.90%	5.83% to 7.90%	–	–
Bank loans	3.30% to 4.36%	3.30% to 4.55%	2.23%	2.23%
Bills payable	1.38% to 4.95%	1.29% to 4.95%	–	–

30A BANK LOAN A

The bank loan pertains to working capital loans that are short term in nature, ranging between repayable on demand to 6 months. These loans are secured by corporate guarantee from the company.

The bank loans are at floating rates of interest. The fair value (Level 2) is a reasonable approximation of the carrying amount due to their short term nature or that they are floating rate instruments that are frequently re-priced to market interest rates.

30B BANK LOAN B

The bank loan pertains to working capital loans that are short term in nature, ranging between repayable on demand to 6 months. These loans are secured by corporate guarantee from the company and a director of the subsidiary.

The bank loans are at floating rates of interest. The fair value (Level 2) is a reasonable approximation of the carrying amount due to their short term nature or that they are floating rate instruments that are frequently re-priced to market interest rates.

30. OTHER FINANCIAL LIABILITIES (CONT'D)

30C BANK LOAN C

The bank loan is repayable in monthly instalments of $105,500 over 1 year commencing 6 months after the first drawdown date from December 2014.

The bank loan is at floating interest rates. The fair value (Level 2) is a reasonable approximation of the carrying amount as it is for a short period. These loans are secured by corporate guarantee from the company.

30D BANK LOAN D

The bank loan is repayable in monthly instalments of $195,000 over 3 years commencing from March 2015.

The bank loan is at a fixed rate of 2.40% per annum. The fair value (Level 2) is a reasonable approximation of the carrying amount as it is for a short period. These loans are secured by corporate guarantee from the company.

30E BANK LOAN E

The bank loan is repayable in equal quarterly instalments of $1,250,000 over 3 years commencing from May 2014. These loans are secured by corporate guarantee from the company.

The bank loan is at a fixed rate of 2.23% per annum. The fair value (Level 2) is a reasonable approximation of the carrying amount as it is for a short period. These loans are secured by corporate guarantee from the company.

30F FINANCE LEASES

Group 2016	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	324	(27)	297
Due within 2 to 5 years	502	(23)	479
Total	826	(50)	776
Carrying value of plant and equipment under finance leases			1,325

Group 2015	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	304	(30)	274
Due within 2 to 5 years	708	(46)	662
Total	1,012	(76)	936
Carrying value of plant and equipment under finance leases			1,625

There are leased assets under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets. Other details are as follows:

30. OTHER FINANCIAL LIABILITIES (CONT'D)

30F. FINANCE LEASES (CONT'D)

	2016	2015
Average lease term, in years	5	5
Average effective borrowing rate per year	2.57% to 6.29%	3.4% to 6.29%

The total for finance leases and the average effective borrowing rate per year is disclosed above. The fair value (Level 2) is a reasonable approximation of the carrying amount.

31. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade payables:				
Outside parties and accrued liabilities	14,169	19,927	2,051	4,015
Related party (Note 3)	150	63	–	–
Subtotal	14,319	19,990	2,051	4,015
Other payables:				
Subsidiaries (Note 3)	–	–	12,049	21
Subtotal	–	–	12,049	21
Total trade and other payables	14,319	19,990	14,100	4,036

32. OTHER LIABILITIES

	Group	
	2016	2015
Advanced deposits from customers	3,445	1,022

33. 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	Fair value favourable $'000
2016:				
Forward currency contracts	1,038	THB	April 2016	8
2015:				
Forward currency contracts	440	THB	April 2015	3

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 values of forward currency contracts for reporting year ended 31 March 2016 and 31 March 2015 are not recorded in the financial statements as they are not material.

34. CONTINGENT LIABILITIES

	Company	
	2016	2015
	$'000	$'000
Corporate guarantee given to bank in favour of subsidiaries	180,370	176,604
Undertaking to provide continuing financial support to subsidiaries in a net liability position	67	62

35. OPERATING LEASE PAYMENT COMMITMENTS – AS LESSEE

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

	Group	
	2016	2015
	$'000	$'000
Not later than one year	27,629	25,961
Later than one year and not later than five years	40,555	48,911
Later than 5 years	1,044	–
Rental expenses for the year	27,165	23,077

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 5 years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

36. CAPITAL COMMITMENTS

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2016	2015
	$'000	$'000
Commitments for renovation of outlets	1,171	556

37. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

37A. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

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

	Group	
	2016	**2015**
	$'000	**$'000**
Financial assets:		
Cash and bank balances	17,262	27,336
Loans and receivables	8,198	11,755
At end of the year	25,460	39,091
Financial liabilities:		
Other financial liabilities measured at amortised cost	86,246	99,952
Trade and other payables measured at amortised cost	14,319	19,990
At end of the year	100,565	119,942

	Company	
	2016	**2015**
	$'000	**$'000**
Financial assets:		
Cash and bank balances	51	1,121
Loans and receivables	7,969	27,367
At end of the year	8,020	28,488
Financial liabilities:		
Other financial liabilities measured at amortised cost	5,000	10,000
Trade and other payables measured at amortised cost	14,100	4,036
At end of the year	19,100	14,036

Further quantitative disclosures are included throughout these financial statements.

37B. 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. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not formally documented in written form. 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 consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

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

37. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

37C. FAIR VALUES OF FINANCIAL INSTRUMENTS

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

37D. 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 assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other 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 on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers 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 on receivables, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below.

Note 26 disclose the maturity of the cash and cash equivalents 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 (2015: 30 to 90 days). But some customers take a longer period to settle the amounts.

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

	Group	
	2016	2015
	$'000	$'000
Trade receivables:		
Less than 60 days	2,348	3,372
61 - 90 days	13	112
91 - 180 days	166	178
Over 180 days	20	38
Total	2,547	3,700

37. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

37D. CREDIT RISK ON FINANCIAL ASSETS (CONT'D)

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

	Group	
	2016 $'000	2015 $'000
Trade receivables:		
Over 180 days	5	5

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:

	2016 $'000	2015 $'000
Top 1 customer	1,207	1,115
Top 2 customers	1,410	1,275
Top 3 customers	1,590	1,356

37E. LIQUIDITY RISK – FINANCIAL LIABILITIES MATURITY ANALYSIS

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

	Less than 1 year $'000	2 - 5 years $'000	Over 5 years $'000	Total $'000
Group:				
Non-derivative financial liabilities:				
2016:				
Gross borrowings commitments	84,393	2,190	–	86,583
Gross finance lease obligations	324	502	–	826
Trade and other payables	14,319	–	–	14,319
At end of the year	99,036	2,692	–	101,728
2015:				
Gross borrowings commitments	89,379	10,997	–	100,376
Gross finance lease obligations	304	708	–	1,012
Trade and other payables	19,990	–	–	19,990
At end of the year	109,673	11,705	–	121,378

37. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

37E. LIQUIDITY RISK - FINANCIAL LIABILITIES MATURITY ANALYSIS (CONT'D)

	Less than 1 year $'000	2 - 5 years $'000	Over 5 years $'000	Total $'000
Company:				
Non-derivative financial liabilities:				
2016:				
Gross borrowing commitments	5,112	–	–	5,112
Trade and other payables	14,100	–	–	14,100
At end of the year	19,212	–	–	19,212
2015:				
Gross borrowing commitments	5,112	5,112	–	10,224
Trade and other payables	4,036	–	–	4,036
At end of the year	9,148	5,112	–	14,260

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

Financial guarantee contracts – For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year no claims on the financial guarantees are expected to be payable (See Note 34).

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 settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 90 days (2015: 30 to 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activity and undrawn borrowing facilities are expected to generate sufficient cash inflows.

	Group	
	2016 $'000	2015 $'000
Bank Facilities:		
Undrawn borrowing facilities	99,900	87,588

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

37. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

37F. INTEREST RATE RISK

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

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial assets:				
Floating rate	17,262	27,336	51	1,121
Financial liabilities:				
Fixed rate	10,248	17,741	5,000	10,000
Floating rate	75,998	82,211	–	–
At end of the year	86,246	99,952	5,000	10,000

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 relevant notes.

Sensitivity Analysis:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial assets through profit or loss:				
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	86	137	–	6
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	380	411	–	–

The analysis has been performed for fixed interest rate and floating interest rate over a year for financial instruments. 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 changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in 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.

37. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

37G. FOREIGN CURRENCY RISKS

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

Group 2016	Singapore Dollars $'000	Swiss Franc $'000	Malaysia Ringgit $'000	Others $'000	Total $'000
Financial assets:					
Cash	110	91	164	5	370
Loans and receivables	253	5	79	–	337
Total financial assets	363	96	243	5	707
Financial liabilities:					
Trade and other payables	1,136	433	–	252	1,821
Total financial liabilities	1,136	433	–	252	1,821
Net financial assets/(liabilities) at end of the year	(773)	(337)	243	(247)	(1,114)

Group 2015	Singapore Dollars $'000	Hong Kong Dollars $'000	Swiss Franc $'000	Others $'000	Total $'000
Financial assets:					
Cash	56	–	86	–	142
Loans and receivables	43	–	–	167	210
Total financial assets	99	–	86	167	352
Financial liabilities:					
Trade and other payables	1,625	44	758	163	2,590
Total financial liabilities	1,625	44	758	163	2,590
Net financial assets/(liabilities) at end of the year	(1,526)	(44)	(672)	4	(2,238)

There is exposure to foreign currency risk as part of its normal business activities.

The company does not have any financial assets and financial liabilities amounts denominated in non-functional currency.

Sensitivity analysis: The effect on post-tax profit is not significant.

38. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative (early application)
Various	Improvements to FRSs (Issued in January 2014). Relating to
	FRS 103 Business Combinations
	FRS 108 Operating Segments
	FRS 24 Related Party Disclosures
Various	Improvements to FRSs (Issued in February 2014). Relating to
	FRS 103 Business Combinations
	FRS 113 Fair Value Measurement

39. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable 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 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 109	Financial Instruments	1 Jan 2018

SHAREHOLDING STATISTICS

AS AT 16 JUNE 2016

Number of issued Shares:	165,578,415
Number of treasury shares:	Nil
Class of shares:	Ordinary shares
Voting rights:	One vote per share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	1	0.21	50	0.00
100 – 1,000	68	14.20	63,500	0.04
1,001 – 10,000	298	62.21	1,328,850	0.80
10,001 – 1,000,000	98	20.46	6,513,700	3.93
1,000,001 and above	14	2.92	157,672,315	95.23
Total	479	100.00	165,578,415	100.00

No.	Name	No. of Shares	%
1	LIM KEEN BAN HOLDINGS PTE LTD	52,657,490	31.80
2	HENRY TAY YUN CHWAN	20,533,000	12.40
3	MING YAW PTE LTD	16,980,935	10.26
4	YU CHUEN TEK	8,835,015	5.34
5	LONG FOO PIENG	8,564,940	5.17
6	RENNICK PTE LTD	7,310,000	4.41
7	RAFFLES NOMINEES (PTE) LTD	7,296,400	4.41
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	HSBC (SINGAPORE) NOMS PTE LTD	4,750,000	2.87
12	PHILLIP SECURITIES PTE LTD	4,156,500	2.51
13	FONG TIT FUNG	3,245,000	1.96
14	LONG AH HIAN	2,475,695	1.50
15	HOW SOW CHUEN	791,000	0.48
16	HUI YI WAN	600,000	0.36
17	JEREMY TAN JUN DA	459,000	0.28
18	SEOW KHOW HO CATHERINE @SEOW KHOW HOE	378,100	0.23
19	CHEAH YOK KIAN	350,000	0.21
20	TAN SOO YONG	250,000	0.15
	Total	160,500,415	96.95

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 16 June 2016, approximately 26.24% of the issued ordinary shares of the Company are 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

	Direct Interests		Deemed interests	
	No. of Shares	%	No. of Shares	%
Lim Keen Ban Holdings Pte Ltd	52,657,490	31.80	–	–
Lim Keen Ban (1)	–	–	69,638,425	42.06
Chia Nyok Song@Cheah Yoke Heng (1)	–	–	69,638,425	42.06
Lim Jit Ming (2)	–	–	52,657,490	31.80
Lim Jit Yaw (1)	–	–	69,638,425	42.06
Lim Yin Chian (1)	–	–	69,638,425	42.06
Henry Tay Yun Chwan	20,533,000	12.40	–	–
Ming Yaw Pte Ltd	16,980,935	10.26	–	–
Yu Chuen Tek (3) (4)	8,835,015	5.34	7,428,000	4.49
Maria Norma D Yu (3) (4)	118,000	0.07	16,145,015	9.75
Rennick Pte Ltd (4)	7,310,000	4.41	–	–
Long Foo Pieng	8,564,940	5.17	–	–
Foo See Jin, Michael	7,107,320	4.29	–	–
Lau Ping Sum, Pearce	30,000	0.02	–	–

Notes:

(1) Mr Lim Keen Ban, Mdm Chia Nyok Song@Cheah Yoke Heng, Mr Lim Jit Yaw and Ms Lim Yin Chian are deemed interested in the 52,657,490 shares held by Lim Keen Ban Holdings Pte Ltd. and the 16,980,935 shares held by Ming Yaw Pte Ltd.

(2) Mr Lim Jit Ming is deemed interested in the 52,657,490 shares held by Lim Keen Ban Holdings Pte Ltd.

(3) Mr Yu Chuen Tek is the spouse of Mdm Maria Norma D Yu. Mr Yu Chuen Tek is deemed to be interested in the 118,000 shares held by Mdm Maria. Mdm Maria is deemed to be interested in the 8,835,015 shares held by Mr Yu.

(4) Rennick Pte Ltd is owned by Mr Yu Chuen Tek and his spouse, Mdm Maria Norma D Yu. Mr Yu and Mdm Maria are therefore deemed to be interested in the 7,310,000 shares held by Rennick Pte Ltd.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Cortina Holdings Limited will be held at York Hotel, 21 Mount Elizabeth, Singapore 228516 on Thursday, 21 July 2016 at 9.00 am to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements and Directors' Statement for the financial year ended 31 March 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final one-tier tax exempt dividend of 2 cents per share for the financial year ended 31 March 2016 (2015: a final one-tier tax exempt dividend of 2 cents and a special one-tier tax exempt dividend of 1 cent per share). **(Resolution 2)**

3. To approve the Directors' Fee of S$520,625 for the financial year ending 31 March 2017 (2016: S$520,625). **(Resolution 3)**

4. To re-appoint the following Directors as Directors:

   (i) Mr Lim Keen Ban **(Resolution 4)**
   (ii) Mr Lau Ping Sum, Pearce **(Resolution 5)**
   (See Explanatory Note 1)

5. To re-elect the following directors who will retire by rotation pursuant to Article 91 of the Company's Constitution and whom being eligible, are offering themselves for re-election:

   (i) Mr Lim Jit Ming **(Resolution 6)**
   (ii) Mr Yu Chuen Tek **(Resolution 7)**
   (iii) Mr Long Foo Pieng **(Resolution 8)**

6. To re-appoint RSM Chio Lim LLP as Auditors of the Company to hold office until the next Annual General Meeting 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 capitalization issues; and

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

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 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 2)

ANY OTHER BUSINESS

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

BY ORDER OF THE BOARD

Foo Soon Soo
Company Secretary

5 July 2016

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

1. **Resolutions 4 and 5** concern the re-appointment of Mr Lim Keen Ban and Mr Lau Ping Sum, Pearce respectively. The directors were reappointed at the last annual general meeting to hold office until the conclusion of the forthcoming Annual General Meeting under Section 153(6) of the Companies Act (which was in force immediately before 3 January 2016 and repealed on 3 January 2016). Accordingly Mr Lim and Mr Lau are retiring at the forthcoming Annual General Meeting and they have each been nominated for re-appointment. Upon re-appointment, Mr Lim and Mr Lau will then be subject to retirement by rotation under the Company's Constitution.

   Mr Lau Ping Sum, Pearce will, upon re-appointment as 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 also remain as the Chairman of the Remuneration Committee and a member of the Nominating Committee.

2. **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 who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in the form of proxy.

2. A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint more than two proxies to attend, speak and vote at the meeting.

3. A proxy need not be a member of the Company.

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

5. 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.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF BOOKS CLOSURE DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Cortina Holdings Limited (the "**Company**") will be closed on 28 July 2016 after 5:00 p.m. for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, KCK CorpServe Pte. Ltd., 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721 up to 5.00 p.m. on 28 July 2016 will be registered to determine shareholders' entitlements to the proposed first and final dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares of the Company as at 5.00 p.m. on 28 July 2016 will be entitled to the proposed final dividend.

The proposed dividend, if approved by shareholders at the Annual General Meeting to be held on 21 July 2016 will be paid on 5 August 2016.

BY ORDER OF THE BOARD

Foo Soon Soo
Company Secretary

5 July 2016

CORPORATE LISTINGS

SINGAPORE

CORPORATE OFFICE
Cortina Holdings Limited
391B Orchard Road
#18-01 Ngee Ann City Tower B
Singapore 238874
Tel: (+65) 6339 9447
Fax: (+65) 6336 4939
www.cortina.com.sg

OFFICE
Cortina Watch Pte Ltd
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#18-01 Ngee Ann City Tower B
Singapore 238874
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Fax: (+65) 6336 4939 / 6336 7913
www.cortinawatch.com

DISTRIBUTION DIVISION
Chronoswiss Asia Pte Ltd
391B Orchard Road
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Tel: (+65) 6271 9600
Fax: (+65) 6271 4711

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

CORTINA WATCH BOUTIQUES
Paragon
290 Orchard Road
#01-13 Paragon
Singapore 238859
Tel: (+65) 6235 0084
Fax: (+65) 6738 1641

ION Orchard
2 Orchard Turn
#03-02 ION Orchard
Singapore 238801
Tel: (+65) 6509 9218
Fax: (+65) 6509 9217

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

Chinatown Point
133 New Bridge Road
#01-08/09 Chinatown Point
Singapore 059413
Tel: (+65) 6702 0061
Fax: (+65) 6702 0063

Capitol Piazza
15 Stamford Road
#01-77/78/79/80 Capitol Piazza Mall
Singapore 178906
Tel: (+65) 6384 3250
Fax: (+65) 6384 4143

TimeWise by Cortina Watch
435 Orchard Road
#02-33/38 & #03-24/29
Wisma Atria
Singapore 238877
Tel: (+65) 6836 9659
Fax: (+65) 6836 8356

MANAGEMENT BOUTIQUES

Patek Philippe Boutiques

Marina Bay Sands

2 Bayfront Avenue
#B2-239 The Shoppes
At Marina Bay Sands
Singapore 018972
Tel: (+65) 6688 7008
Fax: (+65) 6688 7800

ION Orchard

2 Orchard Turn
#02-01/02/03 ION Orchard
Singapore 238801
Tel: (+65) 6509 9238
Fax: (+65) 6509 9239

Raymond Weil Boutique

Wisma Atria

435 Orchard Road
#03-31 Wisma Atria
Singapore 238877
Tel: (+65) 6736 0213
Fax: (+65) 6736 0187

MALAYSIA

OFFICE

Cortina Watch Sdn Bhd

Suite 2206, 22nd Floor
Mailbox: CP31, Central Plaza
No34 Jalan Sultan Ismal
50250 Kuala Lumpur
Malaysia
Tel: (+603) 2148 8354 / 2148 2814
Fax: (+603) 2145 1866

CORTINA WATCH BOUTIQUES

Suria KLCC

Lot 110, First Floor, Suria KLCC,
Kuala Lumpur City Centre,
50088 Kuala Lumpur
Malaysia
Tel: (+603) 2164 5175 / (+603) 2166 6355
Fax: (+603) 2166 5575

1 Borneo Hypermall

G231, Ground Floor
1 Borneo Hypermall, Jalan Sulaman
88400 Kota Kinabalu, Sabah
East Malaysia
Tel: (+60) 088 485269

Fahrenheit 88

G03, Ground Floor
Fahrenheit 88
No. 179 Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia
Tel: (+603) 2142 1161
Fax: (+603) 2142 1172

Starhill Gallery

UG34, Adorn Floor
Starhill Gallery, Kuala Lumpur
Malaysia
Tel: (+603) 2144 1188
Fax: (+603) 2144 3188

MANAGEMENT BOUTIQUES

Longines Boutique

128A, First Floor
Suria KLCC, Kuala Lumpur
City Centre, 50088 Kuala Lumpur
Malaysia
Tel: (+603) 2166 3911 / (+603) 2166 8911
Fax: (+603) 2166 1911

Tag Heuer

Lot 105B, First Floor, Suria KLCC,
Kuala Lumpur City Centre
Malaysia
Tel: (+603) 2164 2118
Fax: (+603) 2164 4118

Raymond Weil Boutique
Lot 105A, First Floor, Suria KLCC,
Kuala Lumpur City Centre,
50088 Kuala Lumpur
Malaysia
Tel: (+603) 2166 6811 / (+603) 2166 3811
Fax: (+603) 2166 7811

Patek Philippe Boutique
G41 & G42 Ground Floor
Suria KLCC, Kuala Lumpur City Centre,
50088 Kuala Lumpur
Malaysia
Tel: (+603) 2161 3611
Fax: (+603) 2161 3911

Rolex Boutiques
Gurney Plaza
170-G-33/33A, Ground Floor
Plaza Gurney, Persiaran Gurney
10250 Penang
Malaysia
Tel: (+60) 04 227 1239
Fax: (+60) 04 227 0871

Starhill Gallery
UG34(A), Adorn Floor
Starhill Gallery, Kuala Lumpur
Malaysia
Tel: (+603) 2144 3811
Fax: (+603) 2144 1899

Gucci Timepieces and Jewellery
Lot P2.10.00, Level 2,
Pavilion Kuala Lumpur,
168, Jalan Sultan Ismail,
50250 Kuala Lumpur
Malaysia
Tel: (+603) 2148 0248
Fax: (+603) 2148 0208

INDONESIA

MANAGEMENT BOUTIQUE
Patek Philippe Boutique
Plaza Indonesia, Level 1, C36
Jalan M.H. Thamrin Kav 28-30
Jakarta 10350
Indonesia
Tel: (+6221) 2992 4555
Fax: (+6221) 2992 4333

THAILAND

OFFICE
Cortina Watch (Thailand) Co., Ltd.
26/50, 14th Floor, Orakarn Building
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Thailand
Tel: (+66) 2254 1031
Fax: (+66) 2254 1030

CORTINA WATCH ESPACE
Erawan Bangkok
1st Floor, Erawan Bangkok
494 Ploenchit Road (cut,), Lumpini
Pathumwan Bangkok 10330
Thailand
Tel: (+66) 2250 7999
Fax: (+66) 2250 7799

CORTINA WATCH BOUTIQUE
Central Plaza Ladprao
Room 103, 1st Floor, Central Plaza
Ladprao (cut,), 1697 Phahonyothin Road
Chatuchak Bangkok 10900
Thailand
Tel: (+66) 2937 0890
Fax: (+66) 2937 0895

MANAGEMENT BOUTIQUES
Audemars Piguet Boutique
G01-13, Ground Floor, Central
Embassy Shopping Center 1031
Ploenchit Road Lumpini
Pathumwan Bangkok 10330
Thailand
Tel: (+66) 2160 5838
Fax: (+66) 2160 5839

Rolex Boutique
1st Floor, Central Department Store
(Chidlom Branch)
1027 Ploenchit Road Lumpini
Pathumwan Bangkok 10330
Thailand
Tel: (+66) 2655 7831
Fax: (+66) 2655 7831

HONG KONG

OFFICE
Cortina Watch HK Limited
3/F Wing Cheong House
53 Queen's Road Central
Hong Kong
Tel: (+852) 2537 6236
Fax: (+852) 2537 9612

CORTINA WATCH BOUTIQUE
Queen's Street Central
53 Queen's Road Central
Ground Floor
Hong Kong
Tel: (+852) 2522 0645
Fax: (+852) 2522 8898

TAIWAN

OFFICE
Cortina Watch Co; Ltd
9F.-1, No.101, Songren Road
Xinyi District, Taipei City 110
Taiwan (R.O.C)
Tel: (+886) 2 8780 5088
Fax: (+886) 2 8780 2090

CORTINA WATCH BOUTIQUE
Far Eastern Department Stores, The Mall
1F., No.203, Sec. 2, Dunhua S. Rd.,
Da'an Dist., Taipei City 106
Taiwan (R.O.C.)
Tel: (+886) 2 2377 2356
Fax: (+886) 2 2377 2367

MANAGEMENT BOUTIQUE
Patek Philippe Boutique
2F., No.45, Shifu Road
Xinyi District, Taipei City 110
Taiwan (R.O.C.)
Tel: (+886) 2 8101 8201
Fax: (+886) 2 8101 8222

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Cortina Holdings Limited
(Incorporated in the Republic of Singapore)
Registration No. 197201771W

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the Meeting and vote.
2. For investors who have used their CPF moneys to buy shares in CORTINA HOLDINGS LIMITED, this Annual Report is forwarded to them at the request of the CPF Approved Nominees.
3. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ……

of ……

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

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

and/or (delete as appropriate)

as my/our proxy/proxies, to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at York Hotel, 21 Mount Elizabeth, Singapore 228516 on Thursday, 21 July 2016 at 9.00 am 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 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.	Resolutions relating to:	No. of votes or to indicate with a cross	
		For[1]	Against[1]
1.	To receive and adopt the Audited Financial Statements and Directors' Statement for the financial year ended 31 March 2016 together with the Auditors' Report thereon.		
2.	To declare a first and final one-tier tax exempt dividend of 2 cents per share for the financial year ended 31 March 2016.		
3.	To approve the Directors' Fee of S$520,625 for the financial year ending 31 March 2017 (2016: S$520,625).		
4.	To re-appoint Mr Lim Keen Ban as a Director.		
5.	To re-appoint Mr Lau Ping Sum, Pearce as a Director.		
6.	To re-elect Mr Lim Jit Ming as a Director.		
7.	To re-elect Mr Yu Chuen Tek as a Director.		
8.	To re-elect Mr Long Foo Pieng as a Director.		
9.	To re-appoint RSM Chio Lim LLP as Auditors and to authorise the Directors to fix their remuneration.		
10.	To authorise the Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		

1 *All resolutions would be put to vote by poll in accordance with listing rule of Singapore Exchange Securities Limited. Please cross "X" or indicate the number of votes within the box provided. A cross would represent you are exercising all your votes "For" or "Against" the relevant resolution.*

Dated this ________________ day of ________________ 2016

Total Number of Shares Held

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

2ND FOLD HERE

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM

NOTES:

1. A member of the Company (other than a relevant intermediary as defined in Section 181 of the Companies Act, Cap.50) 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. A relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the meeting and vote.

3. 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.

4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting.

   Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.

5. 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.

6. 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 Company's Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.

7. 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.

8. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited) he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf 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.

9. 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 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

10. 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 72 hours before the time set for the Annual General Meeting.

11. Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

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

CORTINA HOLDINGS LIMITED

319B Orchard Road
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Co. Reg. No. 197201771W