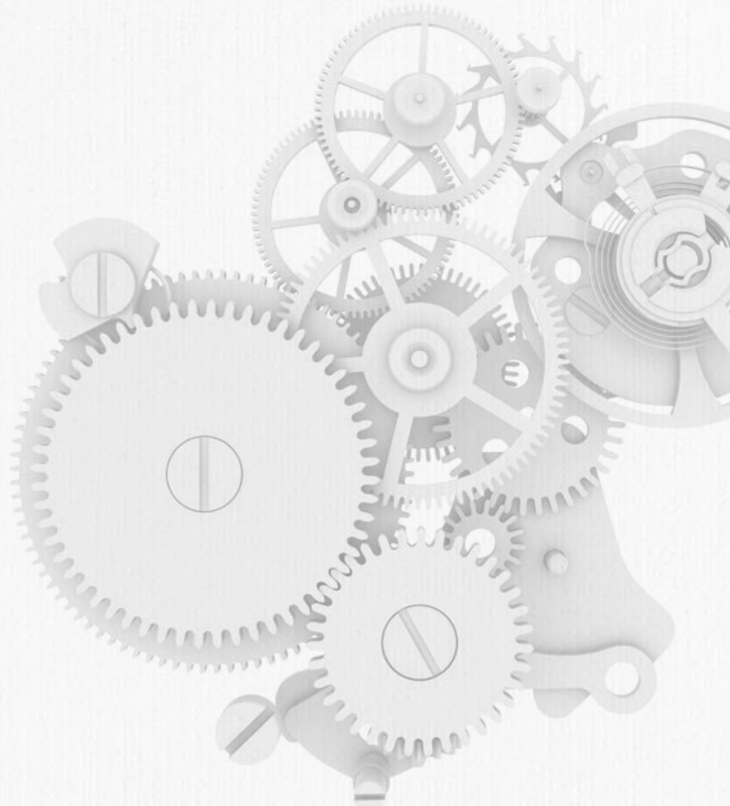
Cortina Holdings Limited

ANNUAL REPORT 2017

CELEBRATING 45 YEARS OF TIMELESS MOMENTS

C O N T E N T S



CORPORATE PROFILE

The times may change but true style and quality last forever. For over 45 years, Cortina Watch 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 focused on our mission of being a leading retailer and distributor of luxury timepieces and accessories across the Asia Pacific region. We continue to expand 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.

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to present the annual report for Cortina Holdings Limited ("the Group") for the financial year ended 31 March 2017 ("FY2017").

The macro environment improved slightly in the financial year under review. However, diverse challenges remained. The Singapore economy grew 2% in 2016, a modest pickup from 2015. In Asia, the markets where we have operations, including Hong Kong, Malaysia, Taiwan, Thailand and Indonesia, continued to experience weak growth. Consequently, consumer confidence was affected.

A STRONG PERFORMANCE

Despite the challenging business environment, the Group was able to deliver a strong performance for FY2017. Reversing two consecutive years of declining growth, total revenue grew 6% to S$390.8 million, compared to S$367.3 million in FY2016. This increase could be attributed to the Group's focus on improving customer experience, maximising contributions from new and refurbished stores and hosting effective marketing and networking events. In line with revenue growth, net profit for the financial year under review surged 47% to reach S$12.5 million. The robust profit growth was achieved on the back of our ability to optimise our product mix with higher value products and improve operational efficiency.

As a result of the stronger revenue and profit growth, the Group was able to strengthen its balance sheet. Cash flows generated from operating activities amounted to S$34.0 million and total group borrowings as at 31 March 2017 were reduced to S$72.2 million compared with S$86.2 million as of the previous year end. Net assets per share rose to 96.3 cents, up from 92.8 cents in FY2016. Earnings per share were 7.1 cents, compared to 5.1 cents in the previous year.

STAYING FOCUSED ON SUSTAINABLE GROWTH

The ebbs and flows of business cycles are unavoidable in the retail landscape. In fact, business cycles are becoming shorter. The Group will implement measures to mitigate the effects of business cycles and stay focused on implementing strategies for long-term sustainable growth. We will continue to enhance our marketing efforts to increase same-store sales, improve service quality, provide exceptional customer experience and continuously seek opportunities to expand our retail network.

The Group's efforts to increase sales are tailored to the specific attributes of the brands and product mix carried by the stores. These may include refurbishing, expanding or re-locating the stores as well as hosting exclusive events to immerse customers in the value proposition of the brands.

CHAIRMAN'S MESSAGE

Despite the challenging business environment, the Group was able to deliver a strong performance for FY2017. Reversing two consecutive years of declining growth, total revenue grew 6% to S$390.8 million, compared to S$367.3 million in FY2016. Net profit for the financial year under review surged 47% to reach S$12.5 million.

For FY2017, the Group was able to benefit from the full year revenue contributions generated from stores which were opened or refurbished in the previous year. These revenue streams provided a significant boost to the Group's revenue and profitability growth during the year. In particular, our stylishly furnished Patek Philippe boutique at ION Orchard, with plush and luxurious VIP rooms, occupying a floor area of 2,917 sq ft, not only raised the bar in customer experience but was also able to make significant contributions to the Group's revenue and profits. Contributions from the upgraded boutiques at The Paragon in Singapore and Starhill Gallery in Kuala Lumpur were also encouraging.

The Group's new Rolex Boutique in Marina Square, the largest in Southeast Asia, was opened in September 2016. The response was positive from customers and horological aficionados to the eagerly anticipated launch of the store, which offers a comprehensive range of Rolex's prestigious and exclusive watches. Revenue from the store is growing steadily. A range of marketing and networking activities and events have been planned to engage customers and to build on the strong momentum generated.

BUILDING BRAND LOYALTY

Brand loyalty and customer satisfaction are critical elements that a luxurious consumer products retailer like Cortina must have in order to be successful. In addition to plush premises, we have also spared no effort in creating meaningful and unforgettable marketing campaigns to nurture our brands and build long-lasting relationships.

In FY2017, we hosted several experiential events that were designed to drive brand loyalty and strengthen our relationships with customers. The opening of the new Rolex Boutique at Marina Square was a unique opportunity to organise an exclusive exhibition for valued customers and partners. The Rolex Experience event was able to immerse visitors in the passion and craftsmanship behind the creation of many of the brand's legendary timepieces. The grand re-opening of Patek Philippe boutique at The Shoppes at Marina Bay Sands after refurbishment was another occasion to invite our valued customers to an impressive showcase of the brand's exquisite timepieces. It was also an opportunity to celebrate the multi-generational relationship between Patek Philippe and Cortina Watch, as well as marking the 20th anniversary of Patek Philippe's "Generations" advertising campaign.

COMMITMENT TO VALUE CREATION

A hallmark of a sustainable business is its ability to create value consistently and deliver stable returns for the benefit of stakeholders. In this respect, we are gratified that Cortina Holdings has been able to maintain steady profit growth since its listing in 2002 and delivering a stable stream of dividends annually with reasonable yields. We were able to maintain this enviable track record by focusing on building strong fundamentals, operational excellence and a strong regional network.

More importantly, amidst a very competitive environment in the luxury watch business, we were able to nurture and grow the brand equity of our product lines, enhancing Cortina's capacity to build customer loyalty, expand customer base and maximise customer spend. Our commitment to strengthen our brands is enduring. We have the expertise as well as the unwavering determination to leverage the value of our brands to enhance value creation for the Group in the form of higher sales volume and margins.

RISING ABOVE CHALLENGES

The challenges facing the luxury watch retail sector are multi-faceted. The cost of operations including rent, wages and marketing will continue to rise. Although Chinese tourists in our markets in Asia, including Singapore, have picked up in the year under review, tourist spending on luxury items has been erratic. China's clampdown on extravagant corporate gift-giving has had a drastic impact on the luxury watch market given that Chinese consumers, accounted for about one-third of global sales. Luxury retail stores in Hong Kong have seen Chinese visits plummet in 2016, resulting in a 22 per cent decline in purchases of jewellery and watches. The luxury watch market in Hong Kong remains muted, losing its position as the largest luxury watch market to the United States.

Notwithstanding the challenging times, we remain confident about the luxury watch business. Business cycles may come and go but the luxury watch business which has ridden many downturns is a timeless business and will continue to offer many opportunities for Cortina to grow. In the same vein, we, at Cortina, have also weathered many adversities in the past and we are confident that we have the resilience and resources to rise above the current challenges. Our capacity to ride the ebb and flow of business cycles, honed by decades, will put us in a strong position to move forward with rigour and strength on the path to sustainable growth.

PRUDENT GROWTH STRATEGY

In a dynamic and competitive luxury watch sector, Cortina will continue to fine tune and evolve its business model, taking into account prevailing market conditions and consumer sentiments. In the current economic climate, we will continue to adopt a prudent growth strategy. We will continue to review and evaluate the performance of each of our retail outlets so as to optimise same-store sales. We will continue to refurbish, upgrade and undertake facelifts of stores in order to enhance customer experience. Apart from retailing watches, Cortina focus an enhancing customer experiences, where watch aficionados can indulge in their desires for luxury timepieces in a private, elegant and plush environment.

In 2017, a Breitling Boutique in KLCC, Malaysia will be opened. Furthermore, we will refurbish and expand our multi-brand store at the Erawan Bangkok, a luxury shopping destination in Bangkok's shopping belt. We will also continue to review our stores and rightsize our network by closing under-performing stores and opening new ones at strategic upmarket locations.

OUTLOOK

The macro economic outlook for 2017 is more promising compared to the situation in 2016. The IMF has raised its outlook for global growth, citing a post-election surge in confidence in the United States, better prospects in large emerging markets and an uptick in global trade. The Asian Development Bank forecasts steady growth for regional economies in 2017 with growth improving marginally over 2016.

The Singapore economy grew 2.5% in the first quarter of 2017 on the back of strong rebound in exports and growth in investments. Brighter prospects for the Singapore economy will lift consumer confidence while increasing household income will spur spending. The improved outlook augurs well for the luxury watch industry.

Notwithstanding the improved macro outlook, we continue to remain vigilant and focus on strategies that can lead to long term sustainable growth. We will continue to improve operational efficiency, adopt prudent fiscal measures as we seek opportunities and expand our regional network. Furthermore, continuosly to nurture and strengthen our partner relationships, some of which have spanned many generations, and will last many more.

APPRECIATION

Many stakeholders have contributed to the Group's success in FY2017. I am grateful to the Board of Directors for their expertise in steering the Group to another year of achievements and progress. I would like to express my deepest appreciation to our partners for their continued co-operation in supporting our various marketing initiatives. Last but not least, I would like to thank all our shareholders for their faith and confidence in the Group all these years. On this note, I am pleased to inform that the Board of Directors has proposed a final tax-exempt cash dividend of 2 cents per ordinary share and a special tax-exempt cash dividend of 1 cent for FY2017, subject to approval of shareholders at the next annual general meeting to be held on 21 July 2017.

LIM KEEN BAN, ANTHONY
Chairman & CEO

SINGAPORE

CORTINA WATCH LAUNCHES THE LARGEST ROLEX BOUTIQUE IN SOUTH EAST ASIA AT MARINA SQUARE

Rolex and Cortina Watch present a unique insight into the quality and precision behind the leading Swiss luxury watch brand in an exclusive exhibition to mark the opening of a new Rolex Boutique at Marina Square, Singapore. The Rolex Experience draws the visitor into the passion for excellence that characterises the brand, from the invention of the waterproof wristwatch, the Oyster, to the craft and innovation behind the creation of several legendary watches and Rolex's commitment to landmark endeavour through selected partnerships. The exhibition is housed in a new 5,522 sq ft boutique dedicated to Rolex, a warm and welcoming universe devoted to exceptional customer service. Beneath its tall, windowed facade, the Marina Square boutique provides a luxurious setting for the full range of Rolex wristwatches, in particular the professional and classic models of the Oyster collection. The vast boutique is entirely furnished with the latest interior design concepts created by Rolex in Geneva, which have been designed to evoke the brand's DNA. With exceptional features such as a Vistosi Murano chandelier from Venice and imported marble finishes from Italy, the boutique exudes style and elegance, capturing the essence of luxury upheld by Rolex and its leading retailer in Singapore, Cortina Watch.

EVENTS OF THE YEAR

SINGAPORE

CORTINA WATCH CELEBRATES THE RE-OPENING OF THE PATEK PHILIPPE BOUTIQUE AT THE SHOPPES AT MARINA BAY SANDS

Patek Philippe welcomed watch aficionados to its newly renovated boutique at The Shoppes at Marina Bay Sands. Unveiled after two-and-a-half months of refurbishment, it showcases an impressive selection of the brand's exquisite timepieces, in a space that is redesigned to express Patek Philippe's quest to welcome its customers in a milieu that is reflective of the brand's commitment to excellence and its spirit of tradition and innovation. In partnership with Cortina Watch, the 1,636 sq ft boutique is elegantly furnished with precious woods, plush leather upholstery, custom made glass, Baccarat crystals and burnished brass finishing. A specially created fragrance envelopes the boutique with its distinctive scent, reminiscent of the fragrance at Patek Philippe Salons that is both familial and inviting for its customers to be welcomed in a warm and luxurious environment. As we celebrate the grand re-opening of the boutique, this occasion is in as much a celebration of the multi-generational relationship between Patek Philippe and Cortina Watch, which continues to remain strong even after 40 years. It is a significant milestone for both companies and made even more special as this year marks the 20th anniversary of Patek Philippe's "Generations" advertising campaign.

MALAYSIA

LAUNCH OF HAUTLENCE VORTEX PRIMARY

Time is movement; time is changing. HAUTLENCE and Eric Cantona, its illustrious ambassador, understand this well: the VORTEX PRIMARY, a watchmaking masterpiece that marries beauty and technical excellence, exquisitely symbolises the movement and transformation of time.

With its three-dimensional case composed of faceted structures featuring 19 primary-colour crystals, the VORTEX PRIMARY beautifully showcases the mechanism of the HL2.0 in-house calibre, in perpetual motion, and the theme of passing time, embodied by its half-trailing hours chain. Each time the hour changes, the watch undergoes a metamorphosis. And in the changing light, the superimposed crystals transform the VORTEX PRIMARY's appearance.

To celebrate the launch of this unique piece, Cortina Watch Malaysia and HAUTLENCE hosted a primary colour-themed private dinner for its 40 guests at Slate @ The Row, Jalan Doraisamy Kuala Lumpur; a unique venue that occupies several 1940s shophouses, bringing modern industrial chic and glamour into a historical area of Kuala Lumpur. "The exclusive partnership of Cortina Watch Malaysia and HAUTLENCE has been very encouraging especially for an independent brand to shed new lights on creative and alternative watchmaking and also to raise new interests for the connoisseurs" said Mr Tay Liam Khoon, MD of Cortina Watch Malaysia.

MALAYSIA

TAG HEUER URBANArts LAUNCH

TAG Heuer celebrated art and music at the launch of URBANArts featuring original artwork by TAG Heuer's Art Provocateur Alec Monopoly. Housed in a specially designed structure at the heart of Kuala Lumpur, URBANArts, coupling arts and music, is the first of such event for TAG Heuer in Malaysia. It was also the first pop-up concept art exhibition in the world with Alec Monopoly. Members of the media, the arts and music community gathered at the opening event where a 'live' telecast of Alec was broadcasted. This was followed by Ms Amelia Sillard, VP of TAG Heuer S.E.A and Mr Tay Liam Khoon, MD of Cortina Watch Malaysia tossing silver dust to complete the signage at the façade of the exhibition to signify the launch of the event. The event aimed to showcase art and music that appeals to the younger generation highlighting graffiti and house music which have become mainstream art forms as of today.

TAIWAN

PATEK PHILIPPE, 2016 NOVELTY EXHIBITION TOUR

Patek Philippe hosted the exhibition tour for the 2016 Novelty timepieces where Cortina Watch Taiwan was honoured to serve as the first stop of the tour.

Our honourable guests were given a private session in a comfortable setting and as a nice gesture to their support over the years, Cortina Watch Taiwan held a dinner banquet at the restaurant-In Between.

In Between sits in the Songshan Cultural and Creative Park, overlooking the subtropical green park through the floor to ceiling windows as though being in paradise within the city and it gave the guests a subtle and luxurious yet relaxing environment.

Entertained by the Tahitian and Hawaiian dance while indulging in the fine wine and dining, guests enjoyed an exotic evening by the surrounding visual commercial of Patek Philippe's "Bring Your Own Tradition" in which annual new series were warmly displayed.

EVENTS OF THE YEAR

INDONESIA

PATEK PHILIPPE MINUTE REPEATER EVENT

On the 10th and 11th of August 2016, Patek Philippe Boutique by Cortina Watch hosted an exclusive Minute Repeater event at Plaza Indonesia, Jakarta.

There were 34 VIP guests who have been invited to join Mr Dirk Paulsen, Member of The Board, Geneva Master Time LLP; Mrs Deepa Chatrath, General Manager of Patek Philippe S.E.A; Mr Jeremy Lim, COO of Cortina Watch; and Mr Joanes Djunaidi, Director of Cortina Watch Indonesia, for an unforgettable learning experience of Patek Philippe Minute Repeater (MR) collection.

The event was carried out at OnFive Residence located in Grand Hyatt Hotel, Jakarta, Indonesia. Various of canapés were served and paired with champagne, followed by a brilliant presentation by Mrs Deepa Chatrath about the making and the history of MR pieces.

Subsequently, guests were charmed by the workshop where a wide collections of MR such as 5304R, 5208P, 5078R, and 5307P were shown, as they experienced different sounds and melody of each unique piece. The guests had the opportunity to study the functions of MR spare parts, and learned to differentiate the quality of each watch. At the same time, delightful melodies of the watches were also enhanced and made with headsets at the sound table. The event ended with exquisite fine dining paired with wine and champagne.

THAILAND

CORTINA WATCH THAILAND CELEBRATES VALENTINE'S DAY WITH BREGUET

Cortina Watch Thailand together with Breguet invited guests to join in for Breguet's Celebration Month of Love at Cortina Watch Espace, Grand Hyatt Erawan Bangkok to celebrate the Valentine's festive season in the elegant and heart-warming style party surrounded by ladies timepieces from the 'Queen of Naples' collection.

For this special occasion, Mr Krist Chatikaratana, Executive Director of Cortina Watch (Thailand) Co., Ltd.; Mr Fabien Levrion, Breguet Vice President of the Swatch Group S.E.A, and Ms Weeraporn Tatiyavoranant, Sales & Marketing Manager of the Swatch Group Thailand gave a warm welcome to all guests and showcased Breguet's magnificent timepieces for ladies, the 'Queen of Naples collection' along with an acapella performance by FIVERA, the famous operatic pop band who made the memorable night with songs of His Majesty King Bhumibol Adulyadej's composition.

BOARD OF DIRECTORS

01. LIM KEEN BAN, ANTHONY

02. LIM JIT MING, RAYMOND

03. YU CHUEN TEK, VICTOR

04. LIM JIT YAW, JEREMY

05. CHIN SEK PENG, MICHAEL

06. LAU PING SUM, PEARCE

07. LEE AH FONG, JAMES

08. FOO SEE JIN, MICHAEL

09. LONG FOO PIENG, BENNY

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 Managing Partner of PKF-CAP group of entities including PKF-CAP LLP, a firm of chartered accountants based in Singapore. 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 from1983 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 of 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 and a member on the Senior Quality Assurance Advisor panel for ISCA's QA review programme.

06. LAU PING SUM, PEARCE

Lau Ping Sun, 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 the Ang Mo Kio GRC from 1980 to 1996. He is a director of several publicly listed companies. Mr Lau holds a Bachelor of Economics from the Australian National University and a Diploma in Business Administration from the then University of Singapore. He is a member of the advisory committee on translation and interpretation at Singapore University of Social Sciences (SUSS) and a member of the Institute of Directors.

07. LEE AH FONG, JAMES

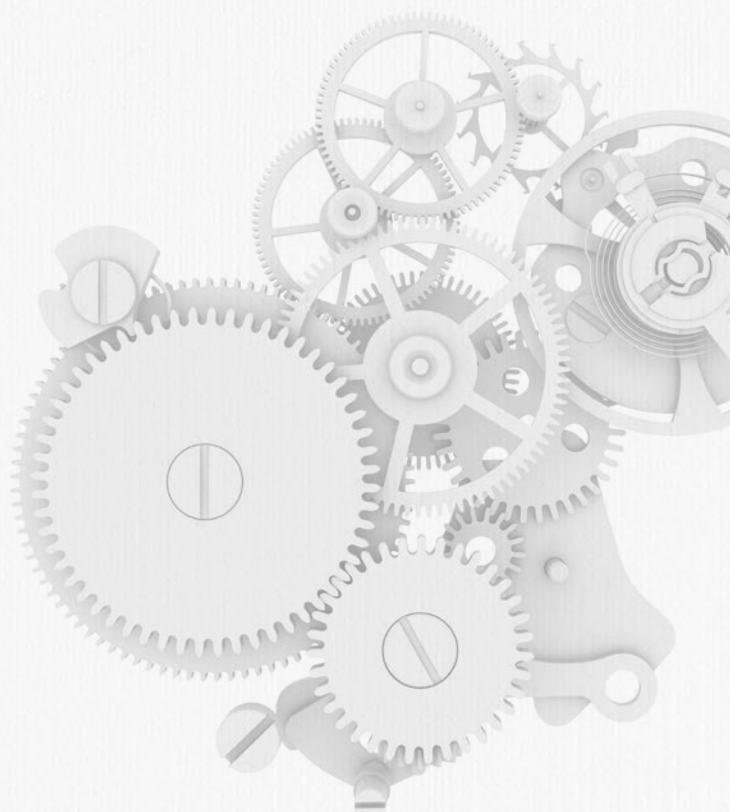
Lee Ah Fong, James was appointed Independent Director on 15 April 2010. James was a civil servant before becoming a practising lawyer in 1981. He is currently a partner of law firm Ng, Lee & Partners. James is the Chairman of Yuying Secondary School Management Committee and has been serving in various 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.

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

Cortina Holdings Limited

- **CORTINA WATCH INTERNATIONAL PTE LTD** (SINGAPORE) 100%
- **CORTINA WATCH HK LIMITED** 100%
- **PACIFIC TIME HK LIMITED** (HONG KONG) 100%
- **CORTINA WATCH SDN BHD** (MALAYSIA) 90%
- **MONTRE ROYALE DISTRIBUTORS (SINGAPORE) PTE LTD** (SINGAPORE) 50%
  - **SOCIETY ANONYME DE LA MONTRE ROYALE (SWITZERLAND)** 100%
- **CORTINA WATCH (THAILAND) CO LTD** (THAILAND) 70%
- **CORTINA WATCH CO., LTD** (TAIWAN) 100%
- **PACIFIC TIME CO., LTD** (TAIWAN) 100%
- **CORTINA WATCH (INDOCHINA) PTE LTD** (SINGAPORE) 100%
  - **CORTINA WATCH (YANGON) LTD** (MYANMAR) 100%
- **PACIFIC TIME PTE LTD** (SINGAPORE) 100%
- **CHRONOSWISS ASIA PTE LTD** (SINGAPORE) 90%
- **CORTINA WATCH PTE LTD** (SINGAPORE) 100%

FINANCIAL HIGHLIGHTS

FIGURES IN CENTS

7.1¢

BASIC EARNINGS PER SHARE

96.3¢

NET ASSETS PER SHARE

	FY2013	FY2014	FY2015	FY2016	FY2017
S$ MILLION					
Turnover	367.4	415.1	404.7	367.3	390.8
Profit before Tax	20.9	22.5	20.5	11.2	15.9
Profit after Tax	17.1	18.8	16.6	8.5	12.5
Dividend (Net)*	5.0	5.0	5.0	3.3	5.0
Shareholders' Equity	127.6	140.5	152.6	153.7	159.5
CENTS					
Basic Earnings Per Share	10.0	11.1	9.2	5.1	7.1
Net Assets Per Share	77.1	84.9	92.1	92.8	96.3

CORPORATE INFORMATION

BOARD OF DIRECTOR

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 Pveng, 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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Co. Registration No.:
197201771W

REGISTRAR AND SHARE TRANSFER OFFICE

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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:
Ms Woo E-Sah
(a member of the Institute of
Singapore Chartered Accountants)
Year of Appointment:
Reporting year ended
31 March 2017

CORPORATE GOVERNANCE REPORT

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"). The Company has complied in all material aspects with the principles and guidelines of the Code where there were deviations from the Code, appropriate explanations are provided.

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)

Guideline 1.1 &1.2
Board's Role

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.

Guideline 1.3
Delegation of Authority to Board Committees

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 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		*	-	-	-

Guideline 1.4
Meetings of Board and Board Committees

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 2017:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	**4**	**5**	**1**	**2**
Name of Directors	**Number of meetings attended**			
Lim Keen Ban	4	N.A	N.A	N.A
Lim Jit Ming	4	2*	N.A	N.A
Yu Chuen Tek	4	N.A	1	N.A
Lim Jit Yaw	3	4*	N.A	N.A
Chin Sek Peng, Michael	4	5	1	N.A
Lau Ping Sum, Pearce	4	5	1	2
Lee Ah Fong	4	5	1	2
Foo See Jin	4	N.A	N.A	2
Long Foo Pieng	4	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.

Guideline 1.5
Internal Guidelines on Matters Requiring Board Approval

The Board has adopted internal guidelines governing matters that require the Board's approval. 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.

Guidelines 1.6 and 1.7
Orientation, briefings, updates and trainings provided for directors

The Company has in place an orientation process. A new incoming independent director will be 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 will 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, on the Code of Corporate Governance and Listing Manual by the Company Secretary and the auditors. 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 FY2017 included the following:

- At every AC meeting, the external auditors briefed the AC members on developments in accounting and auditing 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 also attended briefings, courses and seminars where appropriate to update themselves on the latest developments in the areas of financial reporting, corporate governance and any other areas relevant to directors; 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.**

Guidelines 2.1 and 2.2
Independent Element of the Board

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.

Guideline 2.3
Independence of Directors

The criterion for independence is based on the definition given in the Code. The Board considers an "independent" Director as one who has no relationship with the Company, its related 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.

Guideline 2.4
Review of Independent Directors

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

The NC had implemented a framework for the rigorous review of the independence of directors who have served for more than 9 years. Each of the above directors is required to complete a rigorous self-assessment form to confirm his independence under stricter criteria over and above the guidelines set out in the Code. Under such rigorous review, each Independent Director has confirmed that he nor any of his immediate family has any relationship or business dealings with a controlling shareholder, director or key management personnel or their associates that would give rise to a conflict of interest or impairment of the Independent Director's independence. In addition, each of the directors is subjected to a peer review by the other directors who complete a peer assessment form which critically assess the demonstration of his independence and objectivity in the interest of the Company and shareholders.

The NC and the Board have reviewed the rigorous self-assessment forms completed by the above directors and the peer review forms which critically assessed each of the directors' independence.

The NC and the Board are of the view that Mr Lau, Mr Foo, Mr Long and Mr Chin have maintained their objectivity and independence at all times in the discharge of each of their duties as Director of the Company. They have each continually engaged the management and Executive Directors in candid discussion and provide constructive and impartial guidance to ensure due governance processes are in place such as the setting of accounting policies, the use of management judgement and estimates in subjective areas of accounting, establishment of risk management framework and the setting of remuneration of Executive Directors, key management personnel and relative appointments.

In addition, the NC and the Board had reviewed rigorously whether Mr Foo's independence is in any way compromised by his 4.3% shareholding in the Company and long years of service on the Board. The NC and Board noted that Mr Foo's shareholding was acquired long time ago and that his shareholdings were viewed by the Board as positive, demonstrating his commitment to the interest of the Company.

The NC and the Board had also reviewed rigorously whether Mr Long's independence is in any way compromised by his 5.2% shareholding in the Company and long years of service on the Board. Mr Long's shareholding was acquired long time ago and the Board viewed it positively that his interest is aligned with that of the Company and of all other shareholders.

Mr Lau and Mr Chin as NC members had abstained from the NC's deliberations of their independence.

Mr Lau, Mr Foo, Mr Long and Mr Chin had abstained from the Board's deliberations of their independence.

Guidelines 2.5 & 2.6
Composition and Competency of the Board

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.

Guideline 2.7
Role of Non-Executive Directors

During the year, the non-executive Directors constructively challenge and help develop both the Group's short-term and long-term business strategies. Management's progress and performance in implementing such agreed business strategies are monitored by the Non-Executive Directors and Executive Directors, as a full board.

Guideline 2.8
Regular Meetings of Non-Executive Directors

During the year, the non-executive Directors communicate among themselves without the presence of Management as and when the need arises. The Company also benefits from Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board committee meetings.

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.**

Guidelines 3.1 and 3.2
Chairman and CEO

Mr Lim Keen Ban is both the Chairman of the Board and the CEO of the Company.

As the Chairman, Mr Lim Keen Ban leads the Board in setting the agenda for board meetings and ensure that adequate time is available for discussion of all agenda items in particular strategic issues and promote good governance.

As CEO, he has executive responsibilities for executing the strategies set by the Board and the Group's performance.

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.

Guidelines 3.3 and 3.4
Lead Independent Director

Mr Chin Sek Peng, Michael as Lead Independent Director is available as a channel of communication between shareholders and the Board or Management.

The independent directors meet amongst themselves without the presence of the management and executive directors where necessary, and depending on the issues and follow-up actions identified, the Lead Independent Director will provide feedback to the Chairman after such meetings.

BOARD MEMBERSHIP

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

Guideline 4.1
Nominating Committee

The Company has established the 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)

Guideline 4.2
NC Responsibilities

The NC functions under the Terms of Reference which sets out its responsibilities as follows:

- To recommend to the Board on all board appointments, re-appointments and re-nominations.
- To ensure that independent directors meet SGX-ST's guidelines and criteria;
- 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.

Guideline 4.2
NC Responsibilities

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 re-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 Yaw, Mr Chin Sek Peng, Michael and Mr Foo See Jin who will retire by rotation pursuant to Article 91 of the Constitution of the Company at the forthcoming meeting.

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.

Guideline 4.3
Determining Directors' Independence

The NC has conducted an annual review of the independence of the Independent Directors as set out in Guideline 2.4 above and has ascertained that they are independent.

Guideline 4.4
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.

Guideline 4.5
Alternative Directors

There are currently no Alternative Directors on the Board.

Guideline 4.6
Process for the Selection and Appointment of New 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.

Guideline 4.7
Key Information on Directors

Particulars of interests of Directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Report on pages 46 to 48 of this annual report.

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

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.**

Guideline 5.1
Conduct of Board Performance

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.

Guideline 5.2
Performance Criteria for Board Evaluation

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 Board evaluation process involves 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 was also able to assess the Board Committees through their regular reports to the Board on their activities.

The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year and is of the view that the performance of the Board has been satisfactory.

Guideline 5.3
Evaluation of Individual Directors

Each individual Director conducted a self-assessment of his own performance as a Director. The individual Directors' self-assessment forms are submitted to the NC for its evaluation.

Where a Director has multiple board representations, the NC will evaluate whether or not the Director is able to carry out and has been adequately carrying out his duties as a Director of the Company. For the current year, the Board is satisfied that each Director has allocated sufficient time and resources to the affairs of the Company.

Based on the assessment done on the contribution of individual directors, the NC is of the view that each Director has adequately carried out his or her duties as a Director and has contributed to the satisfactory performance of the Board.

ACCESS TO INFORMATION

Principle 6:	**In order to fulfil 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.**

Guidelines 6.1 and 6.2
Board's Access to Information

All Directors are from time to time furnished with information concerning the Company to enable them to be fully cognizant of the decisions and actions of the 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.

Guidelines 6.3
Board's Access to Company Secretary

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.

Guideline 6.4
Appointment and Removal of Company Secretary

The appointment and removal of the Company Secretary is subject to the approval of the Board.

Guideline 6.5
Board's Access to Independent Professional Advice

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.**

Guidelines 7.1 and 7.2
Remuneration Committee

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.

Guideline 7.3
RC's Access to Advice on Remuneration Matters

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.

Guideline 7.4
Service Contract

Each of the Executive Directors and key management personnel has an employment contract with the Company which can be terminated by either party giving notice of resignation/termination. Each appointment is on an ongoing basis and no onerous or over-generous removal clauses are contained in the letter of employment.

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.**

Guideline 8.1
Remuneration of Executive Directors and Key Management Personnel

The level and mix of each remuneration package of the executive 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.

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.

Guideline 8.2
Long-term Incentive Scheme

Currently, the Company has no long term incentive scheme. The RC has reviewed and is satisfied that the existing remuneration structure for Executive Directors and key management personnel for their fixed and variable components to be paid out in cash would continue to be adequate in incentivising performance without being excessive.

Guideline 8.3
Remuneration of Non-Executive Directors

For Independent Non-Executive Directors of the Company, the structure and level of directors' fees 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.

Guideline 8.4
Contractual Provisions

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 and would put forward to the Board.

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.**

Guidelines 9.1, 9.2 and 9.3
Remuneration Report

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 2017 is as follows:

Remuneration Band and Name of Director	Fee %	Salary %	Bonus %	Other Benefits %
$1,500,000 to $1,750,000 Lim Keen Ban (also CEO)	5	29	61	5
$1,000,001 to $1,250,000 Lim Jit Ming	3	38	54	5
$750,000 to $1,000,000 Yu Chuen Tek	5	41	50	4
$500,000 to $750,000 Lim Jit Yaw	6	45	43	6
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 FY2017 is as follows:

	Salary %	Bonus %	Other benefits* %	Total %
S$250,000 to S$499,999				
Lim Yin Chian	69	21	10	100
Yuen King Yu Andrew	74	23	3	100
Cheah Yok Khian Dorris	52	12	36	100
Tay Liam Khoon	59	37	4	100
Below S$250,000				
Tshai Kin Chon Ivan	82	18	–	100
Krist Chatikaratana	80	13	7	100
Shih Wei Lian Douglas (resigned during the year)	92	–	8	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 FY2017 was S$1,859,010.

Guideline 9.4
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 2017:

	Relationship to director or the CEO
$200,000 to $249,999	
Chia Nyok Song @ Cheah Yoke Heng	Spouse
$150,000 to $199,999	
Cheah Kok Chong	Brother-in-law
$50,000 to S$99,999	
Sim Kee Hoon	Sister-in-law
Below $50,000	
Lim Hui Ying	Granddaughter

Guideline 9.5
Share Incentive Scheme

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

Guideline 9.6
Link between Remuneration and Performance

The disclosures in Guidelines 8.1 and 8.3 set out the link between remuneration and performance for Executive Directors, key management personnel and Non-Executive Directors.

ACCOUNTABILITY AND AUDIT

Accountability

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

Guideline 10.1
Accountability for Company's Performance, Position and Prospects

The Board provides a balanced and meaningful assessment of the Group's financial performance and prospects regularly through financial statements, announcement of results to shareholders and the SGX-ST as well as the Chairman's statement, and review of operations in the annual report. Financial results are released on a quarterly basis to the shareholders through SGXNET.

Guideline 10.2
Compliance with Legislative and Regulatory Requirements

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.

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.

Guideline 10.3
Management Accounts

Management of the Company provides the Board with balanced and understandable accounts of the Group's performance, financial position and business prospects on a quarterly basis.

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.**

Guidelines 11.1 and 11.2
Risk Management and Internal Controls

The Board with the assistance of the AC reviews the effectiveness of the Group's material internal 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.

Guideline 11.3
Board's Comment on Adequacy and Effectiveness of Internal Controls

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 2017, the Board had received assurance from the CEO and Financial Controller 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 systems 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 34 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 in addressing the key financial, operational, and compliance risks which are significant as at reporting date. The Board is also satisfied that the internal controls including information technology controls together with the risk management system that have been put in place are adequate and effective to address the key risks of the Group.

Guideline 11.4
Risk Committee

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the AC with the assistance of the internal auditor. Having considered the nature and scope of the Group's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

AUDIT COMMITTEE

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

Guideline 12.1
AC Membership

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)

Guideline 12.2
Expertise of AC Members

The Chairman of the AC, Mr Chin Sek Peng, Michael, is a public accountant, a fellow practising member of the Institute of Singapore Chartered Accountants ("ISCA"), a fellow member of the Institute of Chartered Accountants in England and Wales, and 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 also has experience in financial 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.

Guideline 12.3
Authority of AC

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.

Guideline 12.4
Roles and Responsibilities of AC

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

(a) To review the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before submission to the Board, focusing on such matters as:

- going concern assumption
- compliance with financial reporting standards and regulatory requirements
- any changes in accounting policies and practices
- significant issues arising from the audit
- major areas of judgment and estimates, 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.

AC Commentary on Key audit matter set out in the Auditor's Report

The AC noted the key audit matter ("KAM") raised by the external auditor in its auditor's report. This matter is considered significant as it involved significant judgement and estimates by management. Below is the AC's commentary on the KAM.

Key audit matter involving significant judgement and estimates	Matter considered	Conclusion by AC
Net realisable value of inventories	In the Group's balance sheet, gross inventories net of obsolescence allowance amounted to S$204 million at 31 March 2017 (2016: S$216 million) and this accounted for approximately 78% of total assets of the Group at reporting date. The Group's inventories comprised largely of luxury watches that are of different brands and ages. The Singapore accounting standard requires inventories to be stated at the lower of cost and net realisable value ("NRV"). NRV can be lower than cost due to a decline in demand, physical damage to the goods or obsolescence which may force the Group to sell the watch at below cost. The lower of cost and NRV is in principle consistent with the impairment test which requires assets not to be reported in the balance sheet in excess of the amounts to be recovered. As the monetary value of inventories in the Group's balance sheet is highly significant, assessing the amount of allowance to be made for the Group's inventories is a key audit matter given that such inventory provision requires management to make significant judgement and estimates based on factors such as historical allowance experience, future demand and selling prices and ageing of the watches.	Based on the AC's discussion with management and the external auditor and review of the ageing of the inventories and the allowance policy established by management, the AC is satisfied that the allowance for inventory obsolescence to comply with the accounting standard of lower of cost and NRV is prudent and adequate at reporting date.

Key audit matter involving significant judgement and estimates	Matter considered	Conclusion by AC
Net realisable value of inventories	Management has in prior years established an allowance policy that is consistent and prudent based on the principle that the older the watch, the higher the allowance given that the risk of a watch being sold lower than cost is higher. The auditor has reviewed the allowance policy and carried out the audit procedures as stated in its auditor's report. No adverse findings were reported to the AC by the external auditor on this matter. At 31 March 2017, the inventory obsolescence allowance amounted to approximately S$11 million compared to prior year of S$9 million.	

Guideline 12.5
Meeting with External and Internal Auditors without Presence of Management

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.

Guideline 12.6
Independence of External Auditors

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 notes 16 and 17 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$51,800 or 24% 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 re-nomination to the Board.

Guideline 12.7
Whistle-blowing Policy

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.

Guideline 12.8
AC to keep Abreast of Changes to Accounting Standards

The AC is kept abreast by the Management, external and internal auditors on the changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

Guideline 12.9
Partners or Directors of the Company's Auditing Firm

No former partner or Director of the Company's existing auditing firm or auditing corporation is a member of the AC.

INTERNAL AUDIT

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

Guidelines 13.1 and 13.2
Internal Auditors

The Company has engaged One e-Risk Services Pte Ltd as its internal auditor.

The Internal Auditor reports directly to the AC. The AC ensures that the internal audit function has appropriate standing with the management and staff and has unfettered access to the AC and all the company's documents, records, properties and personnel. The AC has assurance from the Internal Auditor that it has the capacity and resources for the internal audit function to be adequately resourced.

Guidelines 13.3 & 13.4
Internal Audit Function

The AC is satisfied that the Internal Audit Function is staffed with persons with the relevant qualifications and experience. The Internal Audit function follows essentially the Standards for Professional Practice of Internal Auditing established by the Institute of 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.

Guideline 13.5
Adequacy and Effectiveness of Internal Audit Function

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

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.**

Guidelines 14.1
Sufficient Information to Shareholders

The Board strives to ensure that timely disclosure is made regarding all material business matters affecting the Group so as to maintain a high level of transparency. All announcements by the Company are made through SGXNET.

The Group also maintains a website at http://www.cortina.com.sg at which shareholders can access information on the Group. The website provides, inter alia, corporate announcements, press releases and profiles of the Group.

Guideline 14.2
Providing Opportunity for Shareholders to Participate and Vote at General Meetings

Every shareholder has the right to receive notice of general meetings and to vote thereat. Notice of a general meeting is sent out at least 14 days before the meeting so that sufficient notice of meeting is given to shareholders to attend the meeting or appoint proxies to attend and vote in their stead.

At the annual general meeting, shareholders are given the opportunity to express their views and ask the Board and Management questions regarding the operations of the Company. All resolutions at general meetings are required to be voted by poll under the Listing Rules of the SGX-ST. Shareholders will be briefed by the Company on the poll voting procedures at general meetings. The Directors, including the chairpersons of each of the Board Committees are available at the meetings to address shareholders' queries. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Guideline 14.3
Proxies for Nominee Companies

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.

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.**

Guideline 15.1 and 15.2
Timely information to 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.

Guideline 15.3 and 15.4
Engagement with shareholders

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.

Guideline 15.5
Dividend

The Company does not have a policy on payment of dividend. The Board will conisder the Group's level of cash and retained earnings and projected capital expenditure and investments in proposing a dividend. 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.**

Guideline 16.1
Effective Shareholders' Participation

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.

The Company's Constitution allows absentee shareholders to appoint up to two proxies to attend general meetings and vote on their behalf.

Guideline 16.2
Separate Resolutions at General Meetings

The Company will have separate resolutions at general meetings on each distinct issue.

Guideline 16.3
Attendance of Chairman of the Board and Board Committees at General Meetings

The Chairman of the Audit, Remuneration and Nomination Committees as well as the external auditors are present at the AGM to address shareholders' queries, if any.

Guideline 16.4
Minutes of General Meetings

The minutes of the general meetings are taken and are available to shareholders for their inspection upon request.

Guideline 16.5
Results of resolutions by poll

All resolutions at the forthcoming AGM would be put to vote by poll. This will allow greater transparency and more equitable participation by shareholders.

OTHER CORPORATE GOVERNANCE MATTERS

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 the Company and its 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 ("restricted dealing periods"). Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period.

The Company issues circulars to its directors and employees to remind them of the dealing prohibition before the commencement of each restricted dealing 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.

Contents **Page**

STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying consolidated financial statements of the group and the 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 2017.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the group and company as at 31 March 2017 and the performance, cash flows and changes in equity of the group and the changes in equity of the company for the reporting year then ended; 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

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 directors 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	69,638,425	69,638,425
Lim Jit Ming	52,657,490	52,657,490
Yu Chuen Tek	7,428,000	7,428,000
Lim Jit Yaw	69,638,425	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 2017 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 its willingness to accept re-appointment as auditor of the company at the next annual general meeting of the company.

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 auditors and the internal auditors their respective audit plans;
- Reviewed with the independent external auditors 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 auditors 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 auditors;
- Reviewed the financial statements prior to its submission 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 auditors' objectivity and independence are safeguarded where the independent auditors provides non-audit services.

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

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 2017, which would materially affect the group's and company'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

19 June 2017

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying financial statements of Cortina Holdings Limited, (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 March 2017, and the consolidated statement of profit or loss and other 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 notes to the financial statements, including accounting policies.

In our opinion, the accompanying 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 Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 March 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

NET REALISABLE VALUE OF INVENTORIES

We refer to Note 2A and 2B to the financial statements for the relevant accounting policy and critical judgement and Note 20 for the breakdown of inventories for the reporting year end and the annual report to the section on the audit committee's review and responses to the reported key audit matter.

The group principal activities are in the retail, import and export of luxury time pieces, branded pens and luxury accessories. The group holds inventories of $203,889,000 (2016: $216,330,000) as at the end of the reporting year. The cost of inventories may not be recoverable in full if those inventories are damaged, or if they become obsolete, or if their selling prices have declined.

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

The estimate of allowance for obsolete inventories is based on the age of these inventories, prevailing market conditions of the luxury time pieces and related products in the retail industry and historical allowance experience which require management's judgement. Management applies judgement in determining the appropriate allowance for obsolete inventories based upon a detailed technical assessment of inventories concerned including, considering the future demand and future selling prices for the products and ageing analysis of inventories. This methodology relies upon assumptions made in determining appropriate allowance percentages categories of inventories.

Our procedures included:

- Comparing the net realisable value of a sample of products to subsequent selling prices;
- Reviewing and assessing relevancy of management's group provision policy based on the age of the inventories;
- Reviewing the appropriateness of the inventories allowance policy adopted by management (taking into considerations the historical information and management's technical assessment) and the group's adherence to it;
- Reviewing the inventory turnover days and ageing of inventories to assess if there were any significant build up of aged inventories; and
- Assessing the adequacy of disclosures made in the financial statements.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit 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 group's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Woo E-Sah.

....

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

19 June 2017

Engagement partner - effective from year ended 31 March 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 MARCH 2017

	Notes	Group 2017 $'000	Group 2016 $'000
Revenue	5	390,819	367,257
Interest income	6	49	36
Other gains	7	900	748
Changes in inventories of finished goods		(12,441)	980
Purchase of goods and consumables		(288,746)	(284,632)
Employee benefits expense	8	(21,481)	(20,722)
Rental expense	32	(29,599)	(27,165)
Depreciation expense	15	(5,260)	(4,835)
Other expenses	9	(15,398)	(15,578)
Other losses	7	(407)	(2,061)
Finance costs	10	(2,539)	(2,811)
Share of profit / (loss) from equity-accounted associates		26	(9)
Profit before tax from continuing operations		15,923	11,208
Income tax expense	11	(3,458)	(2,755)
Profit net of tax		12,465	8,453
Profit attributable to owners of the parent, net of tax		11,797	8,388
Profit attributable to non-controlling interests, net of tax		668	65
Profit net of tax		12,465	8,453
Earnings per share		Cents	Cents
Earnings per share currency unit			
Basic			
Continuing operations	14	7.1	5.1
Diluted			
Continuing operations	14	7.1	5.1

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2017

	Group	
	2017	**2016**
	$'000	**$'000**
Profit from continuing activities, net of tax	12,465	8,453
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations, net of tax	(1,769)	(3,270)
Total comprehensive income for the year, net of tax	10,696	5,183
Total comprehensive income attributable to owners of the parent	10,137	6,081
Total comprehensive income attributable to non-controlling interests	559	(898)
Total comprehensive income	10,696	5,183

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2017

		Group		Company	
	Notes	2017	2016	2017	2016
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	17,080	15,891	205	211
Investments in subsidiaries	16	–	–	54,554	51,701
Investments in associates	17	2,544	2,518	1,000	1,000
Deferred tax assets	11	773	724	–	–
Trade and other receivables, non-current	18	–	–	3,469	5,403
Other assets, non-current	19	5,018	4,313	–	–
Total non-current assets		25,415	23,446	59,228	58,315
Current assets					
Inventories	20	203,889	216,330	–	–
Trade and other receivables, current	21	9,031	8,198	2,844	2,566
Other assets, current	22	2,449	2,967	13	14
Cash and cash equivalents	23	21,775	17,262	375	51
Total current assets		237,144	244,757	3,232	2,631
Total assets		262,559	268,203	62,460	60,946
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	24	35,481	35,481	35,481	35,481
Other reserve	25	(8,832)	(5,969)	–	–
Retained earnings		132,854	124,165	4,068	6,183
Equity, attributable to owners of the parent, total		159,503	153,677	39,549	41,664
Non-controlling interests		6,501	7,796	–	–
Total equity		166,004	161,473	39,549	41,664
Non-current liabilities					
Provisions, non-current	26	1,408	1,316	–	–
Other financial liabilities, non-current	27	9,087	2,618	–	–
Deferred tax liabilities	11	51	–	–	–
Total non-current liabilities		10,546	3,934	–	–
Current liabilities					
Income tax payable		2,709	1,404	197	182
Trade and other payables, current	28	17,103	14,319	22,714	14,100
Other financial liabilities, current	27	63,123	83,628	–	5,000
Other liabilities, current	29	3,074	3,445	–	–
Total current liabilities		86,009	102,796	22,911	19,282
Total liabilities		96,555	106,730	22,911	19,282
Total equity and liabilities		262,559	268,203	62,460	60,946

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

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2017

	Total equity $'000	Attributable to parent sub-total $'000	Share capital $'000	Translation reserve $'000	Retained earnings $'000	Non-controlling interests $'000
<u>**Group:**</u>						
Current year:						
Opening balance at 1 April 2016	161,473	153,677	35,481	(5,969)	124,165	7,796
Movements in equity:						
Total comprehensive income for the year	10,696	10,137	–	(1,660)	11,797	559
Acquisition of non-controlling Interests without a change in control (Note 16)	(2,853)	(999)	–	(1,203)	204	(1,854)
Dividends paid (Note 13)	(3,312)	(3,312)	–	–	(3,312)	–
Closing balance at 31 March 2017	166,004	159,503	35,481	(8,832)	132,854	6,501
Previous 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 13)	(4,967)	(4,967)	–	–	(4,967)	–
Closing balance at 31 March 2016	161,473	153,677	35,481	(5,969)	124,165	7,796

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

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2017

	Total Equity $'000	Share Capital $'000	Retained Earnings $'000
Company:			
Current year:			
Opening balance at 1 April 2016	41,664	35,481	6,183
Movements in equity:			
Total comprehensive income for the year	1,197	–	1,197
Dividends paid (Note 13)	(3,312)	–	(3,312)
Closing balance at 31 March 2017	39,549	35,481	4,068
Previous 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 13)	(4,967)	–	(4,967)
Closing balance at 31 March 2016	41,664	35,481	6,183

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2017

	2017 $'000	2016 $'000
Cash flows from operating activities		
Profit before tax	15,923	11,208
Adjustments for:		
Depreciation expense	5,260	4,835
Interest income	(49)	(36)
Interest expense	2,539	2,811
Share of (profit) / loss from equity-accounted associates	(26)	9
(Gains) / losses on disposal of plant and equipment	(120)	9
Gains on disposal of assets held for sale under FRS105	–	(748)
Plant and equipment written off	386	679
Net effect of exchange rate changes in consolidating foreign operations	(1,699)	(2,190)
Operating cash flows before changes in working capital	22,214	16,577
Inventories	12,441	(980)
Trade and other receivables	(833)	3,557
Other assets	(187)	184
Trade and other payables	2,784	(5,671)
Other liabilities, current	(371)	2,423
Net cash flows generated from operations	36,048	16,090
Income taxes paid	(2,153)	(3,348)
Net cash flows generated from operating activities	33,895	12,742
Cash flows from investing activities		
Disposal of plant and equipment	237	2
Proceeds from disposal of assets held for sale under FRS105	–	5,351
Purchase of plant and equipment (Note 23B)	(6,681)	(6,204)
Interest received	49	36
Net cash flows used in investing activities	(6,395)	(815)
Cash flows from financing activities		
Increase in new borrowings	15,000	–
Acquisition of non-controlling interests without change in control (Note 16)	(2,853)	–
Decrease in other financial liabilities	(28,800)	(13,535)
Decrease in finance leases	(418)	(294)
Interest paid	(2,539)	(2,811)
Dividends paid	(3,312)	(4,967)
Net cash flows used in financing activities	(22,922)	(21,607)
Net increase (decrease) in cash and cash equivalents	4,578	(9,680)
Cash and cash equivalents, statement of cash flows, beginning balance	17,236	27,299
Effect of foreign exchange rate adjustments	(53)	(383)
Cash and cash equivalents, statement of cash flows, ending balance (Note 23A)	21,761	17,236

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 16 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 Financial Reporting Standards in Singapore ("FRS") 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 may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. 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 FRS. 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.

1. GENERAL (CONT'D)

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.

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

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Translation of financial statements of other entities

The presentation currency for the group is the 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.

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

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 method 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 measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

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

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 26 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.

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

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

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

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 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.

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

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

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.

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.

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

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities (cont'd)

Subsequent measurement:

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

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

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method.

Fair value 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. It is a market-based measurement, not an entity-specific measurement. 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 categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated 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.

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

2A. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fair value measurement (cont'd)

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.

2B. OTHER EXPLANATORY INFORMATION

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.

2C. 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 20.

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

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

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 21 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 11 on income tax.

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 is disclosed in Note 15.

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 is disclosed in Note 15.

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

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

Gain on sale on investment property:

In prior 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. The disposal resulted in a gain of $748,000, 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 is 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.

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

3A. 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	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Purchase of goods	134	–	122	268
Advertising rebates	–	–	(11)	(37)

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

3B. KEY MANAGEMENT COMPENSATION:

	Group	
	2017	**2016**
	$'000	**$'000**
Salaries and other short-term employee benefits	6,469	5,702

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

	Group	
	2017	**2016**
	$'000	**$'000**
Remuneration of directors of the company	4,089	3,285
Remuneration of directors of the subsidiaries	996	1,091
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.

3C. COMMITMENTS AND CONTINGENCIES:

Bank facilities of $192,886,300 (2016: $180,370,000) 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 of the charge 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.

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

4A. INFORMATION ABOUT REPORTABLE SEGMENT PROFIT OR LOSS, ASSETS AND LIABILITIES (CONT'D)

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").

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

4B. PROFIT AND LOSS FROM CONTINUING OPERATIONS AND RECONCILIATIONS

	Wholesale $'000	Retail $'000	Unallocated $'000	Elimination $'000	Group $'000
Continuing Operations 2017					
Revenue by Segment					
Total revenue by segment	52,501	337,680	638	–	390,819
Inter-segment sales	21,077	319	1,936	(23,332)	–
Total revenue	73,578	337,999	2,574	(23,332)	390,819
Recurring EBITDA	4,190	17,845	2,339	(678)	23,696
Finance costs	(53)	(2,451)	(156)	121	(2,539)
Depreciation	(389)	(4,865)	(6)	–	(5,260)
ORBT	3,748	10,529	2,177	(557)	15,897
Share of profit of associates	–	–	26	–	26
Profit before tax from continuing activities					15,923
Income tax expense					(3,458)
Profit from continuing operations					12,465

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 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	4,659	17,498	1,816	(5,110)	18,863
Finance costs	(112)	(2,553)	(282)	136	(2,811)
Depreciation	(395)	(4,436)	(4)	–	(4,835)
ORBT	4,152	10,509	1,530	(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

4C. ASSETS AND RECONCILIATIONS

	Wholesale $'000	Retail $'000	Unallocated $'000	Elimination $'000	Group $'000
2017					
Total assets for reportable segments	7,188	234,680	–	(4,636)	237,232
Unallocated:					
Deferred tax assets	–	–	773	–	773
Cash and cash equivalents	–	–	21,775	–	21,775
Investments in associates	–	–	2,544	–	2,544
Other unallocated amounts	–	–	235	–	235
Total group assets	7,188	234,680	25,327	(4,636)	262,559
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

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

4D. LIABILITIES AND RECONCILIATIONS

	Wholesale $'000	Retail $'000	Unallocated $'000	Elimination $'000	Group $'000
2017					
Total liabilities for reportable segments	2,243	18,627	–	(2,060)	18,810
Unallocated:					
Deferred and current tax liabilities	–	–	2,760	–	2,760
Other financial liabilities	–	–	72,210	–	72,210
Other unallocated amounts	–	–	2,775	–	2,775
Total group liabilities	2,243	18,627	77,745	(2,060)	96,555
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

4E. OTHER MATERIAL ITEMS AND RECONCILIATIONS

	Wholesale $'000	Retail $'000	Unallocated $'000	Elimination $'000	Group $'000
Expenditures for non-current assets:					
2017	–	6,967	–	–	6,967
2016	–	6,700	–	–	6,700

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

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	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Singapore	197,212	183,636	140,049	142,716
South East Asia (a)	134,840	121,851	74,408	74,850
North East Asia (b)	52,254	56,842	47,329	49,913
Others (c)	6,513	4,928	–	–
Unallocated	–	–	773	724
Total	390,819	367,257	262,559	268,203

(a) South East Asia includes Malaysia, Thailand and Indonesia

(b) North East Asia includes Hong Kong and Taiwan

(c) Other countries include mainly Russia

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	
	2017 $'000	2016 $'000
Sale of goods	387,933	364,424
Other income	2,886	2,833
	390,819	367,257

6. INTEREST INCOME

	Group	
	2017 $'000	2016 $'000
Interest income from financial institutions	49	36

7. OTHER GAINS AND (OTHER LOSSES)

	Group	
	2017	2016
	$'000	$'000
Foreign exchange adjustments gains/(losses)	780	(1,330)
Gains/(losses) on disposal of plant and equipment	120	(9)
Gains on disposal of assets held for sale under FRS105	–	748
Inventories written off	(21)	(43)
Plant and equipment written off	(386)	(679)
Net	493	(1,313)
Presented in the consolidated statement of profit or loss as:		
Other gains	900	748
Other losses	(407)	(2,061)
Net	493	(1,313)

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2017	2016
	$'000	$'000
Short term employee benefits expense	20,047	19,196
Contributions to defined contribution plans	1,434	1,526
Total employee benefits expense	21,481	20,722

9. OTHER EXPENSES

The major components and other selected components include the following:

	Group	
	2017	2016
	$'000	$'000
Advertising and promotion	5,400	4,493
Credit cards commission	4,675	4,798

10. FINANCE COSTS

	Group	
	2017	2016
	$'000	$'000
Interest expense on finance leases	34	37
Interest expense on bank borrowings	2,505	2,774
	2,539	2,811

11. INCOME TAX

11A. COMPONENTS OF TAX EXPENSE RECOGNISED IN PROFIT OR LOSS INCLUDE:

	Group	
	2017	2016
	$'000	$'000
Current tax expense:		
Current tax expense	3,483	2,459
(Over) Under adjustments in respect of prior years	(23)	66
Subtotal	3,460	2,525
Deferred tax expense (income):		
Deferred tax (income) expense	(17)	230
Under adjustments in respect of prior years	15	–
Subtotal	(2)	230
Total income tax expense	3,458	2,755

The amount of income tax payable of the group as at end of the reporting year was $2,709,000 (2016: $1,404,000). 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% (2016: 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.

11. INCOME TAX (CONT'D)

11A. COMPONENTS OF TAX EXPENSE RECOGNISED IN PROFIT OR LOSS INCLUDE: (CONT'D)

	Group	
	2017	2016
	$'000	$'000
Profit before tax	15,923	11,208
Add: Share of (profit)/losses from equity-accounted associates	(26)	9
	15,897	11,217
Income tax expense at the above rate	2,702	1,907
Expenses not deductible for tax purposes	360	559
Withholding tax	52	117
Stepped income exemption	(131)	(100)
(Over) Under adjustments in respect of prior years	(8)	66
Effect of different tax rates in different countries	301	204
Other minor items less than 3% each	(3)	2
Unrecognised deferred tax assets	185	–
Total income tax expense	3,458	2,755

11B. DEFERRED TAX INCOME RECOGNISED IN PROFIT OR LOSS INCLUDES:

	Group	
	2017	2016
	$'000	$'000
Excess of book over tax depreciation on plant and equipment	(69)	5
Excess of tax over book depreciation on plant and equipment	(6)	(33)
Provisions	51	467
Tax losses carryforwards	207	215
Unrecognised deferred tax assets	(185)	(424)
Total deferred tax income recognised in statement of profit or loss	(2)	230

11. INCOME TAX (CONT'D)

11C. DEFERRED TAX BALANCES IN THE STATEMENT OF FINANCIAL POSITION:

	Group		Company	
	2017	2016	2017	2016
	$'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	(445)	(376)	–	–
Excess of tax values over net book value of plant and equipment	57	63	–	–
Provisions	1,262	1,211	–	–
Tax loss carryforwards	651	444	–	–
Unrecognised deferred tax assets	(803)	(618)	–	–
Total	722	724	–	–
Presented in the statements of financial position as follows:				
Deferred tax assets	773	724	–	–
Deferred tax liabilities	(51)	–	–	–
Net position	722	724	–	–

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.

11. INCOME TAX (CONT'D)

11C. DEFERRED TAX BALANCES IN THE STATEMENT OF FINANCIAL POSITION: (CONT'D)

Certain subsidiaries of the group have unutilised tax losses of approximately $3,833,000 (2016: $2,612,000), available to offset against future profits. No deferred tax assets have been recognised on these tax losses as the future profit streams of these subsidiaries are not probable. The realisation of the future income tax benefits from tax carryforwards is available for unlimited future period and subject to applicable laws and agreement by relevant tax authorities, except that the following unutilised tax losses of subsidiaries in Hong Kong and Taiwan can only be carried forward as follows:

	Unused gross tax losses	
	2017	**2016**
	$'000	**$'000**
Year of expiry		
2016	–	8
2017	–	218
2019	56	55
2020	182	179
2021	477	469
2022	152	150
2024	–	98
Indefinitely	2,895	1,339
Total unused gross tax losses	3,762	2,516

12. ITEMS IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE 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	
	2017	**2016**
	$'000	**$'000**
Audit fees to the independent auditor of the company	174	172
Audit fees to other independent auditors	52	52
Other fees to the independent auditor of the company	42	23
Other fees to other independent auditors	17	13

13. DIVIDENDS ON EQUITY SHARES

	Group and Company	
	2017	2016
	$'000	$'000
Final tax exempt (1-tier) dividend paid of 2 cents (2016: 2 cents) per share	3,312	3,312
Special tax exempt (1-tier) dividend paid of nil cent (2016: 1 cent) per share	–	1,655
	3,312	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 2017. 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.

14. 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	
	2017	2016
Numerators: Earnings attributable to equity:		
Continuing operations: Attributable to equity holders ($'000)	11,797	8,388
Denominators: Weighted average number of equity shares		
Basic	165,578,415	165,578,415

The weighted average number of equity shares refers to shares in circulation during the reporting period.

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.

15. 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 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
Additions	–	2,831	4,136	–	6,967
Disposals	–	(1,276)	(1,521)	–	(2,797)
Reclassification	–	889	–	(889)	–
Foreign exchange adjustments	(164)	239	(47)	–	28
At 31 March 2017	2,085	18,262	15,668	–	36,015
Accumulated depreciation:					
At 1 April 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
Depreciation for the year	43	3,046	2,171	–	5,260
Disposals	–	(1,072)	(1,222)	–	(2,294)
Foreign exchange adjustments	(40)	118	(35)	–	43
At 31 March 2017	546	10,344	8,045	–	18,935
Carrying value:					
At 1 April 2015	1,872	8,728	4,577	236	15,413
At 31 March 2016	1,706	7,327	5,969	889	15,891
At 31 March 2017	1,539	7,918	7,623	–	17,080

Certain items are under finance lease agreements (see Note 27G).

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

	Leasehold Property $'000	Plant and Equipment $'000	Total $'000
Company			
Cost:			
At 1 April 2015, 31 March 2016 and 31 March 2017	284	129	413
Accumulated depreciation:			
At 1 April 2015	68	129	197
Transfer from investment properties	5	–	5
At 31 March 2016	73	129	202
Depreciation for the year	6	–	6
At 31 March 2017	79	129	208
Carrying value:			
At 1 April 2015	216	–	216
At 31 March 2016	211	–	211
At 31 March 2017	205	–	205

16. INVESTMENTS IN SUBSIDIARIES

	Company 2017 $'000	Company 2016 $'000
Unquoted equity shares:		
Balance at beginning of the year	51,701	24,928
Acquisitions	2,853	26,773
Balance at the end of the year	54,554	51,701
Total cost comprising:		
Unquoted equity shares at cost	60,628	57,775
Allowance for impairment	(6,074)	(6,074)
Balance at the end of the year	54,554	51,701
Net book value of subsidiaries	183,003	174,663

	Company 2017 $'000	Company 2016 $'000
Analysis of amount denominated in non-functional currencies:		
Hong Kong Dollars	5,142	5,142
New Taiwan Dollars	10,049	7,196
Malaysian Ringgit	33,320	33,320
Thailand Baht	4,541	4,531

16. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The subsidiaries held by the company and its subsidiaries 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	
	2017	2016	2017	2016
	$'000	$'000	%	%
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 B) Retail, import and export of watches, pens and clocks (RSM Malaysia)	33,320	33,320	90	90
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
Cortina Watch Co., Ltd [(c)] Taiwan (Note A) Retail, import and export of watches (Nexia Sun Rise CPAs & Co.)	8,757	6,193	100	75

16. 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 2017 $'000	2016 $'000	Effective percentage of equity held by company 2017 %	2016 %
Pacific Time Co., Ltd [c] Taiwan (Note A) Distribution of watches (Nexia Sun Rise CPAs & Co.)	1,292	1,003	100	60
	60,628	57,775		
Held through Cortina Watch (Indochina) Pte Ltd				
Cortina Watch (Yangon) Ltd [d] Myanmar Dormant	–	–	100	100

(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:

In October 2016, the company acquired, from the remaining 25% and 40% of the paid up and issued share capital of Cortina Watch Co, Ltd and Pacific Time Co., Ltd, both in Taiwan, for a total consideration of $2,853,000. Subsequent to the acquisition, the company holds 100% in both the subsidiaries.

Note B:

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%.

16. 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	
	2017	2016
	$'000	$'000
Name of the subsidiary: Cortina Watch Sdn Bhd, Malaysia		
1. The profit allocated to NCI of the subsidiary during the reporting year	267	62
2. Accumulated NCI of the subsidiary at the end of the reporting year	4,109	3,960
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	46,346	45,910
Non-current assets	4,368	4,196
Current liabilities	9,629	8,107
Revenues	73,588	69,140
Profit for the reporting year	2,672	1,650
Total comprehensive income	2,672	1,650
Operating cash flows, increase	4,855	470
Net cash flows, increase (decrease)	1,833	(692)
Name of the subsidiary: Cortina Watch (Thailand) Co. Ltd, Thailand		
1. The profit / (loss) allocated to NCI of the subsidiary during the reporting year	143	(28)
2. Accumulated NCI of the subsidiary at the end of the reporting year	2,129	1,870
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	26,142	26,487
Non-current assets	2,100	2,161
Current liabilities	21,146	22,416
Revenues	37,112	31,692
Profit (loss) for the reporting year	477	(94)
Total comprehensive income	477	(94)
Operating cash flows, increase	3,790	1,017
Net cash flows, decrease	(8)	(350)

17. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Movements in carrying value:				
At beginning of the year	2,518	2,527	1,000	1,000
Share of gains (losses) for the year	26	(9)	–	–
At end of the year	2,544	2,518	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	1,544	1,518	–	–
	2,544	2,518	1,000	1,000

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	
	2017	2016
	%	%
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.

17. INVESTMENTS IN ASSOCIATES (CONT'D)

	Group	
	2017	2016
	$'000	$'000
Aggregate for all non-material associates:		
Assets	5,109	5,056
Liabilities	21	20
Revenue	134	–
Profit/(loss) for the year	52	(18)

18. TRADE AND OTHER RECEIVABLES, NON-CURRENT

	Company	
	2017	2016
	$'000	$'000
Loan receivables from subsidiaries (Notes 3 and 16)	3,469	5,403
Movements during the year - at amortised cost:		
Amortised cost at beginning of the year	5,403	10,593
Capitalisation of loan receivable (Note A)	–	(4,300)
Amount received during the year	(1,934)	(890)
Balance at end of the year	3,469	5,403

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.

19. OTHER ASSETS, NON-CURRENT

	Group	
	2017	2016
	$'000	$'000
Deposits to secure services	5,018	4,313

20. INVENTORIES

	Group	
	2017	2016
	$'000	$'000
Finished goods		
- at cost	160,927	165,404
- at net realisable value	42,962	50,926
Total finished goods at lower of cost and net realisable value	203,889	216,330

Inventories are stated after allowance.

Movements in allowance:		
Balance at beginning of the year	10,036	7,923
Charged to profit or loss included in cost of sales	1,340	2,113
Balance at end of the year	11,376	10,036

The write-downs of inventories charged to profit or loss included in other losses (Note 7)	21	43
Changes in inventories of finished goods decrease (increase)	12,441	(980)

21. TRADE AND OTHER RECEIVABLES, CURRENT

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade receivables:				
Outside parties	9,036	8,197	–	–
Less allowance for impairment	(5)	(5)	–	–
Subtotal	9,031	8,192	–	–
Other receivables:				
Subsidiaries (Note 3)	–	–	2,856	2,578
Other receivables	–	6	6	6
Less allowance for impairment on subsidiary	–	–	(18)	(18)
Subtotal	–	6	2,844	2,566
Total trade and other receivables	9,031	8,198	2,844	2,566

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

22. OTHER ASSETS, CURRENT

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Deposits to secure services	1,505	1,325	–	–
Prepayments	944	1,642	13	14
	2,449	2,967	13	14

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Not restricted in use	21,775	17,262	375	51

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

23A. CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS:

	Group	
	2017	2016
	$'000	$'000
Amount as shown above	21,775	17,262
Bank overdrafts (Note 27)	(14)	(26)
Cash and cash equivalents for consolidated statement of cash flows purpose at end of the reporting year	21,761	17,236

23B. NON-CASH TRANSACTIONS:

During the reporting year, there was acquisition of certain plant and equipment with a total cost of $194,000 (2016: $134,000) acquired by means of finance leases.

24. SHARE CAPITAL

	Group and Company	
	Number of shares issued	Share capital $'000
Ordinary shares of no par value:		
Balance at 1 April 2015, 31 March 2016 and 31 March 2017	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.

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.

24. SHARE CAPITAL (CONT'D)

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Net debt:				
All current and non-current borrowings including finance leases (Note 27)	72,210	86,246	–	5,000
Less cash and cash equivalents (Note 23)	(21,775)	(17,262)	(375)	(51)
Net debt	50,435	68,984	(375)	4,949
Total equity	166,004	161,473	39,549	41,664
Debt-to-adjusted total capital ratio	30%	43%	N.M.	12%

N.M. = not meaningful

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.

25. OTHER RESERVE

	Foreign currency translation reserve	
	2017	2016
	$'000	$'000
Group		
At beginning of the year	5,969	3,662
Acquisition of non-controlling interest with a change in control	1,203	–
Exchange differences on translating foreign operations	1,660	2,307
At end of the year-adverse balance	8,832	5,969

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.

26 PROVISION, NON-CURRENT

	Group 2017 $'000	Group 2016 $'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	1,316	954
Additions	158	362
Utilised	(55)	–
Foreign exchange adjustments	(11)	–
At end of the year	1,408	1,316

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.

27. OTHER FINANCIAL LIABILITIES

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Non-Current:				
Financial instruments with floating interest rates:				
Bank loan F (Note 27F)	8,750	–	–	–
Financial instruments with fixed interest rates:				
Bank loan D (Note 27D)	–	2,139	–	–
Finance lease liabilities (Note 27G)	337	479	–	–
Non-current, total	9,087	2,618	–	–
Current:				
Financial instruments with floating interest rates:				
Bank overdrafts	14	26	–	–
Bank loan A (Note 27A)	10,617	10,705	–	–
Bank loan B (Note 27B)	10,643	12,209	–	–
Bank loan C (Note 27C)	–	192	–	–
Bank loan F (Note 27F)	5,000	–	–	–
Bills payable	34,495	52,866	–	–
Financial instruments with fixed interest rates:				
Bank loan D (Note 27D)	2,139	2,333	–	–
Bank loan E (Note 27E)	–	5,000	–	5,000
Finance lease liabilities (Note 27G)	215	297	–	–
Current, total	63,123	83,628	–	5,000
Total	72,210	86,246	–	5,000

27. OTHER FINANCIAL LIABILITIES (CONT'D)

The non-current portion is repayable as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Due within 2 to 5 years	9,087	2,618	–	–
Total non-current portion	9,087	2,618	–	–

The ranges of floating interest rate paid were as follows:

	Group		Company	
	2017	2016	2017	2016
Bank overdrafts	7.65%	7.85% to 7.90%	–	–
Bank loans	2.23% to 3.95%	3.30% to 4.36%	–	2.23%
Bills payable	1.60% to 4.87%	1.38% to 4.95%	–	–

27A. 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.

27B. 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.

27C. 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 loan has been fully repaid during the year.

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. The loan is secured by corporate guarantee from the company.

27. OTHER FINANCIAL LIABILITIES (CONT'D)

27D. 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. The loan is secured by corporate guarantee from the company.

27E. BANK LOAN E

The bank loan is repayable in equal quarterly instalments of $1,250,000 over 3 years commencing from May 2014. The loan is secured by corporate guarantee from the company. The loan has been fully repaid during the year.

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. The loan is secured by corporate guarantee from the company.

27F. BANK LOAN F

The bank loan is repayable in equal quarterly instalments of $1,250,000 over 3 years commencing from October 2016. The loan is secured by corporate guarantee from the company.

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. The loan is secured by corporate guarantee from the company.

27G. FINANCE LEASES

	Minimum payments $'000	Finance charges $'000	Present value $'000
Group			
2017			
Minimum lease payments payable:			
Due within one year	237	(22)	215
Due within 2 to 5 years	362	(25)	337
Total	599	(47)	552
Carrying value of plant and equipment under finance leases			1,091
Group			
2016			
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

27. OTHER FINANCIAL LIABILITIES (CONT'D)

27G. FINANCE LEASES (CONT'D)

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:

	2017	2016
Average lease term, in years	5	5
Average effective borrowing rate per year	2.60% to 6.29%	2.57% 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.

28. TRADE AND OTHER PAYABLES, CURRENT

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade payables:				
Outside parties and accrued liabilities	16,959	14,169	2,759	2,051
Related party (Note 3)	144	150	–	–
Trade payables – subtotal	17,103	14,319	2,759	2,051
Other payables:				
Subsidiaries (Note 3)	–	–	19,955	12,049
Other payables – subtotal	–	–	19,955	12,049
Total trade and other payables	17,103	14,319	22,714	14,100

29. OTHER LIABILITIES

	Group	
	2017	2016
	$'000	$'000
Advanced deposits from customers	3,074	3,445

30. 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	Reference currency	Maturity	Fair value favourable
	$'000			$'000
2017:				
Forward currency contracts	1,686	THB	April 2017	1
2016:				
Forward currency contracts	1,038	THB	April 2016	8

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 2017 and 31 March 2016 are not recorded in the financial statements as they are not material.

31. CONTINGENT LIABILITIES

	Company	
	2017	2016
	$'000	$'000
Corporate guarantee given to bank in favour of subsidiaries	192,886	180,370
Undertaking to provide continuing financial support to subsidiaries in a net liability position	147	141

32. 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	
	2017	2016
	$'000	$'000
Not later than one year	27,021	27,629
Later than one year and not later than five years	36,803	40,555
Later than 5 years	–	1,044
Rental expenses for the year	29,599	27,165

Operating lease payments represent rentals payable by the group for its retail outlets and office premises. Certain lease terms are subjected to an escalation clause based on a percentage of sales derived. However, such contingent rentals have not been included in above. 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.

33. 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	
	2017 $'000	2016 $'000
Commitments for renovation of outlets	2,317	1,171

34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

34A. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

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

	Group	
	2017 $'000	2016 $'000
Financial assets:		
Cash and cash equivalents	21,775	17,262
Loans and receivables	9,031	8,198
At end of the year	30,806	25,460
Financial liabilities:		
Other financial liabilities measured at amortised cost	72,210	86,246
Trade and other payables measured at amortised cost	17,103	14,319
At end of the year	89,313	100,565

	Company	
	2017 $'000	2016 $'000
Financial assets:		
Cash and cash equivalents	375	51
Loans and receivables	6,313	7,969
At end of the year	6,688	8,020
Financial liabilities:		
Other financial liabilities measured at amortised cost	–	5,000
Trade and other payables measured at amortised cost	22,714	14,100
At end of the year	22,714	19,100

Further quantitative disclosures are included throughout these financial statements.

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

34B. 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.

34C. 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.

34D. 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 23 disclose the maturity of the cash and cash equivalents balances.

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

34D. CREDIT RISK ON FINANCIAL ASSETS (CONT'D)

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 (2016: 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	
	2017	**2016**
	$'000	**$'000**
Trade receivables:		
Less than 60 days	4,237	2,348
61 - 90 days	1	13
91 - 180 days	35	166
Over 180 days	94	20
Total	4,367	2,547

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

	Group	
	2017	**2016**
	$'000	**$'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:

	2017	**2016**
	$'000	**$'000**
Top 1 customer	1,501	1,207
Top 2 customers	2,608	1,410
Top 3 customers	3,203	1,590

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

34E. 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:				
2017:				
Gross borrowings commitments	63,450	8,945	–	72,395
Gross finance lease obligations	237	362	–	599
Trade and other payables	17,103	–	–	17,103
At end of the year	80,790	9,307	–	90,097
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

	Less than 1 year $'000	2 - 5 years $'000	Over 5 years $'000	Total $'000
Company:				
Non-derivative financial liabilities:				
2017:				
Trade and other payables	22,714	–	–	22,714
At end of the year	22,714	–	–	22,714
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

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

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

34E. LIQUIDITY RISK – FINANCIAL LIABILITIES MATURITY ANALYSIS (CONT'D)

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 31).

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 (2016: 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	
	2017	**2016**
	$'000	**$'000**
Bank Facilities:		
Undrawn borrowing facilities	121,229	99,900

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.

34F. 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	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Financial liabilities:				
Fixed rate	2,691	10,248	–	5,000
Floating rate	69,519	75,998	–	–
At end of the year	72,210	86,246	–	5,000

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.

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

34F. INTEREST RATE RISK (CONT'D)

Sensitivity Analysis:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
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	348	380	–	–

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.

34G. FOREIGN CURRENCY RISKS

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

	Singapore Dollars	Swiss Franc	Malaysia Ringgit	Others	Total
	$'000	$'000	$'000	$'000	$'000
Group					
2017:					
Financial assets:					
Cash	110	166	237	10	523
Loans and receivables	4	5	64	–	73
Total financial assets	114	171	301	10	596
Financial liabilities:					
Trade and other payables	1,858	364	–	123	2,345
Total financial liabilities	1,858	364	–	123	2,345
Net financial assets / (liabilities) at end of the year	(1,744)	(193)	301	(113)	(1,749)

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

34G. FOREIGN CURRENCY RISKS (CONT'D)

	Singapore Dollars	Swiss Franc	Malaysia Ringgit	Others	Total
	$'000	$'000	$'000	$'000	$'000
Group					
2016:					
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)

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.

35. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. None of these were applicable to the reporting entity. 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
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements

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

For the future reporting years new or revised Financial Reporting Standards in Singapore 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 except as disclosed below for the material adjustments from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised FRSs will have on the entity's financial statements in the period of initial application.

FRS No.	Title	Effective date for periods beginning on or after
FRS 7	Amendments to FRS 7: Disclosure Initiative	1 Jan 2017
FRS 109	Financial Instruments	1 Jan 2018
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 115	Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116	Leases	1 Jan 2019

FRS109 Financial Instruments will replace FRS 39 effective for annual periods beginning on or after 1 January 2019. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

FRS 109 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics. For financial liabilities, the most significant effect of FRS 109 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, FRS 109 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognised. For hedge accounting, FRS 109 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures. The derecognition provisions are carried over almost unchanged from FRS 39.

The management anticipate that FRS 109 will be adopted in the financial statements when it becomes mandatory and that the application of the new standard will have no effect on amounts reported in respect of the financial assets and financial liabilities.

36. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE (CONT'D)

FRS 115 Revenue from Contracts with Customers effective for annual periods beginning on or after 1 January 2018 replaces FRS 11, FRS 18 and their interpretations (INT FRS 31, 113, 115 and 118). It establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g., the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract, etc.). The management anticipate that FRS 115 will be adopted in the financial statements when it becomes mandatory. The group is assessing the impact of the new standard and it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

FRS 116 Leases effective for annual periods beginning on or after 1 January 2019 replaces FRS 17 and its interpretations. Almost all leases will be brought onto lessees' statements of financial position under a single model (except leases of less than 12 months and leases of low value assets). Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. The management anticipate that FRS 115 will be adopted in the financial statements when it becomes mandatory. The group is assessing the impact of the new standard and it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Singapore-incorporated companies listed on the Singapore Exchange will be required to comply with new financial reporting standards (to be issued by the Singapore Accounting Standards Council) as identical to the International Financial Reporting Standards for reporting year beginning on after 1 January 2018. Comparative figures are required. The management anticipate that new financial reporting standards will be adopted in the financial statements when they become mandatory. The application of IFRS 1 First-time adoption of IFRS might have a significant effect on amounts reported in the financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

SHAREHOLDING STATISTICS

AS AT 15 JUNE 2017

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	67	14.35	59,800	0.04
1,001 - 10,000	289	61.88	1,285,900	0.78
10,001 - 1,000,000	96	20.56	6,438,950	3.89
1,000,001 and above	14	3.00	157,793,715	95.29
Total	467	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	4.42
7	RAFFLES NOMINEES (PTE) LTD	7,294,400	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	4,145,200	2.50
13	DBS NOMINEES PTE LTD	3,379,700	2.04
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	378,300	0.23
19	CHEAH YOK KIAN	350,000	0.21
20	TAN SOO YONG	250,000	0.15
	Total	160,622,015	97.03

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 15 June 2017, 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.

SHAREHOLDING STATISTICS

AS AT 15 JUNE 2017

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	-	-

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 OF ANNUAL GENERAL MEETING

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 Friday, 21 July 2017 at 9.00 a.m. 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 2017 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final one-tier tax exempt dividend of 2 cents per share and a special one-tier tax exempt dividend of 1 cent per share for the financial year ended 31 March 2017 (2016: a first and final one-tier tax exempt dividend of 2 cents per share). **(Resolution 2)**

3. To approve the Directors' Fee of S$520,625 for the financial year ending 31 March 2018 (2017: S$520,625). **(Resolution 3)**

4. 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 Yaw, Jeremy **(Resolution 4)**

   (ii) Mr Chin Sek Peng, Michael **(Resolution 5)**

   (iii) Mr Foo See Jin **(Resolution 6)**

   Mr Chin Sek Peng, Michael will, upon re-appointment as a Director of the Company, remain as a Chairman of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will continue as a member of the Nominating Committee.

5. 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 7)**

AS SPECIAL BUSINESS

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

6. **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 8)**

(See Explanatory Note 1)

ANY OTHER BUSINESS

7. 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

6 July 2017

Explanatory Note on Special Business to be transacted:

1. **Resolution 8**, 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 188721 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 ANNUAL GENERAL MEETING

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 2017 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 2017 will be registered to determine shareholders' entitlements to the proposed final dividend and special 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 2017 will be entitled to the proposed final dividend and special dividend.

The proposed dividends, if approved by shareholders at the Annual General Meeting to be held on 21 July 2017 will be paid on 7 August 2017.

BY ORDER OF THE BOARD

Foo Soon Soo
Company Secretary

6 July 2017

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Malaysia
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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

MALAYSIA

Cortina Watch Imago Shopping Mall
Lot G-09 & G-10A, Imago Shopping Mall,
KK Times Square Phase 2, Off Coastal
Highway, 88100 Kota Kinabalu, Sabah.
Tel: 608 8277 818, 608 8277 218
Fax: 608 8277 318

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

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

Patek Philippe Boutique
Lot G43/43B/43C, Ground Floor
Suria KLCC, Kuala Lumpur City Centre,
50088 Kuala Lumpur
Malaysia
Tel: (+603) 2161 3611
Fax: (+603) 2161 3911

CORPORATE LISTINGS

MALAYSIA

Rolex Gurney Plaza Penang
170-G-33/33A, Ground Floor,
Plaza Gurney, Persiaran Gurney,
10250 Penang, Malaysia
Tel: 604-227 1026, 604-227 1239
Fax: 604-227 0871

Rolex Starhill Gallery
UG34A, Adorn Floor, Starhill Gallery,
No. 181 Jalan Bukit Bintang,
55100 Kuala Lumpur, Malaysia
Tel: 603-2144 1811, 603-2144 3811
Fax: 603-2144 1899

Gucci Timepieces and Jewellery
Lot P2.11.00, Level 2, Pavilion Kuala
Lumpur, 168, Jalan Bukit Bintang,
55100 Kuala Lumpur, Malaysia.
Tel: (+603) 2148 0248
Fax: (+603) 2148 0208

INDONESIA

MANAGEMENT BOUTIQUE

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

THAILAND

OFFICE

Cortina Watch (Thailand) Co., Ltd.
26/50, 14th Floor, Orakarn Building
Soi Chidlom Ploenchit Road Lumpini
Pathumwan Bangkok 10330
Thailand
Tel: (+66) 2254 1031
Fax: (+66) 2254 1030

CORTINA WATCH ESPACE

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

CORTINA WATCH BOUTIQUE

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

CORPORATE LISTINGS

THAILAND

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

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 Friday, 21 July 2017 at 9.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting 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	Against
1.	To receive and adopt the Audited Financial Statements and Directors' Statement for the financial year ended 31 March 2017 together with the Auditors' Report thereon.		
2.	To declare a final one-tier tax exempt dividend of 2 cents per share and a special one-tier tax exempt dividend of 1 cent per share for the financial year ended 31 March 2017.		
3.	To approve the Directors' Fee of S$520,625 for the financial year ending 31 March 2018 (2017: S$520,625).		
4.	To re-elect Mr Lim Jit Yaw, Jeremy as a Director.		
5.	To re-elect Mr Chin Sek Peng, Michael as a Director.		
6.	To re-elect Mr Foo See Jin as a Director.		
7.	To re-appoint RSM Chio Lim LLP as Auditors and to authorise the Directors to fix their remuneration.		
8.	To authorize 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 ______________2017

Total Number of Shares Held

____

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

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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Affix Postage Stamp

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
#18-01 Ngee Ann City Tower B
Singapore 238874
Tel: +65 6339 9447
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Co. Reg. No. 197201771W