THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Supplemental Circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all of your shares in Peace Mark (Holdings) Limited, you should at once hand this Supplemental Circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This Supplemental Circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe any securities.

Peace Mark (Holdings) Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 0304

MAJOR TRANSACTION AND CONSIDERATION ISSUE

Voluntary General Offer (now closed) by
Macquarie Capital (Singapore) Pte. Limited
for and on behalf of
A-A United Limited
(an indirect wholly-owned subsidiary of Peace Mark (Holdings) Limited)
for
Sincere Watch Limited

SUPPLEMENTAL CIRCULAR

30 April 2008

CONTENTS

In this Supplemental Circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Accountants' Report"	has the meaning given in section 2 (Financial Information and Waivers from the Stock Exchange) of the Letter from the Company in this Supplemental Circular;
"Acquisition"	the acquisition by the Offeror of Sincere Watch Shares pursuant to the Offer;
"Amendment Agreement"	the amendment agreement dated 25 March 2008 amending the Facility Agreement;
"Announcement"	the announcement of a possible major transaction by Peace Mark, dated 7 December 2007;
"Bridge Loan Facility"	has the meaning given in note 4(a) of Part A of Appendix II to this Supplemental Circular;
"Chrono Star"	Chrono Star International Participations Group Franck Muller S.A.;
"Chrono Star Agreement"	the conditional sale and purchase agreement dated 3 January 2008 between Sincere Watch and Mr. Tay pursuant to which Sincere Watch agreed to sell and Mr. Tay agreed to purchase the Chrono Star Shares for an aggregate consideration of S$10,957,496;
"Chrono Star Announcement"	the announcement by Sincere Watch in relation to the Chrono Star Agreement, dated 3 January 2008;
"Chrono Star Divestment"	the sale of the Chrono Star Shares pursuant to the terms of the Chrono Star Agreement;
"Chrono Star Shares"	175,000 existing ordinary shares in Chrono Star, representing one per cent. of the total number of issued shares in the capital of Chrono Star as at the date of the Chrono Star Announcement;
"Circular"	the circular dated 16 January 2008 issued by Peace Mark to the Shareholders in respect of the Offer;
"Companies Act"	the Companies Act, Chapter 50 of Singapore;
"Concert Parties"	the parties acting or presumed to be acting in concert (within the meaning ascribed to that term under the Singapore Takeovers Code) with Peace Mark and the Offeror in relation to the Offer;
"Deloitte Singapore"	Deloitte & Touche Singapore;

"Directors"	the directors of Peace Mark;
"Enlarged Group"	the Peace Mark Group as enlarged by the consolidation of the Sincere Watch Group;
"Exchange Rate"	as to any day, the exchange rate quoted on the Bloomberg website;
"Facility Agreement"	the facility agreement dated 1 February 2008 between (i) the Offeror as borrower, (ii) the Company and eight other subsidiaries of the Company as guarantors, (iii) ABN AMRO Bank N.V., BNP Paribas and ING Bank N.V. as co-ordinating arrangers, (iv) ABN AMRO Bank N.V., Hong Kong Branch, BNP Paribas, Hong Kong Branch and ING Bank N.V., Hong Kong Branch as original lenders and (v) the Security Trustee as agent and security trustee;
"Financial Adviser"	Macquarie Capital (Singapore) Pte. Limited, the financial adviser to the Company and the Offeror in respect of the Offer;
"Form 58 Notice"	has the meaning given in section 3.4 (Exercise of Section 215(3) Rights) of the Letter from the Company in this Supplemental Circular;
"Further Information"	has the meaning given in section 2 (Financial Information and Waivers from the Stock Exchange) of the Letter from the Company in this Supplemental Circular;
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong;
"HKFRS"	Hong Kong Financial Reporting Standards;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"IFRS"	International Financial Reporting Standards;
"Latest Practicable Date"	25 April 2008;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Major Shareholder"	TBJ Holdings Pte Ltd, the major shareholder of Sincere Watch prior to the Offer;

"Mr. Tay"	Mr. Tay Liam Wee, the Chief Executive Officer and Group Managing Director of Sincere Watch, the Chairman of Sincere Watch HK, the legal and beneficial owner of the Major Shareholder and (with effect from 1 April 2008) a non-executive director of Peace Mark;
"New Peace Mark Shares"	new ordinary shares of HK$0.10 each in the capital of the Company issued as part of the consideration for the Offer;
"Non-assenting Shareholders"	shareholders of Sincere Watch who did not accept the Offer;
"Offer"	as at the date of this Supplemental Circular, the voluntary general offer by the Offeror for the Sincere Watch Shares, other than those Sincere Watch Shares (if any) already owned, controlled or agreed to be acquired by the Company, the Offeror and their Concert Parties, effected by means of a voluntary general offer made pursuant to Rule 15 of the Singapore Takeovers Code, which has now closed;
"Offer Announcement"	the formal announcement of a firm intention to make the Offer made for and on behalf of the Offeror, setting out the terms and conditions of the Offer in accordance with the Singapore Takeovers Code, dated 1 February 2008;
"Offer Document"	the formal offer document dated 19 February 2008 sent to Sincere Watch shareholders, among other things, making the Offer, setting out the terms and conditions of the Offer in accordance with the Singapore Takeovers Code and enclosing the appropriate forms of acceptance;
"Offer Unconditional Announcement"	the formal announcement of the Offer having become unconditional in all respects, dated 21 February 2008;
"Offeror"	A-A United Limited, a business company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Peace Mark;
"Peace Mark" or the "Company"	Peace Mark (Holdings) Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange;
"Peace Mark Group"	Peace Mark and its subsidiaries;
"PM policies"	accounting policies which are materially consistent with those of Peace Mark;
"PRC"	the People's Republic of China;
"Pre-conditional Offer Announcement"	the announcement made for and on behalf of the Offeror pursuant to the Singapore Takeovers Code announcing the Offer, dated 7 December 2007;

"Pre-conditions"	(a) clearance by the Stock Exchange of the Circular and clearance of documents or announcements required by the Securities and Futures Commission of Hong Kong and/or the Stock Exchange, for or in connection with the structure of the Offer; and (b) the passing of all resolutions as may be necessary to approve the making of the Offer at the Special General Meeting (or any adjournment thereof);
"Professional Accountants Ordinance"	the Professional Accountants Ordinance, Chapter 50 of the Laws of Hong Kong;
"S$"	Singapore dollar, the lawful currency of Singapore;
"Section 215(3) Rights"	has the meaning given in section 3.4 (Exercise of Section 215(3) Rights) of the Letter from the Company in this Supplemental Circular and "Section 215(3) Right" shall be construed accordingly;
"Security Trustee"	ABN AMRO Bank N.V., Singapore Branch;
"SGX-ST"	the Singapore Exchange Securities Trading Limited;
"Share Charge Agreement"	the share charge agreement dated 1 February 2008 between the Security Trustee and the Offeror pursuant to which the Offeror has charged to the Security Trustee by way of fixed first charge, and assigned and agreed to assign absolutely to the Security Trustee, all its present and future rights, title and interest in and to the Sincere Watch Shares acquired and to be acquired by the Offeror and all dividends payable on such Sincere Watch Shares;
"Shareholders"	shareholders of Peace Mark;
"SIC"	Securities Industry Council of Singapore;
"Sincere Watch"	Sincere Watch Limited, a public company incorporated in Singapore with limited liability and the shares of which are listed on the SGX-ST;
"Sincere Watch Group"	Sincere Watch and its subsidiaries;
"Sincere Watch HK"	Sincere Watch (Hong Kong) Limited, a public company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange;
"Sincere Watch Shares"	ordinary shares in the capital of Sincere Watch;

"Singapore"	the Republic of Singapore;
"Singapore Takeovers Code"	the Singapore Code on Take-overs and Mergers as revised with effect from 1 April 2007;
"Special General Meeting"	the special general meeting of Peace Mark held on 1 February 2008 in Hong Kong in relation to the Offer;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Supplemental Circular"	this supplemental circular issued by Peace Mark for the purpose of providing the Shareholders with further information concerning the Sincere Watch Group and the Enlarged Group;
"United States"	the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
"US$"	United States dollar, the lawful currency of the United States; and
"Waiver"	the waiver from strict compliance with certain provisions of the Listing Rules as described on pages 7 and 8 of this Supplemental Circular granted by the Stock Exchange to the Company on 30 November 2007.

All references in this Supplemental Circular to times and dates are references to Hong Kong times and dates unless otherwise indicated.

For the purposes of this Supplemental Circular, unless otherwise stated, amounts in S$ have been converted at S$:HK$1:5.717, being the Exchange Rate on 25 April 2008 for illustration purposes. No representation is made as to whether S$ has been or can be converted into HK$ at such rate or any other rate.

Peace Mark (Holdings) Limited

(Incorporated in Bermuda with limited liability)
Stock Code: 0304

Chairman:
Mr. Chau Cham Wong, Patrick

Executive Directors:
Mr. Chau Cham Wong, Patrick *(Chairman)*
Mr. Leung Yung *(Chief Executive Officer)*
Mr. Tsang Kwong Chiu, Kevin, *FCCA, HKICPA, MBA, MSc*
Mr. Man Kwok Keung
Mr. Cheng Kwan Ling

Non-executive Directors:
Mr. Tay Liam Wee

Independent Non-executive Directors:
Ms. Susan So
Mr. Kwok Ping Ki, Albert
Mr. Tang Yat Kan
Mr. Wong Yee Sui, Andrew, *CPA*
Mr. Mak Siu Wing, Clifford

Head office:
Unit 3, 12th Floor
Cheung Fung Industrial Building
23-39 Pak Tin Par Street
Tsuen Wan
Hong Kong

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

30 April 2008

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION AND CONSIDERATION ISSUE

Voluntary General Offer (now closed) by Macquarie Capital (Singapore) Pte. Limited for and on behalf of A-A United Limited (an indirect wholly-owned subsidiary of Peace Mark (Holdings) Limited) for Sincere Watch Limited

SUPPLEMENTAL CIRCULAR

1. INTRODUCTION

Reference is made to the Circular dated 16 January 2008 issued by the Company to the Shareholders in respect of the Offer. The Offer was approved by the Shareholders at the Special General Meeting held on 1 February 2008 in Hong Kong. The Offer closed at 5:30 p.m. (Singapore time) on 18 March 2008 and the offer period under the Singapore Takeovers Code ended accordingly (further details are below).

The making of the Offer by the Offeror was conditional upon the satisfaction of the Pre-conditions which were duly satisfied as at 1 February 2008. The Financial Adviser then released the Offer Announcement on behalf of the Offeror on 1 February 2008 and the Offer Document was despatched to the shareholders of Sincere Watch on 19 February 2008. The Offer became unconditional in all respects on 21 February 2008 and the Offer Unconditional Announcement was released by the Financial Adviser on 21 February 2008. The Offer closed at 5:30 p.m. (Singapore time) on 18 March 2008 and the Company received valid acceptances under the Offer in respect of 200,649,203 Sincere Watch Shares representing approximately 97.08 per cent. of the entire issued capital of Sincere Watch.

The purpose of this Supplemental Circular is to provide the Shareholders with further information concerning the Sincere Watch Group and the Enlarged Group and to fulfil one of the conditions of the Waiver.

2. FINANCIAL INFORMATION AND WAIVERS FROM THE STOCK EXCHANGE

2.1 Waiver

Given the structure of the Offer, and in particular the need to maintain confidentiality prior to the Announcement and the Pre-conditional Offer Announcement being made and the securities laws of Singapore and the listing rules of the SGX-ST (to which Sincere Watch is subject) which prohibited Sincere Watch from disclosing unpublished price sensitive information to selected potential investors only during an offer period, it was not possible to gain access to such financial and other records/information of the Sincere Watch Group prior to 11 January 2008 (being the latest practicable date for the collation of relevant information prior to printing the Circular) as was required in order to comply fully with the disclosure requirements under the Listing Rules in relation to the inclusion of certain financial and other information of the Sincere Watch Group in the Circular.

The Company applied for, and the Stock Exchange granted by a fax dated 30 November 2007, subject to certain conditions, a waiver from strict compliance with the following provisions of the Listing Rules relating to disclosure in the Circular:

(a) an accountants' report on the Sincere Watch Group prepared using accounting policies which are materially consistent with those of the Peace Mark Group (Rules 4.01(3) and 14.67(4)(a)(i) of the Listing Rules);

(b) a pro forma statement of assets and liabilities of the Enlarged Group on the same accounting basis (Rule 14.67(4)(a)(ii) of the Listing Rules);

(c) an indebtedness statement of the Enlarged Group (Paragraph 28 and note 2 to Appendix 1B of the Listing Rules);

(d) a statement by the Directors that in their opinion the working capital available to the Enlarged Group is sufficient for its present requirements and for the next twelve months or, if not, how it is proposed the additional working capital thought by the Directors to be necessary will be made available (Rule 14.66(4) and paragraph 30 and note 2 to Appendix 1B of the Listing Rules);

(e) the dates of and parties to all material contracts entered into by any member of the Enlarged Group within the last two years together with a summary of the principal contents of such contracts and particulars of any consideration passing to or from any member of the Enlarged Group and inspection of such contracts (Paragraphs 42 and 43(2)(b) and note 2 to Appendix 1B of the Listing Rules);

(f) particulars of any litigation or claims of material importance pending or threatened against any member of the Enlarged Group (Paragraph 33 and note 2 to Appendix 1B of the Listing Rules); and

(g) a management discussion and analysis of the results of the Sincere Watch Group covering all those matters set out in paragraph 32 of Appendix 16 of the Listing Rules for the period reported in the accountants' report (Rule 14.67(5) of the Listing Rules).

(Paragraphs (b) to (g) above are collectively defined as the "**Further Information**".)

In satisfaction of one of the conditions of the Waiver, the Company was required to publish and despatch a supplemental circular within 45 days of the earlier of the date when the Company was able to exercise control over Sincere Watch or gain access to the books and records of Sincere Watch, and in any event on or before 31 March 2008, including the following information:

(i) an accountants' report of the Sincere Watch Group for each of the three years ended 31 March 2005, 31 March 2006 and 31 March 2007 and for each of the six months ended 30 September 2006 and 30 September 2007 prepared under IFRS or HKFRS in accordance with Chapter 4 and Rule 14.67(4)(a)(i) of the Listing Rules; and

(ii) the Further Information.

2.2 Extension to Deadline for Supplemental Circular

Due to the need for additional time to collate financial information on the Peace Mark Group and the Sincere Watch Group for inclusion in this Supplemental Circular, the Company applied to the Stock Exchange for an extension to the 31 March 2008 deadline for despatch of the Supplemental Circular. The Stock Exchange granted an extension so that the despatch of the Circular could be postponed to on or before 3 May 2008, on the condition that the accountants' report to be included in the Supplemental Circular should cover each of the three years ended 31 March 2005, 31 March 2006 and 31 March 2007 and each of the nine month periods ended 31 December 2006 and 31 December 2007 (the "**Accountants' Report**") (instead of the six month periods ended 30 September 2006 and 30 September 2007) in compliance with Rule 14.67(4)(a)(i) of the Listing Rules.

2.3 Deloitte Singapore

On 24 April 2008, the Stock Exchange confirmed that Deloitte Singapore could prepare and sign-off on the Accountants' Report for inclusion in this Supplemental Circular. Reference is made to the introduction to Appendix I to this Supplemental Circular for further information in this regard.

2.4 Appendices

The following is a summary of where the information required by the Waiver to be disclosed can be found in this Supplemental Circular:

(i)	The Accountants' Report	See pages 12 to 74 in Appendix I of this Supplemental Circular
(ii)	Further Information (b)	See pages 82 to 89 in Appendix II of this Supplemental Circular
	Further Information (c)	See pages 90 to 91 in Part A of Appendix III of this Supplemental Circular
	Further Information (d)	See page 91 in Part B of Appendix III of this Supplemental Circular
	Further Information (e)	See pages 91 to 92 in Part C of Appendix III of this Supplemental Circular
	Further Information (f)	See page 93 in Part D of Appendix III of this Supplemental Circular
	Further Information (g)	See pages 95 to 111 in Appendix IV of this Supplemental Circular

The purpose behind the issue of this Supplemental Circular is to provide the Shareholders with the information detailed above.

Your attention is also drawn to the financial information set out in the following Appendices to this Supplemental Circular:

(i) Appendix I – Financial Information of the Sincere Watch Group prepared under IFRS;

(ii) Appendix II – Unaudited Pro Forma Financial Information of the Enlarged Group;

(iii) Appendix III – Other Information; and

(iv) Appendix IV – Management Discussion and Analysis of the Sincere Watch Group for the Nine Month Period ended 31 December 2007 and for each of the Last Three Financial Years ended 31 March 2007.

3. FURTHER UPDATES SINCE THE DATE OF THE CIRCULAR

3.1 Chrono Star Divestment

Reference is made to the description of the Chrono Star Divestment in the Circular. A circular dated 6 February 2008 was sent by Sincere Watch to the shareholders of Sincere Watch. The shareholders of Sincere Watch approved the Chrono Star Divestment at the extraordinary general meeting of Sincere Watch held on 25 February 2008. The Chrono Star Agreement completed and the Chrono Star Divestment was deemed effective on 29 February 2008.

3.2 Listing status of Sincere Watch

Reference is made to the announcement by the Company on 27 March 2008 that it intended to make an application to the SIC to seek consent for the Offeror to exercise the powers of compulsory acquisition of the Offeror pursuant to Section 215(1) of the Companies Act and de-list Sincere Watch from the Main Board of the SGX-ST. The application was submitted to the SIC on 17 April 2008. The SIC confirmed on 25 April 2008 that the Offeror cannot proceed to exercise its powers of compulsory acquisition under Section 215(1) of the Companies Act.

3.3 Management

Reference is also made to the announcement by the Company on 1 April 2008 that Mr. Tay has been appointed as a non-executive director of Peace Mark with effect from 1 April 2008 for a term of three years.

3.4 Exercise of Section 215(3) Rights

As Peace Mark acquired more than 90 per cent. of the Sincere Watch Shares as at the close of the Offer at 5:30 p.m. (Singapore time) on 18 March 2008, Non-assenting Shareholders have the right, under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares on the same terms (including as to consideration) as those set out in the Offer Document ("**Section 215(3) Rights**"). Such Section 215(3) Rights are distinct from the right of the Offeror to exercise the powers of compulsory acquisition of the Offeror pursuant to Section 215(1) of the Companies Act.

On 14 April 2008, a letter was despatched to Non-assenting Shareholders (excluding Non-assenting Shareholders in the United States, Canada, Australia and New Zealand) informing them of their Section 215(3) Rights. A notice to Non-assenting Shareholders in the form prescribed under the Companies Act ("**Form 58 Notice**") was enclosed with the letter, together with forms of acceptance to enable Non-assenting Shareholders (other than Non-assenting Shareholders in the United States, Canada, Australia and New Zealand) to exercise their Section 215(3) Rights within three months after the date of the Form 58 Notice (that is, on or before 14 July 2008).

As a result of the exercise of Section 215(3) Rights by the Non-assenting Shareholders, as at the Latest Practicable Date, the Company had acquired in aggregate 203,648,301 Sincere Watch Shares representing approximately 98.53 per cent. of the entire issued capital of Sincere Watch.

Yours faithfully,
For and on behalf of the Board of Directors of
Peace Mark (Holdings) Limited
Mr. Chau Cham Wong, Patrick
Chairman

Rule 4.03 of the Listing Rules provides that, among other things, an accountants' report is required to be prepared by certified public accountants who are qualified under the Professional Accountants Ordinance for appointment as auditors of a company. Rule 4.03 of the Listing Rules also provides that, in the case of a circular issued by a listed issuer in connection with the acquisition of an overseas company, the Stock Exchange may be prepared to permit the accountants' report to be prepared by a firm of accountants which is not so qualified but acceptable to the Stock Exchange. Such a firm must normally have an international name and reputation and be a member of a recognised body of accountants.

Deloitte Singapore have been the auditors of Sincere Watch since their listing on the SGX-ST Dealing and Automated Quotation System (SGX-SESDAQ) in 1993. Deloitte Singapore is registered with the Accounting and Corporate Regulatory Authority of Singapore as an approved accounting firm pursuant to the Accountants Act Cap. 2 of Singapore and is a firm registered with the Public Company Accounting Oversight Board created by the Sarbanes Oxley Act of 2002.

As the statutory financial statements for Sincere Watch for each of the years ended 31 March 2005, 31 March 2006 and 31 March 2007 were prepared in accordance with applicable Singapore financial reporting standards, Deloitte Singapore were appointed as the reporting accountants to prepare the accountants' report of Sincere Watch in conformity with IFRS for inclusion in this Supplemental Circular.

For the reasons above, the Directors considered it most appropriate, cost and time effective for Deloitte Singapore to prepare the accountants' report on Sincere Watch, rather than professional accountants qualified under the Professional Accountants Ordinance. As Deloitte Singapore are not, however, qualified under the Professional Accountants Ordinance, the Company requested the Stock Exchange's permission for Deloitte Singapore to prepare the accountants' report on Sincere Watch for inclusion in this Supplemental Circular. On 24 April 2008, the Stock Exchange granted the requested permission.

The following is a text of the accountants' report from Deloitte Singapore, the reporting accountants of Sincere Watch prepared for the sole purpose of incorporation in this Supplemental Circular.

A. AN ACCOUNTANTS' REPORT OF THE SINCERE WATCH GROUP FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2005, 31 MARCH 2006 AND 31 MARCH 2007 AND FOR EACH OF THE NINE MONTH PERIODS ENDED 31 DECEMBER 2006 AND 31 DECEMBER 2007

25 April 2008

The Board of Directors
Sincere Watch Limited
8 Temasek Boulevard
#23-03 Suntec Tower Three
Singapore 038988

Dear Sirs,

1. We have audited the accompanying financial statements of Sincere Watch Limited (the "**Company**") and its subsidiaries (the "**Group**"), which comprise its consolidated balance sheets as at 31 March 2005, 2006, 2007 and 31 December 2007, and its consolidated profit and loss statements, consolidated statements of changes in equity and consolidated cash flow statements for each of the financial years ended 31 March 2005, 2006 and 2007 and for the nine months ended 31 December 2007, and a summary of significant accounting policies and other explanatory notes, as set out on pages 15 to 74 for inclusion in the supplemental circular of Peace Mark (Holdings) Limited dated 30 April 2008 (the "**Supplemental Circular**") in connection with the acquisition of Sincere Watch Limited (the "**Acquisition**").

2. We have reviewed the consolidated profit and loss statement, consolidated statement of changes in equity, consolidated cash flow statement and accompanying notes for the nine months ended 31 December 2006 ("**31 December 2006 comparatives**") in accordance with International Standard on Review Engagements ("**ISRE**") 2410 – *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.*

3. We have not audited or reviewed any financial statements of the Group in respect of any period subsequent to 31 December 2007.

Basis of Preparation

4. The financial statements of the Group for the financial years ended 31 March 2005, 2006 and 2007 have been prepared by the directors of the Company in accordance with International Financial Reporting Standards ("**IFRS**") and the requirements of Chapter 4 and Rule 14.67(4)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

5. The financial statements of the Group for the nine months ended 31 December 2007 and the 31 December 2006 comparatives have been prepared by the directors of the Company in accordance with International Accounting Standard ("**IAS**") 34 – *Interim Financial Reporting* for financial statements relating to interim periods and the Listing Rules.

6. We have acted as statutory auditors of the Company for the years ended 31 March 2005, 2006 and 2007 and continue to be statutory auditors for the year ended 31 March 2008. The statutory financial statements during these periods were prepared in accordance with Singapore Financial Reporting Standards and were audited in accordance with Singapore Standards on Auditing. The adjustments that have been made to the audited statutory financial statements to conform with the basis of preparation outlined in paragraph 4 above are disclosed in Note 44 of the financial statements.

Management's Responsibility for the Financial Statements

7. Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

8. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing ("**ISAs**") and carried out such additional procedures as we considered necessary in accordance with Auditing Guideline 3.34 "Prospectuses and The Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants. The ISAs require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

10. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISA and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 31 December 2006 comparatives.

Opinion

11. In our opinion, the financial statements of the Group present fairly, in all material respects, the state of affairs of the Group as at 31 March 2005, 2006 and 2007 and the results, changes in equity and cash flows of the Group for the years ended 31 March 2005, 2006 and 2007 in accordance with IFRS.

12. In our opinion, the financial statements of the Group present fairly, in all material respects, the state of affairs of the Group as at 31 December 2007, and the results, changes in equity and cash flows of the Group for the nine months ended 31 December 2007 in accordance with IAS 34.

13. In our review of the 31 December 2006 comparatives, nothing has come to our attention that causes us to believe that those 31 December 2006 comparatives do not present fairly, in all material aspects, the results, changes in equity or cash flows of the Group for the nine months ended 31 December 2006 in accordance with IAS 34.

Yours faithfully,

Deloitte & Touche
Public Accountants and Certified Public Accountants
Singapore

CONSOLIDATED BALANCE SHEETS

31 March 2005, 2006, 2007 and 31 December 2007

			As at 31 March		As at 31 December
		2005	**2006**	**2007**	**2007**
	Note	*S$'000*	*S$'000*	*S$'000*	*S$'000*
ASSETS					
Current assets					
Cash and bank balances	*7*	55,886	45,587	52,526	67,766
Trade receivables	*8*	24,858	32,753	29,594	52,464
Other receivables and prepaid expenses	*9*	4,301	8,953	6,781	8,041
Derivative financial instruments	*10*	–	26	32	6
Prepaid lease payments	*12*	349	349	349	349
Available-for-sale investments	*15*	–	–	–	8,838
Inventories		141,442	198,666	174,466	236,778
Total current assets		226,836	286,334	263,748	374,242
Non-current assets					
Property, plant and equipment	*11*	10,873	11,618	12,796	17,042
Prepaid lease payments	*12*	10,056	9,707	9,358	9,096
Investment property	*13*	398	398	398	398
Associates	*14*	5,335	5,747	6,319	5,714
Available-for-sale investments	*15*	359	433	9,363	525
Goodwill	*16*	1,831	882	882	1,092
Other intangible assets	*17*	156	1,075	1,075	1,075
Deferred tax assets	*18*	3,966	4,325	3,729	4,420
Total non-current assets		32,974	34,185	43,920	39,362
Total assets		259,810	320,519	307,668	413,604

		As at 31 March			As at 31 December
		2005	**2006**	**2007**	**2007**
	Note	*S$'000*	*S$'000*	*S$'000*	*S$'000*
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	*19*	20,114	17,254	18,521	22,738
Trade payables	*20*	116,560	134,892	108,919	184,778
Other payables	*21*	16,183	19,768	18,302	29,259
Dividend payable	*42*	–	–	14,480	–
Derivative financial instruments	*10*	216	28	111	446
Current portion of long-term debt	*22*	1,262	3,909	157	152
Income tax payable		6,275	6,354	4,490	5,760
Total current liabilities		160,610	182,205	164,980	243,133
Non-current liabilities					
Long-term debt	*23*	3,750	3,000	3,000	3,000
Finance leases	*24*	756	604	446	376
Total non-current liabilities		4,506	3,604	3,446	3,376
Capital, reserves and minority interests					
Share capital	*25*	19,620	19,620	19,620	31,778
Currency translation reserve		(3,317)	(3,580)	(5,499)	(6,986)
Legal reserve		109	210	314	314
Investment revaluation reserve		160	204	299	299
Accumulated profits		77,951	108,110	112,852	130,827
Equity attributable to equity holders of the Company		94,523	124,564	127,586	156,232
Minority interests		171	10,146	11,656	10,863
Total equity		94,694	134,710	139,242	167,095
Total liabilities and equity		259,810	320,519	307,668	413,604

See accompanying notes to financial statements.

CONSOLIDATED PROFIT AND LOSS STATEMENT

Years ended 31 March 2005, 2006, 2007 and nine months ended 31 December 2006 and 2007

		Year ended 31 March			Nine months ended 31 December	
		2005	**2006**	**2007**	**2006**	**2007**
	Note	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
					(Unaudited)	
Revenue	*26*	324,261	318,178	359,249	263,807	337,159
Other operating income	*27*	456	6,864	826	623	2,196
Changes in inventories of goods for resale		37,197	56,693	(24,200)	25,683	62,312
Purchases of goods for resale		(279,293)	(288,852)	(240,411)	(226,152)	(308,353)
Staff costs	*28*	(20,669)	(23,734)	(24,870)	(17,589)	(21,692)
Rental expense		(15,714)	(15,153)	(12,496)	(9,071)	(11,692)
Selling, advertising and promotional expense		(11,149)	(12,595)	(14,048)	(11,019)	(13,437)
Depreciation expense		(1,387)	(1,635)	(1,632)	(1,109)	(1,769)
Amortisation of goodwill		(625)	–	–	–	–
Amortisation of prepaid lease payments		(349)	(349)	(349)	(262)	(262)
Other operating expenses	*29*	(8,143)	(6,949)	(10,548)	(9,602)	(13,033)
Finance costs	*30*	(973)	(1,172)	(1,211)	(958)	(853)
Share of profits of associates		275	457	348	231	312
Gain on dilution of interest in subsidiary	*31*	–	10,608	465	465	–
Profit before income tax	*32*	23,887	42,361	31,123	15,047	30,888
Income tax	*33*	(5,082)	(7,128)	(5,314)	(2,867)	(5,703)
Profit for the year/period		18,805	35,233	25,809	12,180	25,185
Attributable to:						
Equity holders of the Company		19,246	34,184	23,485	11,256	22,592
Minority interests		(441)	1,049	2,324	924	2,593
		18,805	35,233	25,809	12,180	25,185
Basic and fully diluted earnings per share (cents)	*34*	9.81	17.42	11.97	5.74	10.98

See accompanying notes to financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended 31 March 2005, 2006, 2007 and nine months ended 31 December 2006 and 2007

	Note	Share capital S$'000	Currency translation reserve S$'000	Legal reserve[a] S$'000	Investment revaluation reserve S$'000	Accumulated profits S$'000	Attributable to equity holders of the Company S$'000	Minority interests S$'000	Total S$'000
Year ended 31 March 2005									
Balance at 1 April 2004		16,350	(2,153)	–	–	68,972	83,169	630	83,799
Effect of adoption of IAS 39	10	–	–	–	–	(86)	(86)	–	(86)
As restated		16,350	(2,153)	–	–	68,886	83,083	630	83,713
Exchange differences arising on translation of foreign operations		–	(1,164)	–	–	–	(1,164)	(18)	(1,182)
Fair value gain on available-for-sale investments		–	–	–	160	–	160	–	160
Net income and expense recognised directly in equity		–	(1,164)	–	160	–	(1,004)	(18)	(1,022)
Profit for the year		–	–	–	–	19,246	19,246	(441)	18,805
Total recognised income and expense for the year		–	(1,164)	–	160	19,246	18,242	(459)	17,783
Appropriation of legal reserve from accumulated profits		–	–	109	–	(109)	–	–	–
Bonus shares issue		3,270	–	–	–	(3,270)	–	–	–
Dividends paid	42(a)	–	–	–	–	(6,802)	(6,802)	–	(6,802)
Balance at 31 March 2005		19,620	(3,317)	109	160	77,951	94,523	171	94,694
Year ended 31 March 2006									
Balance at 1 April 2005		19,620	(3,317)	109	160	77,951	94,523	171	94,694
Exchange differences arising on translation of foreign operations		–	(263)	–	–	–	(263)	(907)	(1,170)
Fair value gain on available-for-sale investments		–	–	–	44	–	44	–	44
Net income and expense recognised directly in equity		–	(263)	–	44	–	(219)	(907)	(1,126)
Profit for the year		–	–	–	–	34,184	34,184	1,049	35,233
Total recognised income and expense for the year		–	(263)	–	44	34,184	33,965	142	34,107
Appropriation of legal reserve from accumulated profits		–	–	101	–	(101)	–	–	–
Dividends paid	42(b)	–	–	–	–	(3,924)	(3,924)	–	(3,924)
Contribution from minority interests		–	–	–	–	–	–	9,833	9,833
Balance at 31 March 2006		19,620	(3,580)	210	204	108,110	124,564	10,146	134,710

	Note	Share capital S$'000	Currency translation reserve S$'000	Legal reserve[a] S$'000	Investment revaluation reserve S$'000	Accumulated profits S$'000	Attributable to equity holders of the Company S$'000	Minority interests S$'000	Total S$'000
Year ended 31 March 2007									
Balance at 1 April 2006		19,620	(3,580)	210	204	108,110	124,564	10,146	134,710
Exchange differences arising on translation of foreign operations		–	(1,919)	–	–	–	(1,919)	(669)	(2,588)
Fair value gain on available-for-sale investments		–	–	–	95	–	95	–	95
Net income and expense recognised directly in equity		–	(1,919)	–	95	–	(1,824)	(669)	(2,493)
Profit for the year		–	–	–	–	23,485	23,485	2,324	25,809
Total recognised income and expense for the year		–	(1,919)	–	95	23,485	21,661	1,655	23,316
Dividends paid	*42(c)*	–	–	–	–	(4,159)	(4,159)	–	(4,159)
Dividends payable	*42(d)*	–	–	–	–	(14,480)	(14,480)	–	(14,480)
Appropriation of legal reserve from accumulated profits		–	–	104	–	(104)	–	–	–
Dividends paid to minority interests		–	–	–	–	–	–	(1,453)	(1,453)
Contribution from minority interests		–	–	–	–	–	–	2,200	2,200
Acquisition of additional interest in subsidiaries		–	–	–	–	–	–	(427)	(427)
Dilution of interest in subsidiary		–	–	–	–	–	–	(465)	(465)
Balance at 31 March 2007		19,620	(5,499)	314	299	112,852	127,586	11,656	139,242

	Note	Share capital S$'000	Currency translation reserve S$'000	Legal reserve[a] S$'000	Investment revaluation reserve S$'000	Accumulated profits S$'000	Attributable to equity holders of the Company S$'000	Minority interests S$'000	Total S$'000
Nine months ended 31 December 2006 (unaudited)									
Balance at 1 April 2006		19,620	(3,580)	210	204	108,110	124,564	10,146	134,710
Exchange differences arising on translation of foreign operations		–	(1,155)	–	–	–	(1,155)	237	(918)
Net income and expense recognised directly in equity		–	(1,155)	–	–	–	(1,155)	237	(918)
Profit for the period		–	–	–	–	11,256	11,256	924	12,180
Total recognised income and expense for the period		–	(1,155)	–	–	11,256	10,101	1,161	11,262
Dividends paid	42(c)	–	–	–	–	(4,159)	(4,159)	–	(4,159)
Dilution of interest in subsidiary		–	–	–	–	–	–	(465)	(465)
Balance at 31 December 2006		19,620	(4,735)	210	204	115,207	130,506	10,842	141,348
Nine months ended 31 December 2007									
Balance at 1 April 2007		19,620	(5,499)	314	299	112,852	127,586	11,656	139,242
Exchange differences arising on translation of foreign operations		–	(1,487)	–	–	–	(1,487)	(466)	(1,953)
Net income and expense recognised directly in equity		–	(1,487)	–	–	–	(1,487)	(466)	(1,953)
Profit for the period		–	–	–	–	22,592	22,592	2,593	25,185
Total recognised income and expense for the period		–	(1,487)	–	–	22,592	21,105	2,127	23,232
Scrip dividends	42(d)	12,158	–	–	–	–	12,158	–	12,158
Dividends paid	42(e)	–	–	–	–	(4,617)	(4,617)	–	(4,617)
Dividends paid to minority interests		–	–	–	–	–	–	(1,178)	(1,178)
Acquisition of additional interest in subsidiary		–	–	–	–	–	–	(1,742)	(1,742)
Balance at 31 December 2007		31,778	(6,986)	314	299	130,827	156,232	10,863	167,095

[a] Legal reserve relates to Sincere Watch Co. Ltd, incorporated in the Republic of China (Taiwan). Legal reserve may be used to offset a deficit, if any, and, when the reserve amount exceeds or equals 50% of the capital stock, an amount up to 50% of such reserve may be transferred to capital stock.

CONSOLIDATED CASH FLOW STATEMENT

Years ended 31 March 2005, 2006, 2007 and nine months ended 31 December 2006 and 2007

	Year ended at 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Operating activities					
Profit before income tax	23,887	42,361	31,123	15,047	30,888
Adjustments for:					
Share of profits of associates	(275)	(457)	(348)	(231)	(312)
Amortisation of goodwill	625	–	–	–	–
Impairment loss on goodwill	–	2,621	–	–	–
Depreciation expense	1,387	1,635	1,632	1,109	1,769
Amortisation of prepaid lease payments	349	349	349	262	262
Property, plant and equipment written off	574	575	620	158	467
(Gain) Loss on disposal of property, plant and equipment	15	114	(3)	6	(2)
(Gain) Loss on disposal of available-for-sale investments	–	–	6	6	(1,340)
Write-back of impairment loss on other intangible assets	–	(63)	–	–	–
Gain on dilution of interest in subsidiary	–	(10,608)	(465)	(465)	–
Allowance for (Write-back of) inventories	5,866	2,964	(1,560)	4,307	5,524
Net loss (gain) on fair value changes on foreign exchange contracts	130	(214)	77	100	361
Foreign exchange loss (gain) – unrealised	1,018	(2,518)	29	2,198	5,379
Interest expense	973	1,172	1,211	958	853
Interest income	(176)	(494)	(558)	(420)	(515)
Dividend income	(10)	(18)	(20)	(14)	(21)
Operating cash flow before movements in working capital	34,363	37,419	32,093	23,021	43,313
Trade receivables	(11,214)	(8,623)	3,131	(4,539)	(22,463)
Other receivables and prepaid expenses	(390)	(5,298)	2,740	5,137	(1,831)
Inventories	(43,063)	(59,657)	25,760	(29,989)	(67,836)
Trade payables	34,288	20,086	(26,037)	25,473	69,990
Other payables	4,034	3,192	797	(1,222)	11,045
Cash generated from (used in) operations	18,018	(12,881)	38,484	17,881	32,218
Interest paid	(973)	(1,172)	(1,211)	(958)	(853)
Interest received	176	494	558	420	515
Income tax paid	(5,116)	(7,387)	(7,319)	(5,012)	(4,555)
Net cash from (used in) operating activities	12,105	(20,946)	30,512	12,331	27,325

	Year ended at 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000* (Unaudited)	*S$'000*
Investing activities					
Purchase of property, plant and equipment *(Note A)*	(2,342)	(3,070)	(3,471)	(1,817)	(6,592)
Proceeds from disposal of property, plant and equipment	280	145	20	6	159
Acquisition of subsidiary *(Note 36)*	–	29	–	–	–
Acquisition of additional interest in subsidiaries	(1,082)	–	(427)	–	(1,664)
Purchase of available-for-sale investments	–	(29)	(8,861)	(8,836)	–
Dividends received	10	18	20	14	21
Proceeds on disposal of available-for-sale investments	25	–	19	19	1,340
Net cash used in investing activities	(3,109)	(2,907)	(12,700)	(10,614)	(6,736)
Financing activities					
Proceeds from issue of shares to minority shareholders of subsidiary	–	20,441	–	–	–
Increase (Decrease) in short-term bank borrowings	7,806	(64)	48	3,801	2,264
(Decrease) Increase in long-term debt	(5,021)	1,603	(3,910)	(3,871)	(174)
Dividends paid	(6,802)	(3,924)	(4,159)	(4,159)	(6,939)
Dividends paid to minority interests	–	–	(1,453)	–	(1,178)
Net cash (used in) from financing activities	(4,017)	18,056	(9,474)	(4,229)	(6,027)
Increase (Decrease) in cash and cash equivalents	4,979	(5,797)	8,338	(2,512)	14,562
Cash and cash equivalents at beginning of year/period	46,459	50,326	42,823	42,823	48,543
Effect of foreign exchange rate changes	(1,112)	(1,706)	(2,618)	(1,096)	(1,276)
Cash and cash equivalents at end of year/period *(Note 35)*	50,326	42,823	48,543	39,215	61,829

Note to the consolidated cash flow statement:

A. Purchase of property, plant and equipment

Cash purchase of property, plant and equipment	2,342	3,070	3,471	1,817	6,592
Purchase of property, plant and equipment under finance lease agreements	608	142	–	–	99
Total additions to property, plant and equipment *(Note 11)*	2,950	3,212	3,471	1,817	6,691

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

31 March 2005, 2006, 2007, 31 December 2007

1 GENERAL

Sincere Watch Limited (the "**Company**") is incorporated in Singapore with its registered office and principal place of business at 8 Temasek Boulevard, #23-03 Suntec Tower 3, Singapore 038988. The Company is listed on the Main Board of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in thousands of Singapore dollars.

For the purpose of this report, the financial statements relate to the Company and its subsidiaries (the "**Group**") and the Group's interest in associates. The balance sheets of the Group as at 31 March 2005, 2006, 2007 and as at 31 December 2007, the profit and loss statements, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 March 2005, 2006, 2007 and for each of the nine months ended 31 December 2006 and 2007 have been prepared on a consolidated basis as prescribed by Auditing Guideline 3.34 "Prospectuses and the Reporting Accountants" issued by the Hong Kong Institute of Certified Public Accountants.

The financial statements of the Group for the financial years ended 31 March 2005, 2006, 2007 and nine months ended 31 December 2006 and 2007 were authorised for issue by the Board of Directors on 25 April 2008 and have been prepared for inclusion in the issue of a circular to the shareholders of Peace Mark (Holdings) Limited (the "**Circular**") pursuant to the requirements of The Stock Exchange of Hong Kong Limited.

The Company is principally engaged in the business of watch and clock retailing and investment holding.

Details of subsidiaries held by the Group are:

Name of subsidiary and principal activities	Country of incorporation and operation	Proportion of ownership interest/ Effective equity interest			
		As at 31 March			As at 31 December
		2005	2006	2007	2007
		%	%	%	%
Avante Investment Pte Ltd Investment holding company	Singapore	100	100	100	100
Avante Marketing Pte Ltd Promoters, representatives and agents of fashion and luxury goods	Singapore	100	100	100	100
Architects of Time (S) Pte Ltd (formerly known as British Master Time Pte Ltd) Marketing of luxury goods	Singapore	100	100	100	100
Culina Holdings Pte Ltd Investment holding company	Singapore	100	100	100	100
Culina Pte Ltd [(a)] Supply and distribution of gourmet food, fine wines and pastry products	Singapore	100	100	100	100

Name of subsidiary and principal activities	Country of incorporation and operation	Proportion of ownership interest/ Effective equity interest			
		As at 31 March			As at 31 December
		2005	2006	2007	2007
		%	%	%	%
Emotus Pte Ltd Retailing of watches and clocks	Singapore	100	100	100	100
Food Resources Pte Ltd [(a)] [(b)] Supply and distribution of gourmet food, fine wines and pastry products	Singapore	–	100	100	100
Franck Muller Pte Ltd Marketing of Franck Muller time pieces	Singapore	100	100	100	100
Heirloom Restoration Services Pte Ltd Watch repair services	Singapore	100	100	100	100
Heritage Distribution Pte Ltd Marketing and distribution of watches	Singapore	100	100	100	100
Parisian Time Pte Ltd Marketing of luxury goods	Singapore	100	100	100	100
Quantum Communications Pte Ltd [(c)] Marketing communications services	Singapore	–	100	100	100
Richburgh Holdings Pte Ltd Retailing of watches and clocks	Singapore	50[(d)]	50[(d)]	100[(e)]	100[(e)]
Sincere Watch Duty Free Pte Ltd Retailing of watches and clocks	Singapore	50[(d)]	50[(d)]	100[(e)]	100[(e)]
Swiss Master Time Pte Ltd Marketing of luxury goods	Singapore	100	100	100	100
Times Legend International Pte Ltd Marketing and distribution of watches	Singapore	100	100	100	100
Kensley Vale Pte Ltd [(f)] Investment holding company	Singapore	–	–	100	100
Leoco Enterprise Limited Investment holding company	Hong Kong SAR	75	75	75	75
Pendulum Limited [(a)] Dormant	Hong Kong SAR	100	75[(g)]	75[(g)]	75[(g)]
Sincere Brand Management Limited [(a)] Marketing and distribution of watches	Hong Kong SAR	100	75[(g)]	75[(g)]	75[(g)]

Name of subsidiary and principal activities	Country of incorporation and operation	Proportion of ownership interest/ Effective equity interest			
		As at 31 March			As at 31 December
		2005	2006	2007	2007
		%	%	%	%
Avante Marketing (M) Sdn Bhd Investment holding company	Malaysia	100	100	100	100
Culina Products Sdn Bhd [(a)] Dormant	Malaysia	100	100	100	100
Emotus Sdn Bhd [(a)] Retailing of watches, clocks, pens and related accessories and servicing of watches	Malaysia	100	100	100	100
Sincere Watch Sdn Bhd Retailing of watches, clocks, pens and related accessories and servicing of watches	Malaysia	80[(h)]	80[(h)]	80[(h)]	100[(i)]
Shanghai Sincere Watch Co. Ltd [(a)] Dormant	People's Republic of China	75	75	75	75
Sincere Watch Co. Ltd [(a)] Wholesale and retail of watches	Republic of China (Taiwan)	100	100	75[(j)]	75[(j)]
Sincere Watch (Hong Kong) Limited Investment holding	The Cayman Islands	100	75[(g)]	75[(g)]	75[(g)]
Sincere Brand Holdings Limited [(a)] Investment holding	British Virgin Islands	100	75[(g)]	75[(g)]	75[(g)]
Sincere Watch Pty Ltd [(k)] Marketing and distribution of watches	Australia	–	–	100	100
Sincere Watch (India) Private Limited [(l)] Retailing of watches and clocks	India	–	–	–	100
Pendulum (Macau) Limited [(a)] [(m)] Marketing, distribution and retailing of watches	Macau	–	–	–	75

(a) Held by subsidiaries.

(b) Acquired on 17 February 2006 by Culina Holdings Pte Ltd.

(c) Incorporated on 13 December 2005.

(d) Considered as subsidiaries by virtue of control by the Group over their financial and operating policies.

(e) These entities became wholly-owned subsidiaries on 31 January 2007 when the Company acquired the remaining equity interest in these entities on that date based on the net asset value per share in these entities as at 30 September 2006. The consideration was satisfied in cash.

(f) Acquired on 11 April 2006.

(g) Interest in the subsidiary was reduced to 75% via Group restructuring and public share offer as further described in Note 31.

(h) 15% interest in Sincere Watch Sdn Bhd is held through Avante Marketing (M) Sdn Bhd.

(i) Interest in subsidiary was increased to 100% by acquiring the remaining 20% of the issued share capital of Sincere Watch Sdn Bhd from its minority interest through Avante Marketing (M) Sdn Bhd for a cash consideration of S$1,953,000 during the nine months ended 31 December 2007. With this acquisition, the Group's interest in Sincere Watch Sdn Bhd becomes 100%. The goodwill arising on acquisition of the 20% interest amounts to S$210,000 and is attributable to the anticipated profitability of Sincere Watch Sdn Bhd.

(j) Details on the dilution of the Company's interest in this entity is disclosed in Note 31.

(k) Incorporated on 12 July 2006.

(l) Incorporated on 19 March 2007. 0.04% interest in Sincere Watch (India) Private Limited is held through Kensley Vale Pte Ltd.

(m) Incorporated on 5 June 2007.

The principal activities of the associates are disclosed in Note 14.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION – The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with International Financial Reporting Standards ("**IFRSs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**") and the International Financial Reporting Interpretations Committee of the IASB respectively, which have been consistently applied throughout the years ended 31 March 2005, 2006 and 2007.

The financial statements for the nine months ended 31 December 2006 and 2007 have been prepared in accordance with IAS 34 – *Interim Financial Reporting*.

IFRS 1 – *First-time Adoption of International Financial Reporting Standards* has been applied in preparing these financial statements. These financial statements are the first set of financial statements prepared by the Group in accordance with IFRS.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at 1 April 2004 for the purpose of the first set of IFRS financial statements. The accounting policies have been applied consistently by the Group.

New and revised IFRSs and Interpretations in effect at the date of authorisation of the financial statements but not yet effective

At the date of authorisation of these financial statements, the directors anticipate that the adoption of the IFRSs and Interpretations that were issued but not yet effective until future periods will not have a material impact on the financial statements of the Group in the period of initial application.

BASIS OF CONSOLIDATION – The financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to the end of each period. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-Group transactions, balances, income and expenses and resulting unrealised profits are eliminated in full on consolidation. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

BUSINESS COMBINATIONS – The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 – *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal Groups) that are classified as held for sale in accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated profit and loss statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

FINANCIAL INSTRUMENT – Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense recognised on an effective interest rate basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of cash flow statement.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

Investments are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period.

Available-for-sale investments with quoted price in active markets or whose fair value can be reliably measured are accounted for at fair value. Gains and losses arising from changes in fair value are recognised directly in the investment revaluation reserve in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Available-for-sale investments without quoted market price or whose fair value cannot be reliably measured are accounted for at cost less allowance for impairment loss. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. Available-for-sale investments are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss, is recognised directly in equity.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates.

The Group uses derivative financial instruments (primarily foreign currency forward contracts and options) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

PREPAID LEASE PAYMENTS – Prepaid lease payments comprise payments for property under operating lease. Such prepayments are amortised to the profit and loss statement over the lease term of the property of 18 – 98 years on a straight-line basis.

INVENTORIES – Inventories comprise merchandise held for resale. High-end inventories are stated at the lower of cost (specific identification method) and net realisable value. Low-end inventories are stated at the lower of cost (first-in first-out basis) and net realisable value. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment, except for freehold property, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives with a residual value of approximately 10% of the original cost.

Leasehold improvements	–	20% reducing balance method
Plant and equipment	–	20% reducing balance method

Depreciation is not provided on freehold property.

The estimated residual values, useful lives and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Fully depreciated assets still in use are retained in the financial statements.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit and loss statement.

INVESTMENT PROPERTY – Investment property held on a long-term basis for investment potential, is stated at cost, less any impairment in net recoverable value. No depreciation is provided on investment property.

GOODWILL – Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on acquisition of an associate is described under "Associates" below.

INTANGIBLE ASSETS – Intangible assets with indefinite useful lives, are initially measured at cost and are subsequently measured at cost less any accumulated impairment losses.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL – At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss statement.

ASSOCIATES – An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit and loss statement.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income

Rental income is recognised on a straight-line basis over the term of the relevant lease.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

BORROWING COSTS – Borrowing costs are recognised in the profit and loss statement in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years/periods and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options (please see above for details of the Group's accounting policies in respect of such derivative financial instruments).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at closing rate.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year/period, are discussed below.

Allowances for doubtful debts

An allowance for doubtful debts accounts for estimated loss resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management specifically analyses accounts receivables, historic bad debt, customer concentrations, customer credit worthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts. The carrying amount of accounts receivable included in the balance sheets as at 31 March 2005, 2006 and 2007 and 31 December 2007 were S$24.9 million, S$32.8 million, S$29.6 million and S$52.5 million respectively after an allowance of S$2.7 million, S$0.5 million, S$0.5 million and S$0.4 million respectively.

Allowances for inventories

Management reviews the inventory ageing listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for slow-moving items. Management is satisfied that adequate allowance for inventories has been made in the financial statements. The carrying amount of inventories included in the balance sheets as at 31 March 2005, 2006 and 2007 and 31 December 2007 were S$141.4 million, S$198.7 million, S$174.5 million and S$236.8 million respectively after an allowance of S$25.8 million, S$27.8 million, S$24.7 million and S$29.4 million respectively.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate net recoverable amount. Details of the impairment loss recognised with respect to goodwill are provided in Note 16.

4 FINANCIAL RISKS AND MANAGEMENT

Overview

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create acceptable balance between the cost of risks occurring and the cost of managing risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The internal auditor conducts regular and ad hoc reviews of risk management controls and procedures and reports to the Audit Committee the findings of such reviews, including but not limited to, the compliance with the Group's risk management policies and procedures and the adequacy of the risk management framework.

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters. The exposure faced by the Group is mainly foreign currency risk and interest rate risk.

(b) Foreign exchange risk

The Group is exposed to foreign currency risk on its foreign currency denominated cash balances, trade receivables, available-for-sale investments and trade payables. The Group ensures that the net exposure is kept to an acceptable level by entering into hedging activities such as forward foreign exchange contracts and options and also by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Forward foreign exchange contracts and options are entered purely as a hedging tool and the Group does not hold or issue derivative financial instruments for speculative purposes. The Group's commitments on forward contracts at year/period end are disclosed in Note 10.

The Group is also exposed to foreign exchange movements on its net investments in foreign subsidiaries and associates. No hedge has been taken up for this exposure.

Swiss franc is the currency which gives rise to most of the Group's foreign exchange exposures. At the respective balance sheet dates, the carrying amounts of monetary assets and monetary liabilities denominated in Swiss franc are as follows:

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Assets	29,788	19,703	19,279	18,854
Liabilities	(103,146)	(127,592)	(106,599)	(166,383)

Foreign currency sensitivity

A 10% weakening of the functional currency of each Group entity against the following currency would decrease profits and equity of the Group for the year/period after tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Swiss franc	6,120	8,804	7,186	12,150

A 10% strengthening of the functional currency of each Group entity against the above currency would have had the increase profit and equity for the year/period after tax by the same amount shown above, on the basis that all other variables remain constant.

(c) Interest rate risk

The Group's primary interest rate risk relates to interest bearing debt. The Group primarily raises long-term loans based on expectation of future interest rate movements. As at the balance sheet dates, details of interest-bearing long-term loans are as follows:

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Long-term loans *(Note 23)*	4,750	6,750	3,000	3,000
Effective interest rate per annum	3.23% to 3.50%	3.23% to 4.60%	4.60%	4.60%
Term to maturity (months)	17 to 33	5 to 34	22	13

The Group is also exposed to interest rate risk through the impact of rate changes on its short-term loans and bank overdrafts which bear interest at the rates disclosed in Note 19.

Management has not carried out a sensitivity analysis on interest rates as they believe that any exposure will not be significant.

(d) Price risk

The Group has available-for-sale investments comprising quoted equity shares and unquoted equity shares. The Group made investments in shares with the intention to hold for long term basis and does not hold for speculative purpose. Whereas the fair value of the unquoted equity shares cannot be reasonably measured, the quoted equity shares are subject to both fair value risk and currency risk.

Fair value of quoted equity shares sensitivity

A hypothetical 10% decrease in the fair value of the available-for-sale investments would result in an adjustment to the investment in revaluation reserve and a decrease in equity as follows:

				As at
		As at 31 March		**31 December**
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Available-for-sale investments	36	43	53	53

(e) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial losses from default and generally does not require collateral. The Group places its cash and cash equivalents with creditworthy institutions and performs ongoing credit evaluations of its customers' financial condition.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year/period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheet.

(f) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet is obligations associated with financial liabilities as they fall due. It is the Group's policy for the raising of capital and placement of surplus fund to be managed centrally. The Group has targets for available funds in the form of surplus liquidity and irrevocable credit facilities, which are available to the Group at any given time.

(g) Fair value of financial assets and financial liabilities

The carrying amount of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities and amounts payable approximate their respective fair values due to the relatively short-term maturity of these financial instruments. Quoted available-for-sale investments and derivative financial instruments are measured at their fair value. The fair value of the unquoted available-for-sale investment cannot be measured and therefore these are carried at cost. The carrying amount of long-term debts approximates their fair values.

Financial Assets and Liabilities

The following sets out the financial instruments as at the balance sheet date:

		As at 31 March		As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Financial Assets				
Loans and receivables (including cash and cash equivalents)	85,045	87,293	88,901	128,271
Derivative financial instruments	–	26	32	6
Available-for-sale financial assets	359	433	9,363	9,363
Financial Liabilities				
Derivative financial instruments	216	28	111	446
Amortised cost	158,625	179,427	149,345	240,303

A maturity analysis of the financial liabilities by remaining contractual maturities is as follows:

	Bank borrowings	Trade and other payables	Derivative financial instruments	Finance leases
	S$'000	*S$'000*	*S$'000*	*S$'000*
31 March 2005				
Less than 1 year	21,114	132,743	216	262
1 – 3 years	3,750	–	–	377
3 – 5 years	–	–	–	308
Over 5 years	–	–	–	71
	24,864	132,743	216	1,018
31 March 2006				
Less than 1 year	21,004	154,660	28	159
1 – 3 years	3,000	–	–	318
3 – 5 years	–	–	–	238
Over 5 years	–	–	–	48
	24,004	154,660	28	763
31 March 2007				
Less than 1 year	18,521	127,221	111	157
1 – 3 years	3,000	–	–	290
3 – 5 years	–	–	–	135
Over 5 years	–	–	–	21
	21,521	127,221	111	603
31 December 2007				
Less than 1 year	22,738	214,037	446	152
1 – 3 years	3,000	–	–	278
3 – 5 years	–	–	–	98
	25,738	214,037	446	528

(h) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debt, which includes borrowings disclosed in Notes 19, 23 and 24, cash and bank balances disclosed in Note 7 and equity attributable to equity holders of the parent, comprising issued share capital disclosed in Note 25, reserves and retained earnings.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

As of 31 December 2007, the Company is a subsidiary of TBJ Holdings Pte Ltd, a company incorporated in the Republic of Singapore which is also the ultimate holding company. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

6 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors with that of the Company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, repayable on demand and interest-free, unless otherwise stated.

In addition to the related party transactions with associates as disclosed in Note 14, the Group entities also entered into the following trading transactions with related parties:

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
With a company with common directors					
Sales of goods	(2,342)	(1,743)	–	–	–
Purchases of goods	98	31	–	–	–
Interest income	(105)	(77)	–	–	–
Rental income	(57)	(59)	–	–	–
Delivery charges	105	79	–	–	–

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year/period were as follows:

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Short-term benefits	8,826	11,229	10,872	6,966	8,763
Post-employment benefits	225	205	248	153	138

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

7 CASH AND BANK BALANCES

	As at 31 March			As at 31 December
	2005	2006	2007	2007
	S$'000	*S$'000*	*S$'000*	*S$'000*
Cash and bank balances	38,977	30,318	38,553	55,965
Fixed deposits	16,909	15,269	13,973	11,801
	55,886	45,587	52,526	67,766

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

Fixed deposits earn interest at a rate of 0.58%, 0.8% to 4.3%, 0.8% to 4.43% and 1.82% to 5.28% per annum and mature within 15 days, 30 days, 30 days and 30 days after the financial years ended 31 March 2005, 2006, 2007 and nine months ended 31 December 2007 respectively.

The Group's cash and cash equivalents that are not denominated in the functional currencies of the respective entities are as follows:

	As at 31 March			As at 31 December
	2005	2006	2007	2007
	S$'000	*S$'000*	*S$'000*	*S$'000*
Singapore dollar	218	9	9	8
United States dollar	146	519	159	69
Swiss franc	27,526	9,542	6,202	4,837
Malaysian ringgit	4	7	3	2
Euro	19	30	111	1,219
Hong Kong dollar	102	119	110	113

8 TRADE RECEIVABLES

	As at 31 March			As at 31 December
	2005	2006	2007	2007
	S$'000	*S$'000*	*S$'000*	*S$'000*
Outside parties	24,341	31,305	29,582	51,301
Associates *(Note 14)*	517	1,922	493	1,573
Related party *(Note 6)*	2,690	–	–	–
	27,548	33,227	30,075	52,874
Less: Allowance for doubtful debts (outside parties)	(2,690)	(474)	(481)	(410)
	24,858	32,753	29,594	52,464

The average credit period on sale of goods for the Group is 30 to 90 days. No interest is charged on overdue trade receivables.

Movement in the allowance for doubtful debts

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Balance at beginning of the year/period	1,219	2,690	474	481
Amounts recovered during the year/period *(Note 29)*	(117)	(3)	(28)	(65)
Increase (Decrease) in allowance recognised in profit or loss *(Note 29)*	1,632	(2,299)	51	2
Exchange differences	(44)	86	(16)	(8)
Balance at end of the year/period	2,690	474	481	410

The table below is an analysis of trade receivables as at balance sheet date:

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Not past due and not impaired	20,402	29,812	26,646	46,217
Past due but not impaired *(i)*	4,297	2,791	2,880	6,124
	24,699	32,603	29,526	52,341
Impaired receivables – collectively assessed *(ii)*	2,419	56	–	14
Less: Allowance for impairment	(2,402)	(15)	–	(14)
	17	41	–	–
Impaired receivables – individually assessed *(ii), (iii)*				
– Customer placed under liquidation	78	267	307	234
– Past due more than 36 months and no response to repayment demands	352	301	242	285
Less: Allowance for impairment	(288)	(459)	(481)	(396)
	142	109	68	123
Total trade receivables, net	24,858	32,753	29,594	52,464

(i) Aging of receivables that are past due but not impaired				
< 3 months	1,702	2,334	2,276	3,246
3 months to 6 months	2,228	387	486	2,506
6 months to 12 months	245	45	73	243
> 12 months	122	25	45	129
	4,297	2,791	2,880	6,124

(ii) These amounts are stated before any deduction for impairment losses.

(iii) These receivables are not secured by any collateral or credit enhancements.

The Group's trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Swiss franc	2,262	5,698	4,181	5,162
United States dollar	148	461	727	223

9 OTHER RECEIVABLES AND PREPAID EXPENSES

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Associates *(Note 14)*	65	86	23	632
Related party *(Note 6)*	714	–	–	–
Prepaid expenses	1,300	852	1,645	1,181
Deposits	1,521	6,448	3,371	4,517
Income tax recoverable	21	1	568	–
Others	680	1,566	1,174	1,711
	4,301	8,953	6,781	8,041

The advances to associates are interest-free and are repayable on demand. The Group has not made any allowance as the directors are of the view that these receivables are recoverable.

The Group's other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
United States dollar	–	234	175	167
Malaysian ringgit	1,045	274	–	–
Indonesian rupiah	–	7	7	6
Indian rupee	–	–	299	274
Hong Kong dollar	12	10	10	10
Swiss franc	–	4,463	58	17
Singapore dollar	–	–	15	–
Renminbi	–	–	94	16

10 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 March						As at	
	2005		2006		2007		31 December 2007	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Forward currency exchange contracts	–	216	26	28	32	111	6	446

The Group utilises currency derivatives to hedge significant future transactions and cash flows. The Group is party to a variety of forward foreign exchange contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

At the balance sheet date, the total notional amount of outstanding forward foreign exchange contracts to which the Group is committed are as follows:

(i) Forward foreign currency contracts

	As at 31 March			As at 31 December
	2005	2006	2007	2007
	'000	*'000*	*'000*	*'000*
Bought:				
Swiss franc	12,700	9,500	9,945	–
Euro	1,533	553	1,278	134
United States dollar	44	111	210	102
Australian dollar	110	334	12	360
Singapore dollar	133	355	639	1,271
New Zealand dollar	15	30	5	–
Equivalent in Singapore dollar	21,406	13,871	16,027	2,152

(ii) The Group has entered into a Swiss Franc vs. Singapore dollar structured forward contract which gives the Group the opportunity to buy CHF 3 million against SGD at 1.285 per month for a period of four months if the CHF/SGD spot rate trades above 1.285 on certain predetermined dates in each of the four-month period (the "**Expiration Date**") and if the CHF/SGD spot rate does not trade at or above the pre-determined knock-out rate of 1.3340 during the life of the option. However the Group is obliged to buy CHF 6 million against SGD at 1.285 if the spot rate trades below 1.285 on each of the Expiration Dates. As at 31 December 2007, the remaining tenor of the contract was three months. As the CHF/SGD spot rate traded above the knock-out rate of 1.3340 on 3 March 2008, the contract has accordingly been knocked-out.

(iii) The Group has entered into a Swiss Franc vs. Hong Kong dollar structured forward contract which gives the Group the opportunity to buy CHF 2 million against HKD at 6.866 per month for a period of four months if the CHF/HKD spot rate trades above 6.866 on certain predetermined dates in each of the four-month period (the "**Expiration Date**") and if the CHF/HKD spot rate does not trade at or above the pre-determined knock-out rate of 7.1685 during the life of the option. However the Group is obliged to buy CHF 4 million against HKD at 6.866 if the spot rate trades below 6.866 on each of the Expiration Dates. As at 31 December 2007, the remaining tenor of the contract was three months. As the CHF/HKD spot rate traded above the knock-out rate of 7.1685 on 15 January 2008, the contract has accordingly been knocked-out.

The above foreign currency contracts were measured at fair value at each balance sheet date. Their fair values were determined based on the valuation techniques as provided by licensed financial institutions at the balance sheet date.

These arrangements are designed to address significant foreign currency exposures for six months after the respective financial year/period ends, and are renewed on a revolving basis as required.

Changes in the fair value of currency derivatives which are not designated as accounting hedges amounting to a loss of S$130,000, gain of S$214,000, loss of S$77,000, loss of S$100,000 (unaudited) and loss of S$361,000 have been credited or debited to the profit and loss statement in the years ended 31 March 2005, 2006, 2007 and nine months ended 31 December 2006 and 2007 respectively.

As the Group had not adopted IAS 39 – *Financial Instruments: Recognition and Measurement* for the preceding year, the negative fair value of the derivatives amounting to S$86,000 was not recognised on the balance sheet as at 31 March 2004. Adjustments were made to the opening balances in accordance with the transitional provisions of IAS 39.

11 PROPERTY, PLANT AND EQUIPMENT

	Freehold property	**Leasehold improvements**	**Plant and equipment**	**Total**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Cost:				
At 1 April 2004	3,254	471	14,499	18,224
Additions	–	130	2,820	2,950
Disposals	–	–	(840)	(840)
Written off	–	(92)	(2,390)	(2,482)
Exchange differences	–	–	(66)	(66)
At 31 March 2005	3,254	509	14,023	17,786
Additions	–	168	3,044	3,212
Disposals	–	–	(371)	(371)
Written off	–	–	(1,739)	(1,739)
Exchange differences	–	–	(31)	(31)
Arising on acquisition of a subsidiary	–	–	59	59
At 31 March 2006	3,254	677	14,985	18,916
Additions	–	122	3,349	3,471
Disposals	–	–	(244)	(244)
Written off	–	(100)	(1,519)	(1,619)
Exchange differences	–	–	(155)	(155)
At 31 March 2007	3,254	699	16,416	20,369
Additions	–	138	6,553	6,691
Disposals	–	–	(832)	(832)
Written off	–	–	(672)	(672)
Exchange differences	–	–	(149)	(149)
At 31 December 2007	3,254	837	21,316	25,407

	Freehold property	Leasehold improvements	Plant and equipment	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*
Accumulated depreciation:				
At 1 April 2004	–	317	7,709	8,026
Depreciation for the year	–	45	1,342	1,387
Disposals	–	–	(545)	(545)
Written off	–	(81)	(1,827)	(1,908)
Exchange differences	–	–	(47)	(47)
At 31 March 2005	–	281	6,632	6,913
Depreciation for the year	–	66	1,569	1,635
Disposals	–	–	(112)	(112)
Written off	–	–	(1,164)	(1,164)
Exchange differences	–	–	(29)	(29)
Arising on acquisition of a subsidiary	–	–	55	55
At 31 March 2006	–	347	6,951	7,298
Depreciation for the year	–	70	1,562	1,632
Disposals	–	–	(227)	(227)
Written off	–	(75)	(924)	(999)
Exchange differences	–	–	(131)	(131)
At 31 March 2007	–	342	7,231	7,573
Depreciation for the period	–	58	1,711	1,769
Disposals	–	–	(675)	(675)
Written off	–	–	(205)	(205)
Exchange differences	–	–	(97)	(97)
At 31 December 2007	–	400	7,965	8,365
Carrying amount:				
At 31 December 2007	3,254	437	13,351	17,042
At 31 March 2007	3,254	357	9,185	12,796
At 31 March 2006	3,254	330	8,034	11,618
At 31 March 2005	3,254	228	7,391	10,873

Plant and equipment with a carrying amount of S$1,243,000, S$776,000, S$409,000 and S$592,000 were acquired under finance lease agreements (Note 24) as at 31 March 2005, 2006, 2007 and 31 December 2007 respectively.

12 PREPAID LEASE PAYMENTS

	As at 31 March			As at 31 December
	2005	2006	2007	2007
	S$'000	*S$'000*	*S$'000*	*S$'000*
Prepaid minimum lease payments under operating leases:				
Within one year	349	349	349	349
In the second to fifth years inclusive	1,396	1,396	1,396	1,396
After five years	8,660	8,311	7,962	7,700
Total	10,405	10,056	9,707	9,445
Less: Current portion	(349)	(349)	(349)	(349)
Non-current portion	10,056	9,707	9,358	9,096
Movements in prepaid lease payments:				
Balance at beginning of year/period	10,754	10,405	10,056	9,707
Charge to profit and loss	(349)	(349)	(349)	(262)
Balance at end of year/period	10,405	10,056	9,707	9,445

13 INVESTMENT PROPERTY

This consists of the freehold property located at 304 Orchard Road, #23-04 Lucky Plaza, Singapore 238863. As at 31 December 2007, the directors estimated the fair value of the investment property to be approximately S$600,000, based on recent transactions of similar properties. The valuation surplus of S$202,000 is not reflected in the financial statements as the investment property is carried at cost. The investment property is currently vacant.

14 ASSOCIATES

	As at 31 March			As at 31 December
	2005	2006	2007	2007
	S$'000	*S$'000*	*S$'000*	*S$'000*
Unquoted equity shares at cost	3,382	3,382	3,382	2,931
Share of post-acquisition reserves	1,953	2,365	2,937	2,783
	5,335	5,747	6,319	5,714

The Group's investment in associates comprises the following:

Name of associate and country of incorporation/ operation	Principal activities	Proportion of ownership interest/ Effective equity interest			
		As at 31 March			As at 31 December
		2005	2006	2007	2007
		%	%	%	%
Pendulum Ltd Thailand	Retailing and distribution of watches and clocks	49	49	49	49
BVL Partner Co. Ltd Thailand	Retailing and distribution of watches, clocks and jewellery	49	49	49	49
Unisky Limited Hong Kong, SAR	Dormant	33	33	33	33

Significant transactions with associates:

	Year ended 31 March			Nine months ended 31 December	
	2005	2006	2007	2006	2007
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Sales of goods	(6,488)	(7,957)	(5,333)	(4,511)	(3,953)
Purchase of goods	–	–	90	90	–
Management fee expense	42	42	42	32	–
Handling charges	–	–	–	–	(7)

Summarised financial information in respect of the Group's associates is set out below:

	As at 31 March			As at 31 December
	2005	2006	2007	2007
	S$'000	*S$'000*	*S$'000*	*S$'000*
Total assets	17,885	27,478	26,291	28,102
Total liabilities	(6,997)	(15,750)	(13,679)	(16,600)
Net assets	10,888	11,728	12,612	11,502
Group's share of associates' net assets	5,335	5,747	6,319	5,714

	Year ended 31 March			Nine months ended 31 December	
	2005	2006	2007	2006	2007
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Revenue	29,642	34,718	35,935	28,305	25,388
Profit for the year/period	561	932	710	472	910
Group's share of associates' profit for the year/period	275	457	348	231	312

15 AVAILABLE-FOR-SALE INVESTMENTS

	As at 31 March			As at 31 December
	2005	2006	2007	2007
	S$'000	*S$'000*	*S$'000*	*S$'000*
Quoted equity shares, at fair value	359	433	525	525
Unquoted equity shares, at cost	–	–	8,838	8,838
	359	433	9,363	9,363
Less: Unquoted equity shares reclassified to current assets	–	–	–	(8,838)
	359	433	9,363	525

The investments in quoted equity securities offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on the quoted closing market prices on the last market day of the financial year/period.

The investment in unquoted equity shares represents an investment in a company that is engaged in production and manufacturing of watches. This investment is reclassified to current assets as at 31 December 2007 pursuant to its disposal by the Company to Mr. Tay Liam Wee, a director and controlling shareholder of the Company, for a consideration of S$10,957,496. The disposal was approved by the Company's shareholders at an Extraordinary General Meeting of the Company on 25 February 2008 and was completed on 29 February 2008.

The Group's available-for-sale investments that are not denominated in the functional currencies of the respective entities are as follows:

	As at 31 March			As at 31 December
	2005	2006	2007	2007
	S$'000	*S$'000*	*S$'000*	*S$'000*
Hong Kong dollar	–	63	63	63
Swiss franc	–	–	8,838	8,838

16 GOODWILL

	S$'000
Cost:	
At 1 April 2004	5,438
Elimination of amortisation accumulated prior to the adoption of IFRS 3	(1,607)
At 31 March 2005	3,831
Arising on acquisition of a subsidiary *(Note 36)*	1,672
At 31 March 2006 and 31 March 2007	5,503
Arising on acquisition of a subsidiary *(Note 1)*	210
At 31 December 2007	5,713
Accumulated amortisation:	
At 1 April 2004	982
Amortisation for the year	625
Elimination of amortisation accumulated prior to the adoption of IFRS 3	(1,607)
At 31 March 2005	–
Impairment:	
At 1 April 2004 and 31 March 2005	2,000
Impairment loss for the year ended 31 March 2006	2,621
At 31 March 2006, 31 March 2007 and 31 December 2007	4,621
Carrying amount:	
At 31 December 2007	1,092
At 31 March 2007	882
At 31 March 2006	882
At 31 March 2005	1,831

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

		As at 31 March		**As at 31 December**
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Food Trading				
Culina Pte Ltd	3,607	3,607	3,607	3,607
Food Resources Pte Ltd	–	1,672	1,672	1,672
Watch Retailing				
Franck Muller Pte Ltd	224	224	224	224
Sincere Watch Sdn Bhd	–	–	–	210
	3,831	5,503	5,503	5,713

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on management's estimates and industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the following financial year and extrapolates cash flows for the next four years based on estimated growth rates ranging from 5% to 10% per annum.

The rate used to discount the forecast cash flows is 7%, 6% and 8% per annum for the financial years ended 31 March 2006 and 2007 and nine months ended 31 December 2007 respectively based on the Group's weighted average cost of capital.

As at 31 March 2006, before impairment testing, goodwill of S$5.3 million was allocated to the food trading segment. Due to increased competition in the market, the Group has revised its cash flow forecasts for this CGU. The food trading CGU has therefore been reduced to its recoverable amount through recognition of an impairment loss against goodwill of S$2.62 million.

17 OTHER INTANGIBLE ASSETS

	Club memberships	Product listing fees	Total
	S$'000	*S$'000*	*S$'000*
Cost:			
At 1 April 2004 and 31 March 2005	336	–	336
Arising on acquisition of a subsidiary *(Note 36)*	–	856	856
At 31 March 2006, 31 March 2007 and 31 December 2007	336	856	1,192
Impairment:			
At 1 April 2004 and 31 March 2005	180	–	180
Write-back of impairment loss for the year ended 31 March 2006	(63)	–	(63)
At 31 March 2006, 31 March 2007 and 31 December 2007	117	–	117
Carrying amount:			
At 31 December 2007	219	856	1,075
At 31 March 2007	219	856	1,075
At 31 March 2006	219	856	1,075
At 31 March 2005	156	–	156

The investment in club memberships represents investments in clubs to obtain the right to receive services and obtain usage of the facilities of the club.

The product listing fees included above arose on acquisition of subsidiary, Food Resources Pte Ltd on 17 February 2006 (Note 1 and Note 36).

The club memberships and product listing fees have indefinite useful lives and are tested for impairment annually, or more frequently if there are indicators that the intangible assets might be impaired.

18 DEFERRED TAX ASSETS

The following are the major deferred tax assets recognised by the Group:

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Deferred tax assets				
Allowance for inventories	3,735	4,564	3,829	4,383
Allowance for doubtful debts	427	–	–	–
Difference between book depreciation and tax depreciation	(196)	(210)	(156)	(76)
Others	–	(29)	56	113
Total deferred tax assets	3,966	4,325	3,729	4,420
Movement in deferred tax assets				
Balance at beginning of year/period	2,660	3,966	4,325	3,729
Tax effect due to changes in income tax rate *(Note 33)*	–	–	(164)	–
Amounts transferred to (from) profit and loss *(Note 33)*	1,361	398	(262)	736
Translation adjustment	(55)	(39)	(170)	(45)
Balance at end of year/period	3,966	4,325	3,729	4,420

The Group has temporary differences mainly from allowance for inventories, allowance for doubtful debts and capital allowances available for offsetting against future taxable income as follows:

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Temporary differences	27,575	27,131	24,714	28,434
Deferred tax benefits on the above	5,150	5,085	4,383	5,115
Unrecorded deferred tax benefits on the above[a]	(1,184)	(760)	(692)	(733)
Deferred tax benefits recorded	3,966	4,325	3,691	4,382

[a] No deferred tax asset has been recognised in respect of these temporary differences due to the unpredictability of future profit streams.

The Group has tax loss carryforwards available for offsetting against future taxable income as follows:

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Unutilised tax losses	10,136	11,000	11,350	9,218
Deferred tax benefits on the above	2,101	2,274	2,115	(1,740)
Unrecorded deferred tax benefits on the above [(a)]	(2,101)	(2,274)	(2,077)	(1,702)
Deferred tax benefits recorded	–	–	38	38

(a) No deferred tax asset has been recognised in respect of these temporary differences due to the unpredictability of future profit streams.

These future income tax benefits in respect of unutilised tax losses are available for an unlimited future period only if the respective subsidiaries derive future assessable income of a similar nature and of sufficient amounts to enable the benefits to be realised and the conditions for deductibility imposed by law, including the retention of majority shareholders, as defined, are complied with.

19 BANK BORROWINGS

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Bank overdrafts *(Note 35)*	5,560	2,764	3,983	5,937
Short-term bank loans	10,875	7,757	8,073	10,350
Bankers' acceptance	3,679	6,247	6,465	6,451
Due to a factoring company	–	486	–	–
	20,114	17,254	18,521	22,738

Short-term bank loans of S$10.9 million, S$7.8 million, S$8.1 million and S$10.4 million as at 31 March 2005, 2006, 2007 and 31 December 2007 respectively are arranged at floating rates, and expose the Group to cash flow interest rate risk. Other short-term bank loans and borrowings are arranged at fixed interest rates and expose the Group to fair value interest rate risk.

(a) The Group's bank overdrafts bear effective interest at rates ranging from 5.25% to 8.00%, 4.47% to 10.73%, 3.23% to 8.75% and 2.75% to 7.66% per annum for the years ended 31 March 2005, 2006, 2007 and 31 December 2007 respectively, are repayable on demand and are unsecured except for:

(i) Bank overdrafts and other credit facilities of subsidiaries amounting to S$3,456,000, S$1,505,000, S$1,471,000 and S$1,425,000 as at 31 March 2005, 2006, 2007 and 31 December 2007 respectively which are guaranteed by the Company. In accordance with the terms and conditions for the provision of the banking facilities, these overdrafts and credit facilities are ranked first over all present and future loans to the respective subsidiaries; and

(ii) Bank overdrafts of S$2,104,000, S$1,259,000, S$2,512,000 and S$4,512,000 as at 31 March 2005, 2006, 2007 and 31 December 2007 respectively of another three subsidiaries which are guaranteed by the Company and secured by irrevocable standby letters of credit.

(b) The Group's short-term bank loans are unsecured and bear interest at rates ranging from 2.73% to 5.05%, 2.85% to 5.15%, 4.58% to 5.50% and 3.21% to 5.31% per annum for the years ended 31 March 2005, 2006, 2007 and nine months ended 31 December 2007 respectively and are repayable on demand.

(c) Certain subsidiaries' bankers' acceptances are secured by a corporate guarantee given by the Company and bear interest at rates ranging from 3.87% to 4.20%, 3.89% to 4.70%, 5.14% to 5.50% and 4.59% to 4.89% per annum for the years ended 31 March 2005, 2006, 2007 and nine months ended 31 December 2007 respectively.

(d) The Group's amounts due to a factoring company as at 31 March 2006 are secured by a joint and several guarantee from two directors and bear an average effective interest rate of 6.25% per annum and are due 75 days within the financial year end.

20 TRADE PAYABLES

				As at
		As at 31 March		**31 December**
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Outside parties	116,490	134,892	108,919	184,758
Related party *(Note 6)*	70	–	–	–
Associates *(Note 14)*	–	–	–	20
	116,560	134,892	108,919	184,778

The Group's trade payables that are not denominated in the functional currencies of the respective entities are as follows:

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Swiss franc	103,146	127,592	106,599	166,383
Singapore dollar	116	343	–	–
United States dollar	471	209	367	161
Euro	629	882	1,146	2,011
Australian dollar	–	464	807	1,548
Thai baht	394	–	–	1

21 OTHER PAYABLES

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Associates *(Note 14)*	279	105	78	–
Directors	2,249	3,884	2,756	3,719
Minority shareholders of subsidiaries	1,700	2,350	–	–
Advances from customers	961	1,394	1,615	2,395
Accruals	8,997	9,628	11,451	21,271
Rental payable	775	761	710	881
Others	1,222	1,646	1,692	993
	16,183	19,768	18,302	29,259

The other payables to directors are unsecured, repayable on demand and interest-free.

The Group's other payables that are not denominated in the functional currencies of the respective entities are as follows:

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Singapore dollar	493	6,006	2	–
United States dollar	2,122	2,093	452	–
Malaysian ringgit	772	761	726	677
Thai baht	322	158	104	–

22 CURRENT PORTION OF LONG-TERM DEBT

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Term loans *(Note 23)*	1,000	3,750	–	–
Finance leases *(Note 24)*	262	159	157	152
	1,262	3,909	157	152

23 LONG-TERM DEBT

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Term loans	4,750	6,750	3,000	3,000
The borrowings are repayable as follows:				
On demand or within one year	1,000	3,750	–	–
In the second year	3,750	–	3,000	3,000
In the third year	–	3,000	–	–
	4,750	6,750	3,000	3,000
Less: Amount due for settlement within 12 months *(Note 22)*	(1,000)	(3,750)	–	–
Amount due for settlement after 12 months	3,750	3,000	3,000	3,000

The Group's term loans with banks are unsecured except for a subsidiary's term loan of S$1,750,000, S$750,000, S$Nil and S$Nil as at 31 March 2005, 2006, 2007 and 31 December 2007 respectively which is secured by a corporate guarantee from the Company.

Details of the term loans are:

(a) Term loan of S$1,750,000 and S$750,000 as at 31 March 2005 and 2006 which bore effective interest at a rate of 3.23% and 3.27% per annum respectively and was repayable in equal quarterly instalments was fully repaid during the year ended 31 March 2007.

(b) Term loan of S$3,000,000 as at 31 March 2005 and 2006 which bore interest at a rate of 3.5% per annum was repaid in full in August 2006.

(c) Term loan of S$3,000,000 which bears interest at a rate of 4.60% per annum as at 31 March 2006, 2007 and 31 December 2007 is repayable in full in January 2009.

24 FINANCE LEASES

	Minimum lease payments				Present value of minimum lease payments			
	As at 31 March		As at 31 December		As at 31 March		As at 31 December	
	2005	**2006**	**2007**	**2007**	**2005**	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Amounts payable under finance leases:								
Within one year	300	199	191	186	262	159	157	152
In the second to fifth years inclusive	822	641	473	403	685	556	425	376
After five years	71	44	22	–	71	48	21	–
	1,193	884	686	589	1,018	763	603	528
Less: Future finance charges	(175)	(121)	(83)	(61)				
	1,018	763	603	528				
Less: Amount due for settlement within 12 months *(Note 22)*					(262)	(159)	(157)	(152)
Amount due for settlement after 12 months					756	604	446	376

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 6 years. For the years ended 31 March 2005, 2006, 2007 and nine months ended 31 December 2007, the average effective borrowing rate was 6.70%, 5.96%, 4.40% and 5.28% per annum respectively. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's lease obligations approximates their carrying amount.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets (Note 11).

25 SHARE CAPITAL

	As at 31 March			As at 31 December	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**	**2005**	**2006**	**2007**	**2007**
	Number of ordinary shares ('000)				*S$'000*	*S$'000*	*S$'000*	*S$'000*
Issued and fully paid:								
At beginning of year/period	163,500	196,200	196,200	196,200	16,350	19,620	19,620	19,620
Bonus shares issue	32,700	–	–	–	3,270	–	–	–
Shares issued during the financial period	–	–	–	10,481	–	–	–	12,158
At end of year/period	196,200	196,200	196,200	206,681	19,620	19,620	19,620	31,778

During the financial year ended 31 March 2005, the capital structure of the Company had been changed as follows:

(a) Consolidation of every 2 ordinary shares in the existing authorised and issued paid-up share capital of par value S$0.25 each into 1 ordinary share of par value S$0.50 each;

(b) Subdivision of every 1 ordinary share of par value S$0.50 into 5 ordinary shares of par value S$0.10 each; and

(c) Post split 1-for-5 bonus issue of ordinary shares of par value S$0.10 each.

As a result, the number of ordinary shares as at 1 April 2004 and 31 March 2005 were adjusted to reflect the revised shareholdings.

The Company has one class of ordinary shares which carry no right to fixed income.

As a result of the Companies (Amendment) Act 2005, the concept of authorised share capital and par value has been abolished.

On 24 April 2007, the capital structure of the Company changed to take into account the issue of 10,481,104 new shares amounting to S$12.2 million, to shareholders who had elected to participate in the Sincere Watch Limited Scrip Dividend Scheme. Following the issue of the new shares, the number of ordinary shares and share capital of the Company increased to 206,681,104 ordinary shares and S$31,778,084 respectively.

26 REVENUE

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Sales of goods	323,697	317,346	358,307	263,123	336,428
Rendering of services	564	832	942	684	731
Total	324,261	318,178	359,249	263,807	337,159

27 OTHER OPERATING INCOME

	Year ended 31 March			Nine months ended 31 December	
	2005	2006	2007	2006	2007
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Interest income	176	494	558	420	515
Dividend income from quoted investments	10	18	20	14	21
Net foreign exchange gain	–	6,073	–	–	–
Rental income	72	59	–	–	–
Gain on disposal of available-for-sale investments	–	–	–	–	1,340
Others	198	220	248	189	320
Total	456	6,864	826	623	2,196

28 STAFF COSTS

	Year ended 31 March			Nine months ended 31 December	
	2005	2006	2007	2006	2007
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Employee benefits expense	13,782	14,404	15,885	11,934	13,905
Defined contribution plans	1,093	1,145	1,216	899	1,050
Directors' remuneration:					
Company	3,562	5,453	4,826	2,833	4,408
Subsidiaries	2,232	2,732	2,943	1,923	2,329
Total	20,669	23,734	24,870	17,589	21,692

29 OTHER OPERATING EXPENSES

	Year ended 31 March			Nine months ended 31 December	
	2005	2006	2007	2006	2007
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Impairment of goodwill	–	2,621	–	–	–
Net foreign exchange loss	237	–	2,516	4,205	5,701
Allowance for (Write-back of) doubtful debts *(Note 8)*	1,632	(2,299)	51	–	2
Doubtful debts recovered *(Note 8)*	(117)	(3)	(28)	–	(65)
Travelling and communication	1,920	2,358	2,491	1,927	2,203
Others	4,471	4,272	5,518	3,470	5,192
Total	8,143	6,949	10,548	9,602	13,033

30 FINANCE COSTS

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Interest expense on:					
Bank borrowings	925	1,108	1,172	928	821
Finance leases	48	64	39	30	32
Total	973	1,172	1,211	958	853

31 GAIN ON DILUTION OF INTEREST IN SUBSIDIARY

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Gain on dilution of interest in subsidiary	–	10,608[a]	465[b]	465[b]	–

(a) Prior to 19 September 2005, the entire interests of Sincere Watch (Hong Kong) Limited ("**SWHK**"), Sincere Brand Holdings Limited ("**SBHL**") and Sincere Brand Management Limited ("**SBML**") were separately held by the Company. On 19 September 2005, the Company transferred the entire interests in SBHL and SBML to SWHK as part of a Group restructuring in connection with the public offer and listing of the shares of SWHK on the Main Board of The Stock Exchange of Hong Kong Limited. As part of the public offer, 102 million shares in SWHK were allotted and issued at an offer price of HK$1.08 per SWHK share. This resulted in a dilution of 25% shareholding of the Company's interest in SWHK. The Group booked an exceptional gain of S$10.6 million from this dilution.

(b) Prior to 1 October 2006, the entire interest of Sincere Watch Co. Ltd ("**SWTW**"), a company incorporated in Republic of China (Taiwan), was held by the Company. On 1 October 2006, the Company transferred the entire interest in SWTW to Sincere Brand Holdings Limited, a wholly-owned subsidiary of Sincere Watch (Hong Kong) Limited, a corporation in which the Company has 75% equity interest. The total consideration for the disposal amounted to S$5.5 million which was satisfied entirely in cash. Consequently, the Company's interest in SWTW was diluted from 100% to 75%. The Group recorded an exceptional gain of S$465,000 from this dilution.

32 PROFIT BEFORE INCOME TAX

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

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Allowance for (Write-back of) inventories	5,866	2,964	(1,560)	4,307	5,524
Amortisation of goodwill	625	–	–	–	–
Fees paid to a firm in which a director has an interest	15	24	37	23	16
Loss (Gain) on disposal of property, plant and equipment	15	114	(3)	6	(2)
Professional fees incurred relating to voluntary conditional offer *(Note 43)*	–	–	–	–	245
Loss (Gain) on disposal of available-for-sale investment	–	–	6	6	(1,340)
Net loss (gain) on fair value changes on foreign exchange contracts	130	(214)	77	100	361
Cost of inventories recognised as expenses	279,293	288,852	240,411	226,152	308,353
Property, plant and equipment written off	574	575	620	158	467
Rental received from a company in which a director has an interest	(15)	(16)	–	–	–
Write-back of impairment loss on other intangible assets	–	(63)	–	–	–
Inventories (write-back) written-off	3	(350)	535	120	(620)

33 INCOME TAX

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Current tax	7,030	7,520	5,412	3,646	6,469
Deferred tax *(Note 18)*	(1,105)	(411)	422	(775)	(736)
(Over) Under provision in prior years:					
Current tax	(587)	6	(524)	(4)	(30)
Deferred tax *(Note 18)*	(256)	13	4	–	–
	5,082	7,128	5,314	2,867	5,703

Domestic income tax is calculated at 20%, 20%, 18%, 20% and 18% of the estimated assessable profit for the years ended 31 March 2005, 2006, 2007 and nine months ended 31 December 2006 and 2007 respectively. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Year ended 31 March			Nine months ended 31 December	
	2005	2006	2007	2006	2007
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Profit before income tax	23,887	42,361	31,123	15,047	30,888
Tax at domestic rate	4,777	8,472	5,602	3,009	5,560
Tax effect of net expenses (income) that are not deductible (taxable) in determining taxable profit	859	(1,473)	360	270	220
(Over) Under provision in prior years:					
Current tax	(587)	6	(524)	(4)	(30)
Deferred tax	(256)	13	4	–	–
Tax effect of utilisation of tax losses not previously recognised	(120)	(501)	(223)	(27)	(140)
Deferred tax benefit unrecorded	734	775	170	103	211
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(137)	(206)	194	(32)	84
Tax exemption	(53)	(59)	(170)	(225)	(210)
Tax effect of changes in income tax rate	–	–	176	–	–
Other items	(135)	101	(275)	(227)	8
Tax expense for the year/period	5,082	7,128	5,314	2,867	5,703

34 EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Year ended 31 March			Nine months ended 31 December	
	2005	2006	2007	2006	2007
				(Unaudited)	
Profit for the year/period attributable to Equity holders of the Company (S$'000)	19,246	34,184	23,485	11,256	22,592
The weighted average number of fully paid ordinary shares in issue	196,200,000	196,200,000	196,200,000	196,200,000	205,804,503[a]
Basic earnings per share (cents)	9.81	17.42	11.97	5.74	10.98

The fully diluted earnings per share is equal to the basic earnings per share as there is no dilution.

[a] For compliance with IAS 33 – *Earnings Per Share*, basic earnings per share is calculated by dividing the Group's net profit attributable to shareholders by the weighted average number of 205,804,503 ordinary shares in issue during the nine-month period ended 31 December 2007, after taking into account the effect of new shares issued under the Scrip Dividend Scheme (Note 25).

35 CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED CASH FLOW STATEMENT

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Cash and bank balances *(Note 7)*	55,886	45,587	52,526	67,766
Bank overdrafts *(Note 19)*	(5,560)	(2,764)	(3,983)	(5,937)
	50,326	42,823	48,543	61,829

36 ACQUISITION OF SUBSIDIARY

On 17 February 2006, the Group acquired 100% of the issued share capital of Food Resources Pte Ltd for cash consideration of S$3,000. This transaction was accounted for by the purchase method of accounting.

	Acquiree's carrying amount before combination	**Fair value adjustments**	**Fair value**
	S$'000	*S$'000*	*S$'000*
Net liabilities assumed:			
Intangible asset	–	856	856
Current assets	2,727	99	2,826
Current liabilities	(5,351)	–	(5,351)
	(2,624)	955	(1,669)
Goodwill			1,672
Total consideration, satisfied by cash			3
Net cash arising on acquisition:			
Cash consideration paid			(3)
Cash and cash equivalents acquired			32
			29

The goodwill arising on the acquisition of Food Resources Pte Ltd is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combination.

Food Resources Pte Ltd contributed S$1.41 million revenue and S$39,000 loss to the Group's profit before tax for the period between the date of acquisition and the balance sheet date as at 31 March 2006.

If the acquisition had been completed on 1 April 2005, the total Group revenue for the year ended 31 March 2006 would have been S$320.58 million and the profit for that year would have been S$35.18 million.

37 OPERATING LEASE ARRANGEMENTS

	Year ended 31 March			Nine months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)	
Minimum lease payments under operating leases recognised as an expense in the year/period	14,997	15,547	12,845	9,333	11,954

At the balance sheet date, commitments in respect of non-cancellable operating leases for the rental of office, shop space and land are as follows:

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Within one year	11,065	9,174	13,789	17,575
In the second to fifth years inclusive	8,478	5,546	17,042	28,309
After five years	1,026	1,501	1,357	1,249
Total	20,569	16,221	32,188	47,133

The Group has various operating lease agreements for its store outlets. Most leases contain renewable options. Certain leases also provide for contingent rentals based on certain percentages of sales or/and the number of visitors compared against certain visitor statistics.

38 COMMITMENTS

The Group has entered into exclusive distribution agreements with suppliers, whereby the Group is expected to make minimum purchases as follows:

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Within one year	72,430	66,936	58,218	72,003
In the second to fifth years inclusive	260,349	183,398	128,643	141,064
After five years	15,559	–	–	–
	348,338	250,334	186,861	213,067

The suppliers have the right to terminate their exclusive distribution agreements if the Group fails to meet the minimum purchase requirements pursuant to the terms and conditions of the agreements.

There was a shortfall of S$1,341,000 (CHF 975,000), S$5,044,000 (CHF 4,022,000), S$687,263 (CHF 548,932) and S$1,027,289 (CHF 794,500) from the required purchase of S$7,923,000 (CHF 5,760,000), S$8,668,000 (CHF 6,912,000), S$1,252,000 (CHF 1,000,000) and S$1,939,500 (CHF 1,500,000) for the years ended 31 March 2005, 2006, 2007 and nine months ended 31 December 2007 respectively as stipulated in the distribution agreements. The suppliers have not exercised their right to terminate the exclusive distribution agreements. The directors are of the view that the Group has no further commitment in respect of the shortfall.

39 CAPITAL EXPENDITURE COMMITMENTS

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Amount committed for future capital expenditure but not provided for in the financial statements	394	310	53	–

40 CONTINGENT LIABILITIES

(i) The Group has the following:

	As at 31 March			As at 31 December
	2005	**2006**	**2007**	**2007**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Guarantee of banking facilities provided to:				
Associates [(a)]	4,005	7,148	7,430	7,353
Bankers' guarantee	–	–	3,100	3,556

(a) The guarantee of banking facilities provided to certain associates amounting to S$4.01 million, S$7.15 million, S$7.43 million and S$7.35 million was provided on the basis that the Company is indemnified by the remaining shareholders of those associates for S$2.05 million, S$3.65 million, S$3.79 million and S$3.75 million as at 31 March 2005, 2006, 2007 and 31 December 2007 respectively, being their share based on the proportionate shareholdings.

(ii) The Group terminated the co-operative joint venture agreement for its subsidiary, Shanghai Sincere Watch Co. Ltd in September 1999. The co-operative joint venture partner had indicated it may institute legal proceedings against the Group for breach of contract for the recovery of approximately RMB 1,000,000 as at 31 March 2005, 2006, 2007 and 31 December 2007. However, no action has been taken against the Group to date and management is of the view that there is no merit to full claim.

(iii) The directors deem the effect arising from the fair value adjustment of guarantees provided by the Group to be immaterial.

41 SEGMENT INFORMATION

The Group is operating mainly in the Asian region, namely Southeast and Northeast Asia. The primary segments of the Group are by geographical locations of assets.

Segment revenue and expense : Segment revenue and expense are the operating revenue and expense reported in the Group's profit and loss statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities : Segment assets include all operating assets used by a segment and consist principally of operating receivables, cash and bank balances, intangibles, inventories and property, plant and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire property, plant and equipment, and intangible assets directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable and accruals.

Investments in associates : Income from associates are allocated as they are specifically attributable to business segments, and correspondingly the investments in associates are included as segment assets of the Group.

Inter-segment transfers : Segment revenue and expenses include transfers between business segments. Inter-segment sales are on terms agreed between the parties. These transfers are eliminated on consolidation.

	Southeast Asia					Northeast Asia					Elimination					Total				
	Year ended 31 March			9 months ended 31 December		Year ended 31 March			9 months ended 31 December		Year ended 31 March			9 months ended 31 December		Year ended 31 March			9 months ended 31 December	
	2005	2006	2007	2006	2007	2005	2006	2007	2006	2007	2005	2006	2007	2006	2007	2005	2006	2007	2006	2007
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Unaudited)					(Unaudited)					(Unaudited)					(Unaudited)	
Revenue																				
External sales	218,793	230,871	260,463	189,997	227,333	105,468	87,307	98,786	73,810	109,826	–	–	–	–	–	324,261	318,178	359,249	263,807	337,159
Inter-segment sales	51,851	68,531	70,710	51,870	65,399	13,683	6,470	34	34	–	(65,534)	(75,001)	(70,744)	(51,904)	(65,399)	–	–	–	–	–
Total revenue	270,644	299,402	331,173	241,867	292,732	119,151	93,777	98,820	73,844	109,826	(65,534)	(75,001)	(70,744)	(51,904)	(65,399)	324,261	318,178	359,249	263,807	337,159
Result																				
Segment result	32,249	28,304	26,777	19,766	21,908	13,661	16,614	10,585	3,967	12,018	(21,325)	(12,450)	(5,841)	(8,424)	(2,497)	24,585	32,468	31,521	15,309	31,429
Gain on dilution of interest in subsidiary																–	10,608	465	465	–
Finance costs																(973)	(1,172)	(1,211)	(958)	(853)
Profit before share of results of associates																23,612	41,904	30,775	14,816	30,576
Profit from associates	275	457	348	231	312											275	457	348	231	312
Profit before income tax																23,887	42,361	31,123	15,047	30,888
Income tax																(5,082)	(7,128)	(5,314)	(2,867)	(5,703)
Profit for the year/period																18,805	35,233	25,809	12,180	25,185
Other information																				
Acquisition of goodwill and intangibles	–	2,528	–	–	–	–	–	–	–	–						–	2,528	–	–	–
Amortisation of goodwill	625	–	–	–	–	–	–	–	–	–						625	–	–	–	–
Depreciation	1,122	1,376	1,359	925	1,334	265	259	273	184	770					(335)	1,387	1,635	1,632	1,109	1,769

	Southeast Asia				Northeast Asia				Elimination				Group			
	As at 31 March			As at 31 December	As at 31 March			As at 31 December	As at 31 March			As at 31 December	As at 31 March			As at 31 December
	2005	2006	2007	2007	2005	2006	2007	2007	2005	2006	2007	2007	2005	2006	2007	2007
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Other information																
Segment assets	159,579	179,627	196,299	253,808	90,909	130,820	101,321	149,663					250,488	310,447	297,620	403,471
Investment in associates	5,335	5,747	6,319	5,714	–	–	–	–					5,335	5,747	6,319	5,714
Unallocated corporate assets													3,987	4,325	3,729	4,419
Consolidated total assets													259,810	320,519	307,668	413,604
Segment liabilities	57,715	73,045	79,646	106,789	75,244	81,643	62,166	107,694					132,959	154,688	141,812	214,483
Unallocated corporate liabilities													32,157	31,121	26,614	32,026
Consolidated total liabilities													165,116	185,809	168,426	246,509
Capital expenditure	2,840	2,825	1,967	4,380	110	387	1,504	2,311					2,950	3,212	3,471	6,691
Other non-cash expenses	3,778	4,527	2,016	4,528	4,822	1,183	13	1,426					8,600	5,710	2,029	5,954

As the Group is substantially in one business segment, namely the retailing and distribution of quality watches and clocks, no secondary segments have been disclosed.

42 DIVIDENDS

(a) During the financial year ended 31 March 2005, the Company declared and paid a first and final dividend of S$0.02 per ordinary share less tax totalling S$1,046,400 and a special dividend of S$0.11 per ordinary share less tax totalling S$5,755,200 in respect of the financial year ended 31 March 2004.

(b) During the financial year ended 31 March 2006, the Company declared and paid a first and final dividend of S$0.01 per ordinary share less tax totalling S$1,569,600 and a special dividend of S$0.015 per ordinary share less tax totalling S$2,354,000 in respect of the financial year ended 31 March 2005.

(c) During the financial year ended 31 March 2007, the Company declared and paid a first and final dividend of S$0.01 per ordinary share less tax totalling S$1,569,600 and a special dividend of S$0.0165 per ordinary share less tax totalling S$2,589,840 in respect of the financial year ended 31 March 2006.

(d) During the financial year ended 31 March 2007, the Company declared an interim dividend of S$0.09 per ordinary share less tax totalling S$14,479,560 which was paid on 24 April 2007. The dividend obligation to the extent of S$12,158,084 was satisfied by the issue of 10,481,104 new shares under the Scrip Dividend Scheme which was approved by shareholders at the Extraordinary General Meeting on 8 January 2007, with the balance of S$2,321,476 paid in cash.

(e) During the financial period ended 31 December 2007, the Company declared and paid dividends of S$4,617,256 comprising a final dividend of S$0.01 per ordinary share less tax totalling S$1,694,785 and special dividends comprising of S$0.002 per ordinary share less tax and S$0.0125 per ordinary share (tax exempt – one tier) totalling S$2,922,471 in respect of the financial year ended 31 March 2007. The dividends were paid on 22 August 2007.

43 VOLUNTARY CONDITIONAL OFFER

Peace Mark (Holdings) Limited ("**Peace Mark**") had on 7 December 2007 announced that subject to the satisfaction of certain conditions, it intends through its wholly-owned subsidiary A-A United Limited (the "**Offeror**") to make a voluntary conditional offer for all issued ordinary shares (the "**Offer Shares**") in the capital of the Company (the "**Offer**").

The consideration for the Offer comprised both cash and new ordinary shares in the capital of Peace Mark (the "**New Peace Mark Shares**"). The price for each Offer Share was S$2.051 in cash and 0.228 New Peace Mark Shares at the issue price of HK$12.096 (equivalent to S$2.246 at the exchange rate ratio of S$1 : HK$5.385 as at 6 December 2007).

In relation to the Offer, in addition to professional fees that will be paid on an as incurred basis, the Group is committed to the financial advisor engaged by the Company for a success fee based on 1% of the acquisition value, defined as the total value of the consideration paid by the buyer, including any consideration that is paid by any co-investors in a consortium, to purchase all or part of the issued share capital of the Company upon the completion of the acquisition process. On this basis, if the Offer by Peace Mark is accepted in full by all the shareholders, the success fee payable is estimated to be approximately S$5.3 million. This amount has not been provided for in the accounts made up to 31 December 2007.

As at the close of the Offer on 18 March 2008, Peace Mark had received pursuant to the Offer, valid acceptances in respect of an aggregate of 200,649,203 shares, representing approximately 97.08% of the Offer Shares. Accordingly, pursuant to Rule 1303(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited, trading in the shares of the Company has been suspended.

On 27 March 2008, Peace Mark announced its intention to apply to the Securities Industry Council in Singapore ("**SIC**") to seek its consent to exercise their powers of compulsory acquisition pursuant to Section 215 of the Singapore Companies Act, Cap. 50, and de-list the Company from the main board of the Singapore Exchange Securities Trading Limited. The application was submitted to the SIC on 17 April 2008. The SIC confirmed on 25 April 2008 that the Offeror cannot exercise its powers of compulsory acquisition under Section 215(1) of the Singapore Companies Act, Cap. 50.

44 EXPLANATION OF TRANSITION TO IFRSs AND ACCOUNTING POLICIES CONSISTENT WITH PEACE MARK (HOLDINGS) LIMITED

Effect of transition to IFRS

This is the first time that the Group has presented its financial statements under IFRS. The statutory financial statements for the years ended 31 March 2005, 2006 and 2007 were prepared in accordance with Singapore Financial Reporting Standards ("**SFRS**").

(a) The leasehold properties used by the Group and which were previously included in property, plant and equipment have been accounted for as an operating lease and hence have been reclassified to prepaid lease payments. In accordance with IAS 17 – *Leases*, the prepaid lease payments are then amortised over the lease term in accordance with the benefits provided. Correspondingly any depreciation previously charged to the profit and loss account is reclassified to amortisation of prepaid lease payments. The effect was applied to all the periods reported on.

(b) IAS 39 was effective for periods beginning 1 January 2001 whereas SFRS 39 – *Financial Instruments: Recognition and Measurement* was only effective for periods beginning 1 January 2005. Accordingly, the following adjustments were made for the financial year ended 31 March 2005:

(i) the loss on fair value of derivative financial instruments of S$86,000 at 1 April 2004 previously not recognised under SFRS 39 has been adjusted to accumulated profits as at 1 April 2004 under IAS 39;

(ii) the loss on fair value of derivative financial instruments of S$130,000 at 31 March 2005 previously not recognised under SFRS 39 has been adjusted to the profit and loss account for the year ended 31 March 2005 under IAS 39;

(iii) the gain on the fair value of available-for-sale investments of S$160,000 which was previously credited to the profit and loss account during the year ended 31 March 2005 has instead been credited to equity as at 31 March 2005 in accordance with IAS 39. Accumulated profits for subsequent years ended 31 March 2006, 2007 and nine months ended 31 December 2007 have been adjusted for this gain accordingly.

No adjustment is required for the other periods reported on as SFRS 39 had come into effect.

Other that the adjustments mentioned in (a) and (b) above, there have been no other adjustments to equity or profit and loss when transitioning from SFRS to IFRS.

Effect of transition to PM policies

In accordance with Rule 14.67(4)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rule**"), these financial statements of the Group have been prepared using accounting policies which are materially consistent with those of Peace Mark (Holdings) Limited ("**PM policies**").

The Group's policy is to provide for depreciation on property, plant and equipment using the straight line basis over the estimated useful lives of the asset at rates ranging from 2% to 50%. Peace Mark (Holdings) Limited provides for depreciation on buildings based on the straight line method at a rate of 20% and on leasehold improvements and other assets using the reducing balance method at a rate of 20%.

The effect of transition accounts for the material differences to the Group's property, plant and equipment and depreciation had the Group applied the PM policies from the first day of use of the property, plant and equipment. The effect was applied to all the periods reported on.

The Group also considered the effect of taxation as a result of the aforesaid adjustments and the effect of the share of profits by the minority interests.

The following adjustments have been made to the audited statutory financial statements in arriving at the presentation of the accompanying financial statements of the Group:

		Adjustments		
	As reported under SFRS	**Effect of transition to IFRS**	**Effect of transition to PM policies**	**Adjusted to IFRS/ PM policies**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Year ended 31 March 2005				
Consolidated Balance Sheet				
Current asset				
Prepaid lease payments	–	349	–	349
Non-current assets				
Property, plant and equipment	18,017	(10,405)	3,261	10,873
Prepaid lease payments	–	10,056	–	10,056
Deferred tax assets	4,346	–	(380)	3,966
Current Liabilities				
Derivative financial instruments	–	216	–	216
Capital, reserves and minority interests				
Investment revaluation reserve	–	160	–	160
Accumulated profits	75,562	(376)	2,765	77,951
Minority interests	55	–	116	171

	As reported under SFRS	Adjustments: Effect of transition to IFRS	Adjustments: Effect of transition to PM policies	Adjusted to IFRS/ PM policies
	S$'000	*S$'000*	*S$'000*	*S$'000*
Consolidated profit and loss statement				
Other operating income	690	–	(234)	456
Depreciation expense	(3,536)	349	1,175	(2,012)
Amortisation of prepaid lease payments	–	(349)	–	(349)
Other operating expenses	(7,386)	(290)	(467)	(8,143)
Income tax expense	(4,941)	–	(141)	(5,082)
Profit attributable to:				
Equity holders of the Company	19,126	(290)	410	19,246
Minority interests	(364)	–	(77)	(441)
Year ended 31 March 2006				
Consolidated Balance Sheet				
Current asset				
Prepaid lease payments	–	349	–	349
Non-current assets				
Property, plant and equipment	18,304	(10,056)	3,370	11,618
Prepaid lease payments	–	9,707	–	9,707
Deferred tax assets	4,677	–	(352)	4,325
Capital, reserves and minority interests				
Investment revaluation reserve	44	160	–	204
Accumulated profits	105,391	(160)	2,879	108,110
Minority interests	10,007	–	139	10,146
Consolidated profit and loss statement				
Other operating income	7,052	–	(188)	6,864
Depreciation expense	(2,731)	349	747	(1,635)
Amortisation of prepaid lease payments	–	(349)	–	(349)
Other operating expenses	(6,499)	–	(450)	(6,949)
Income tax expense	(7,156)	–	28	(7,128)
Profit attributable to:				
Equity holders of the Company	34,070	–	114	34,184
Minority interests	1,026	–	23	1,049

	As reported under SFRS	Adjustments: Effect of transition to IFRS	Adjustments: Effect of transition to PM policies	Adjusted to IFRS/ PM policies
	S$'000	*S$'000*	*S$'000*	*S$'000*
Year ended 31 March 2007				
Consolidated Balance Sheet				
Current asset				
Prepaid lease payments	–	349	–	349
Non-current assets				
Property, plant and equipment	18,743	(9,707)	3,760	12,796
Prepaid lease payments	–	9,358	–	9,358
Deferred tax assets	4,047	–	(318)	3,729
Capital, reserves and minority interests				
Investment revaluation reserve	139	160	–	299
Accumulated profits	109,728	(160)	3,284	112,852
Minority interests	11,498	–	158	11,656
Consolidated profit and loss statement				
Depreciation expense	(2,969)	349	988	(1,632)
Amortisation of prepaid lease payments	–	(349)	–	(349)
Other operating expenses	(9,950)	–	(598)	(10,548)
Income tax expense	(5,348)	–	34	(5,314)
Profit attributable to:				
Equity holders of the Company	23,080	–	405	23,485
Minority interests	2,305	–	19	2,324

		Adjustments		
	As reported under SFRS	Effect of transition to IFRS	Effect of transition to PM policies	Adjusted to IFRS/ PM policies
	S$'000	*S$'000*	*S$'000*	*S$'000*
9 months ended 31 December 2007				
Consolidated Balance Sheet				
Current asset				
Prepaid lease payments	–	349	–	349
Non-current assets				
Property, plant and equipment	22,020	(9,445)	4,467	17,042
Prepaid lease payments	–	9,096	–	9,096
Deferred tax assets	4,773	–	(353)	4,420
Capital, reserves and minority interests				
Investment revaluation reserve	139	160	–	299
Accumulated profits	127,076	(160)	3,911	130,827
Minority interests	10,660	–	203	10,863
Consolidated profit and loss statement				
Other operating income	2,324	–	(128)	2,196
Depreciation expense	(3,314)	262	1,283	(1,769)
Amortisation of prepaid lease payments	–	(262)	–	(262)
Other operating expenses	(12,585)	–	(448)	(13,033)
Income tax expense	(5,668)	–	(35)	(5,703)
Profit attributable to:				
Equity holders of the Company	21,965	–	627	22,592
Minority interests	2,548	–	45	2,593

		Adjustments		
	As reported under SFRS	Effect of transition to IFRS	Effect of transition to PM policies	Adjusted to IFRS/ PM policies
	S$'000	*S$'000*	*S$'000*	*S$'000*
9 months ended 31 December 2006				
Consolidated profit and loss statement				
Depreciation expense	(2,060)	262	689	(1,109)
Amortisation of prepaid lease payments	–	(262)	–	(262)
Other operating expenses	(9,444)	–	(158)	(9,602)
Income tax expense	(2,859)	–	(8)	(2,867)
Profit attributable to:				
Equity holders of the Company	10,760	–	496	11,256
Minority interests	897	–	27	924

B. REPORT ON THE ADJUSTMENTS MADE IN ARRIVING AT THE CONSOLIDATED FINANCIAL INFORMATION OF THE SINCERE WATCH GROUP IN THIS APPENDIX PREPARED IN ACCORDANCE WITH THE ACCOUNTING POLICIES OF PEACE MARK

25 April 2008

The Board of Directors
Sincere Watch Limited
8 Temasek Boulevard
Suntec Tower 3, #23-03
Singapore 038988

Dear Sirs,

We set out below our report on the adjustments made in arriving at the financial information of the Sincere Watch Group as at and for the years ended 31 March 2005, 2006 and 2007, and as at and for the nine months ended 31 December 2007 (the "**Reporting Period**"), prepared in accordance with Peace Mark Group's accounting policies for inclusion in the supplemental circular of Peace Mark (Holdings) Limited dated 30 April 2008 (the "**Supplemental Circular**") in connection with the acquisition of Sincere Watch Limited.

Responsibilities

The financial information of the Sincere Watch Group for the Reporting Period prepared in accordance with the Peace Mark Group's accounting policies (the "**Sincere Watch Group Financial Information**") is included in Part A of Appendix I of the Supplemental Circular. The directors of Sincere Watch Limited were responsible for the preparation of this financial information. To comply with Rule 14.67(4)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the directors of the Sincere Watch Group are required to present the financial information of the Sincere Watch Group based on Peace Mark Group's accounting policies. The directors of the Sincere Watch Group have determined that, for this purpose, the adjustments in Appendix A to this report are required to restate the Sincere Watch Group Financial Information to align with the accounting policies of the Peace Mark Group. It is our responsibility to express a conclusion on the adjustments in Appendix A and to report our conclusion to you.

Basis of conclusion

We conducted our work in accordance with the International Standard on Assurance Engagements ("**ISAE**") 3000 – *Assurance Engagements other than Audits or Reviews of Historical Financial Information*. Our work consisted primarily of reading the accounting policies of the Sincere Watch Group included in the Sincere Watch Group's annual reports and that of the Peace Mark Group included in its 2007 annual report for the year ended 31 March 2007, to assess if any adjustments were required. We did not carry out any verification work to establish whether the Peace Mark Group's accounting policies as so described were complete. Our work did not extend to assessing the appropriateness, accuracy or completeness in which the Sincere Watch Proforma Financial Information has been included in the Proforma Financial Information in Appendix II of the Supplemental Circular. The procedures we have performed were substantially less in scope than an audit and consequently, do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express any audit opinion.

Conclusion

Based on the results of the foregoing work, other than the adjustments to align the accounting policies of the Sincere Watch Group with that of the Peace Mark Group that are set out in Appendix A, nothing has come to our attention that causes us to believe that any other adjustment is required, in all material respects, for differences between the accounting policies of the Sincere Watch Group and the accounting policies of the Peace Mark Group.

This report is prepared solely for the purpose of the Supplemental Circular. It is not to be used for any other purpose or to be distributed to any other parties.

Yours faithfully,

Deloitte & Touche
Public Accountants and Certified Public Accountants
Singapore

Appendix A

Adjustments were made to property, plant and equipment to align the accounting policies of Sincere Watch Limited and its subsidiaries' (the "**Sincere Watch Group**") to the accounting policies of Peace Mark (Holdings) Limited.

1) Sincere Watch Group's property, plant and equipment depreciation policy is as follows:

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	2% to 50%
Plant and equipment	10% to 50%

Depreciation is not provided on freehold property.

2) Peace Mark (Holdings) Limited's policy is as follows:

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives with a residual value of approximately 10% of the original cost.

Freehold land	Nil
Buildings	2% straight line method or over the term of the lease whichever is shorter
Leasehold improvements	20% reducing balance method
Other assets	20% reducing balance method

Management has adjusted for differences to the Sincere Watch Group's property, plant and equipment and depreciation had the Sincere Watch Group applied the PM policies from the first day of use of the property, plant and equipment. The effect was applied to all the periods reported on.

Management also considered the effect of taxation as a result of the aforesaid adjustments and the effect of the share of profits by the minority interests.

Appendix A *(continued)*

The following adjustments have been made in arriving at the presentation of the accompanying financial statements of the Sincere Watch Group:

	Debit/(Credit)
	S$'000
Year ended 31 March 2005	
Consolidated Balance Sheet	
Non-current assets	
Property, plant and equipment	3,261
Deferred tax assets	(380)
Capital, reserves and minority interests	
Accumulated profits	(2,765)
Minority interests	(116)
Consolidated Profit and Loss Statement	
Other operating income	234
Depreciation expense	(1,175)
Other operating expenses	467
Income tax expense	141
Profit attributable to:	
Equity holders of Sincere Watch	(410)
Minority interests	77

Appendix A *(continued)*

	Debit/(Credit)
	S$'000
Year ended 31 March 2006	
Consolidated Balance Sheet	
Non-current assets	
Property, plant and equipment	3,370
Deferred tax assets	(352)
Capital, reserves and minority interests	
Accumulated profits	(2,879)
Minority interests	(139)
Consolidated Profit and Loss Statement	
Other operating income	188
Depreciation expense	(747)
Other operating expenses	450
Income tax expense	(28)
Profit attributable to:	
Equity holders of Sincere Watch	(114)
Minority interests	(23)

Appendix A *(continued)*

	Debit/(Credit)
	S$'000
Year ended 31 March 2007	
Consolidated Balance Sheet	
Non-current assets	
Property, plant and equipment	3,760
Deferred tax assets	(318)
Capital, reserves and minority interests	
Accumulated profits	(3,284)
Minority interests	(158)
Consolidated Profit and Loss Statement	
Depreciation expense	(988)
Other operating expenses	598
Income tax expense	(34)
Profit attributable to:	
Equity holders of Sincere Watch	(405)
Minority interests	(19)

Appendix A *(continued)*

	Debit/(Credit)
	S$'000
9 months ended 31 December 2007	
Consolidated Balance Sheet	
Non-current assets	
Property, plant and equipment	4,467
Deferred tax assets	(353)
Capital, reserves and minority interests	
Accumulated profits	(3,911)
Minority interests	(203)
Consolidated Profit and Loss Statement	
Other operating income	128
Depreciation expense	(1,283)
Other operating expenses	448
Income tax expense	35
Profit attributable to:	
Equity holders of Sincere Watch	(627)
Minority interests	(45)

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an unaudited pro forma statement of assets and liabilities of the Peace Mark Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Offer, as if it had been completed as at 30 September 2007.

This unaudited pro forma statement of assets and liabilities of the Peace Mark Group has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position of the Peace Mark Group had the Offer been completed as at 30 September 2007 or any future date.

		Pro forma adjustments				
	Unaudited consolidated statement of assets and liabilities of the Peace Mark Group as at 30 September 2007	**Audited consolidated statement of assets and liabilities of the Sincere Watch Group as at 31 December 2007**	**Audited consolidated statement of assets and liabilities of the Sincere Watch Group as at 31 December 2007**	**Other adjustments**	*Note*	**Unaudited pro forma statement of assets and liabilities of the Peace Mark Group as at 30 September 2007**
	HK$'000	*S$'000*	*HK$'000*	*HK$'000*		*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*			
Non-current assets						
Property, plant and equipment	677,435	17,042	92,351			769,786
Freehold land and interest in leasehold land	7,877	9,096	49,291			57,168
Investment property	–	398	2,157			2,157
Intangible assets	251,452	2,167	11,743	387,058	*4(b)(i)(1)*	2,312,197
				399,716	*4(b)(i)(2)*	
				1,262,228	*4(c)*	
Interest in associates	130,324	5,714	30,964			161,288
Interest in a jointly controlled entity	16,298	–	–			16,298
Other financial assets	269,171	525	2,845			272,016
Deferred tax assets	9,131	4,420	23,952			33,083
	1,361,688	39,362	213,303	2,049,002		3,623,993
Current assets						
Inventories	1,450,596	236,778	1,283,100			2,733,696
Prepaid lease payments	–	349	1,891			1,891
Derivative financial instruments	51,903	6	33			51,936
Other financial assets at fair value through profit or loss	29,938	–	–			29,938
Available-for-sale investments	–	8,838	47,893	(47,893)	*4(d)*	–
Trade receivables	773,147	52,464	284,302			1,057,449
Trade deposits and other receivables	435,942	8,041	43,574			479,516
Cash and bank balances	1,813,314	67,766	367,224	(667,841)	*4(a)*	1,509,319
				(62,757)	*4(c)*	
				59,379	*4(d)*	
	4,554,840	374,242	2,028,017	(719,112)		5,863,745

		Pro forma adjustments				
	Unaudited consolidated statement of assets and liabilities of the Peace Mark Group as at 30 September 2007	Audited consolidated statement of assets and liabilities of the Sincere Watch Group as at 31 December 2007	Audited consolidated statement of assets and liabilities of the Sincere Watch Group as at 31 December 2007	Other adjustments	*Note*	Unaudited pro forma statement of assets and liabilities of the Peace Mark Group as at 30 September 2007
	HK$'000	*S$'000*	*HK$'000*	*HK$'000*		*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*			
Current liabilities						
Trade and other payables	472,207	214,037	1,159,866	28,721	*4(b)(i)(3)*	1,660,794
Derivative financial instruments	57,592	446	2,417			60,009
Interest-bearing borrowings	817,812	22,738	123,217	1,638,486	*4(a)*	2,579,515
Obligations under finance leases	146	152	824			970
Tax payable	49,192	5,760	31,213			80,405
	1,396,949	243,133	1,317,537	1,667,207		4,381,693
Net current assets	3,157,891	131,109	710,480	(2,386,319)		1,482,052
Total assets less current liabilities	4,519,579	170,471	923,783	(337,317)		5,106,045
Non-current liabilities						
Interest-bearing borrowings	2,013,868	3,000	16,257			2,030,125
Obligations under finance leases	82	376	2,038			2,120
Deferred tax liabilities	12,729	–	–	141,619	*4(b)(ii)*	154,348
	2,026,679	3,376	18,295	141,619		2,186,593
Total assets less liabilities	2,492,900	167,095	905,488	(478,936)		2,919,452

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

1 The unaudited consolidated statement of assets and liabilities of the Peace Mark Group as at 30 September 2007 has been extracted from the unaudited consolidated balance sheet of the Peace Mark Group as per the published interim report of the Peace Mark Group for the six months ended 30 September 2007.

2 The audited consolidated statement of assets and liabilities of the Sincere Watch Group as at 31 December 2007 has been extracted from the Accountants' Report of the Sincere Watch Group as set out in Appendix I to this Supplemental Circular. The Directors confirmed that there is no difference of accounting practice between IFRS and HKFRS which has a significant impact on the consolidated financial information of the Sincere Watch Group.

3 Translations of S$ and US$ into HK$ are made at the rate of S$1 = HK$5.419 and US$1 = HK$7.802, respectively, for the preparation of the unaudited pro forma financial information of the Enlarged Group, unless otherwise stated.

4 For the purpose of preparing the unaudited pro forma financial information of the Enlarged Group, other pro forma adjustments include the following:

(a) Consideration for the Offer and a term loan raised

The Peace Mark Group acquired a 97.08% interest in the Sincere Watch Group upon the completion of the Offer for consideration of approximately HK$2,676,953,000 which consisted of S$2.051 in cash and 0.228 New Peace Mark Shares issued for each Sincere Watch Share. The details of the Offer are set out in the Offer Document dated 19 February 2008. The consideration is analysed as follows:

Cash consideration

Date of payment of cash consideration	**% of acceptance**	**Amount paid**	**Exchange rate as at payment date**	**Amount**
		S$'000		*HK$'000*
29-Feb-08	53.43	226,497	5.59	1,265,438
7-Mar-08	10.29	43,637	5.61	244,806
14-Mar-08	26.47	112,208	5.63	632,066
20-Mar-08	2.83	11,982	5.60	67,038
25-Mar-08	0.80	3,428	5.63	19,303
28-Mar-08	3.26	13,780	5.64	77,676
	97.08	411,532		2,306,327

Equity consideration

Date of issue of New Peace Mark Shares	% of acceptance	Number of New Peace Mark Shares issued	Closing price of shares in Peace Mark at issue date	Amount
		'000	*HK$ per share*	*HK$'000*
29-Feb-08	53.43	25,179	8.87	223,334
7-Mar-08	10.29	4,851	7.60	36,867
14-Mar-08	26.47	12,474	7.20	89,810
20-Mar-08	2.83	1,332	5.67	7,552
25-Mar-08	0.80	381	6.14	2,340
28-Mar-08	3.26	1,532	7.00	10,723
	97.08	45,749		370,626
			Total consideration	2,676,953

The cash consideration was paid by a combination of the Peace Mark Group's internal cash resources and drawdowns under a US$500,000,000 term loan facility (the "**Bridge Loan Facility**") pursuant to the Facility Agreement, as amended by the Amendment Agreement. Details of the Facility Agreement and the Amendment Agreement are set out in Appendix III to this Supplemental Circular.

The adjustments represented (i) the recognition of the drawdowns of US$210,008,476 (equivalent to approximately HK$1,638,486,000) pursuant to the Facility Agreement and the Amendment Agreement for partial settlement of the cash consideration as if the Facility Agreement and the Amendment Agreement had been entered into on 30 September 2007, and (ii) the cash outflow of approximately HK$667,841,000 representing the remaining portion of cash consideration being settled by the Peace Mark Group's internal cash resources.

The unaudited pro forma financial information of the Enlarged Group is prepared on the basis that the drawdowns of US$210,008,476 of the Bridge Loan Facility were entirely used to finance part of the cash consideration for the Offer and that the Peace Mark Group did not make any other drawdown of the Bridge Loan Facility for the repayment of the Peace Mark Group's existing facilities.

(b) Fair value adjustments on the Sincere Watch Group's identifiable assets and liabilities

(i) The adjustments represented fair value adjustments on:

1. exclusive agency rights of S$71,426,000 (equivalent to approximately HK$387,058,000) under non-current assets – Intangible assets;

2. distribution network of S$73,762,000 (equivalent to approximately HK$399,716,000) under non-current assets – Intangible assets; and

3. commitment to a financial advisor being engaged by Sincere Watch for a success fee of approximately S$5,300,000 (equivalent to approximately HK$28,721,000) payable upon the completion of the Offer.

The above adjustments are determined by the Directors based on their own estimations, and on the valuation report considering the values of identifiable intangible assets of Sincere Watch prepared by Jones Lang LaSalle Sallmanns Limited, the independent valuer of the Company. The Directors are of the opinion that no fair value adjustment is required for other assets and liabilities as their carrying values as disclosed in the Accountants' Report set out in Appendix I to this Supplemental Circular approximate their fair values for the purpose of the preparation of the unaudited pro forma financial information of the Enlarged Group.

The Peace Mark Group is required under HKFRS 3 to recognise the Sincere Watch Group's identifiable assets and liabilities at their fair values as at the date of completion of the Acquisition. Since the fair values of the identifiable assets and liabilities of the Sincere Watch Group as at the date of completion of the Acquisition may be different from their respective fair values used in the preparation of the above unaudited pro forma financial information of the Enlarged Group, the actual amount in excess of the Peace Mark Group's share of fair value of the net identifiable assets of the Sincere Watch Group over the cost of acquisition may be different from the estimated amount shown in this Appendix.

(ii) The adjustments reflected the increase in deferred tax liabilities of approximately HK$141,619,000 as a result of the fair value adjustments as stated in note (4)(b)(i) above as if the Offer had been completed on 30 September 2007. The Singapore tax rate applicable for the above calculation of the deferred tax liabilities is 18%.

(c) Goodwill on consolidation

The adjustments represented (i) the estimated transaction costs of HK$62,757,000 paid by the Peace Mark Group's internal cash resources; and (ii) the goodwill arising from the Acquisition, representing 97.08% of the issued share capital of Sincere Watch at the close of the Offer, which resulted from acceptances of the Offer made to the shareholders of Sincere Watch at a consideration of HK$2,676,953,000, as if the Acquisition had been completed on 30 September 2007.

The difference between the fair value of the cost of acquisition and the relevant share of fair value of net assets of the Sincere Watch Group is accounted for as goodwill on consolidation under non-current assets – Intangible assets and is analysed as follows:

	HK$'000	*HK$'000*
Consideration for acquiring 97.08% of Sincere Watch as stated in note 4(a) above		2,676,953
Estimated transaction costs		62,757
Total estimated cost of acquisition		2,739,710
Net assets of the Sincere Watch Group attributable to the equity holders of Sincere Watch as at 31 December 2007	905,488	
Fair value adjustments as described in note 4(b) above	616,434	
Adjusted fair value of net assets attributable to the equity holders of Sincere Watch	1,521,922	
Attributable adjusted net assets of the Sincere Watch Group acquired by the Peace Mark Group	97.08%	
		1,477,482
Goodwill under non-current assets – Intangible assets		1,262,228

Since the fair value of the identifiable assets and liabilities of the Sincere Watch Group at the date of completion of the Acquisition may be different from the fair values at 30 September 2007 used in the preparation of the unaudited pro forma financial information of the Enlarged Group, the final amount of goodwill may be different from the amount presented above.

(d) Chrono Star Divestment

As stated in the Company's pre-conditional announcement dated 7 December 2007, Chrono Star indicated that if the Major Shareholder ceased to be the controlling shareholder of Sincere Watch, it would prefer Mr. Tay to acquire the Chrono Star Shares which Sincere Watch had acquired in December 2005 from Mr. Muller, one of the major shareholders in Chrono Star. The Chrono Star Shares were originally personally offered to Mr. Tay by the major shareholders of Chrono Star, who were agreeable to the Chrono Star Shares being held by Sincere Watch while the Major Shareholder was a major shareholder in Sincere Watch.

Chrono Star is a private limited company incorporated in Luxembourg and the parent company for the Franck Muller group, whose principal activities involve owning and operating the Franck Muller brand (amongst other brands). The Chrono Star Shares held by Sincere Watch comprised an aggregate of 175,000 existing ordinary shares (representing 1% of the total number of issued shares) in the capital of Chrono Star with a carrying amount of S$8,838,000 (equivalent to approximately HK$47,893,000) as at 31 December 2007 and are grouped under the heading "Current assets — Available-for-sale investments" as disclosed in the Accountants' Report set out in Appendix I to this Supplemental Circular.

On 3 January 2008, the board of directors of Sincere Watch announced that Sincere Watch had entered into the Chrono Star Agreement with Mr. Tay pursuant to which Sincere Watch had agreed to sell and Mr. Tay had agreed to purchase, the Chrono Star Shares for an aggregate consideration of S$10,957,496 (equivalent to approximately HK$59,379,000) payable in cash.

The Chrono Star Agreement was approved at the extraordinary general meeting of Sincere Watch held on 25 February 2008 and was completed on 29 February 2008.

The adjustment represented (i) the recognition of sale proceeds of HK$59,379,000 received in cash, and (ii) the de-recognition of available-for-sale investments of HK$47,893,000 from the Chrono Star Divestment as if the Chrono Star Agreement had been completed on 30 September 2007.

5 Other than the adjustments mentioned above, no other adjustments have been made to reflect any trading result or other transaction of the Peace Mark Group and the Sincere Watch Group entered into subsequent to 30 September 2007 and 31 December 2007, respectively.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report received from Chu and Chu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Supplemental Circular.

永正會計師事務所
CHU and CHU
Certified Public Accountants
An independent firm associated with
AGN International Ltd

REPORT FROM ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP TO THE DIRECTORS OF PEACE MARK (HOLDINGS) LIMITED

We report on the unaudited pro forma financial information set out on pages 82 to 87 under the heading of "Unaudited Pro Forma Financial Information of the Enlarged Group" (the "**Unaudited Pro Forma Financial Information**") in Appendix II to the supplemental circular dated 30 April 2008 (the "**Supplemental Circular**") of Peace Mark (Holdings) Limited (the "**Company**"), in connection with the voluntary general offer made to the shareholders of Sincere Watch Limited ("**Sincere Watch**") by A-A United Limited, an indirect wholly-owned subsidiary of the Company (the "**Offer**"). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Offer might have affected the relevant financial information of the Company and its subsidiaries (hereinafter collectively referred to as the "**Peace Mark Group**"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 84 to 87 of the Supplemental Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

It is our responsibility to form an opinion, as required by Rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unaudited consolidated statement of assets and liabilities of the Peace Mark Group as at 30 September 2007 with the unaudited published interim report of the Company for the six months ended 30 September 2007, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Peace Mark Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Peace Mark Group as at 30 September 2007 or any future date.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Peace Mark Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Chu and Chu
Certified Public Accountants

Hong Kong, 30 April 2008

A. STATEMENT OF INDEBTEDNESS OF THE ENLARGED GROUP

Borrowings

As at the close of business on 15 March 2008, being the latest practicable date for the purpose of this statement of indebtedness of the Enlarged Group prior to the despatch date of this Supplemental Circular, the Enlarged Group's bank borrowings and finance leases comprised unsecured short-term bank loans of approximately HK$712 million, secured short-term bank loans of approximately HK$2,140 million, trust receipt bank loans of approximately HK$306 million, non-current unsecured bank borrowings of approximately HK$1,991 million, and finance lease liabilities of approximately HK$2.9 million.

Security

The Enlarged Group's interest in Sincere Watch, which was acquired pursuant to the Offer, was charged pursuant to the Share Charge Agreement to the Security Trustee to secure the Bridge Loan Facility provided to Peace Mark Group under the Facility Agreement.

Save as aforesaid, as at 15 March 2008, the Enlarged Group had no other outstanding mortgages and charges.

Debt securities

As at 15 March 2008, the Enlarged Group did not have any debt securities which were issued and outstanding and authorised or otherwise created but unissued.

Commitments

(i) As at 15 March 2008, the Enlarged Group had total future minimum lease payments under non-cancellable operating leases in respect of leasehold land and buildings amounting to approximately HK$862 million.

(ii) As at 15 March 2008, the Enlarged Group has committed to making minimum total purchases from its suppliers pursuant to contracts signed with them amounting to approximately HK$1,215 million.

(iii) As at 15 March 2008, the Enlarged Group had no material capital commitments.

Guarantees and contingent liabilities

(i) As at 15 March 2008, the Enlarged Group had given corporate guarantees to banks in respect of general banking facilities and derivative facilities granted to an associate amount to approximately HK$233 million.

(ii) As at 15 March 2008, the Enlarged Group did not have any material contingent liabilities.

Disclaimer

Save as aforesaid and apart from intra-group liabilities and normal accounts payable in the ordinary course of business of the Enlarged Group, at the close of business on 15 March 2008, the Enlarged Group did not have any debt securities issued and outstanding or authorised or otherwise created but issued, term loans, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

Subsequent to 15 March 2008, the Company made a drawdown of approximately US$10 million on 27 March 2008 to fund part of the consideration for the Offer, a drawdown of approximately US$52 million on 14 April 2008 to repay an existing facility and a drawdown of approximately US$4 million on 22 April 2008 to fund part of the consideration for the exercise by Non-assenting Shareholders of their Section 215(3) Rights. The Directors have confirmed that, save as disclosed above, there has not been any other material change in indebtedness and contingent liabilities of the Enlarged Group since 15 March 2008.

B. STATEMENT OF SUFFICIENCY OF WORKING CAPITAL OF THE ENLARGED GROUP

The Directors, after due and careful consideration, are of the opinion that, based on available banking facilities and internal resources of the Enlarged Group, and subject to the completion of the following arrangements to refinance the Bridge Loan Facility granted for funding the Offer, the Enlarged Group has sufficient working capital for its present requirements and for the period ending twelve months from the date of this Supplemental Circular.

As at the date of this Supplemental Circular, in order to refinance the Bridge Loan Facility, the Company is in negotiations with certain financial institutions to obtain new loan facilities or other financial means. The Company is also considering other means of debt finance as a means to refinance the Bridge Loan Facility. The Directors expect to finalise such financing arrangements on or before 30 September 2008. A further announcement will be made by the Company once the financing arrangements have been finalised.

C. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being entered into in the ordinary course of business) have been entered into by members of the Sincere Watch Group within the two years preceding the date of this Supplemental Circular which are or may be material:

(i) Sincere Watch Co., Ltd share sale agreement dated 9 June 2006

On 9 June 2006, Sincere Watch entered into a share sale agreement with Sincere Brand Holdings Limited (a wholly-owned subsidiary of Sincere Watch HK), pursuant to which Sincere Watch agreed to sell and Sincere Brand Holdings Limited agreed to buy all of the 100,000 shares in Sincere Watch Co., Ltd. for an aggregate total cash consideration of S$5.5 million. The share sale agreement completed on 1 October 2006. Upon completion of the sale, the effective equity interest of Sincere Watch in Sincere Watch Co., Ltd decreased from 100 per cent. to 75 per cent. (representing Sincere Watch's holding in Sincere Watch HK).

(ii) Sincere Watch Duty Free Pte Ltd share purchase agreement dated 31 January 2007

On 31 January 2007, Sincere Watch entered into a share purchase agreement with Silvaroyal Private Limited, pursuant to which Silvaroyal Private Limited agreed to sell and Sincere Watch agreed to buy 950,000 ordinary shares in the capital of Sincere Watch Duty Free Pte Ltd and 1,500,000 ordinary shares in the capital of Richburgh Holdings Pte Ltd for an aggregate consideration of S$427,421 (of which S$406,695 was for the shares in Sincere Watch Duty Free Pte Ltd and S$20,726 was for the shares in Richburgh Holdings Pte Ltd). Prior to entering into the share purchase agreement, Sincere Watch already owned 950,000 out of 1,900,000 ordinary shares in the capital of Sincere Watch Duty Free Pte Ltd and 1,500,000 out of 3,000,000 ordinary shares in the capital of Richburgh Holdings Pte Ltd. As a result of entering into the share purchase agreement, Sincere Watch Duty Free Pte Ltd and Richburgh Holdings Pte Ltd. have become wholly-owned subsidiaries of Sincere Watch.

(iii) the Chrono Star Agreement dated 3 January 2008

Details of the Chrono Star Agreement are set out in an announcement released by Sincere Watch in Singapore on 3 January 2008 and in the Circular, as updated by this Supplemental Circular. The Chrono Star Agreement completed on 29 February 2008.

As at the Latest Practicable Date, the following contract(s) (not being entered into in the ordinary course of business) have been entered into by members of the Peace Mark Group since the latest practicable date of the Circular which are or may be material:

(iv) the Facility Agreement dated 1 February 2008, as amended by the Amendment Agreement dated 25 March 2008

The Facility Agreement was entered into on 1 February 2008 between (i) the Offeror, an indirect wholly-owned subsidiary of the Company, as borrower, (ii) the Company and eight other subsidiaries of the Company as guarantors, (iii) ABN AMRO Bank N.V., BNP Paribas and ING Bank N.V. as co-ordinating arrangers, (iv) ABN AMRO Bank N.V., Hong Kong Branch, BNP Paribas, Hong Kong Branch and ING Bank N.V., Hong Kong Branch as original lenders and (v) the Security Trustee as agent and security trustee.

Pursuant to the Facility Agreement, the lenders agreed to make available to the Offeror a term loan facility in an aggregate amount of US$500,000,000 (of which an amount of up to US$200,000,000 was made available to the Offeror for the purchase of shares in Sincere Watch pursuant to the Offer by the Offeror in accordance with the Singapore Takeovers Code and an amount of up to US$300,000,000 was made available to the Offeror as a stand-by facility for the repayment of certain existing facilities of the Peace Mark Group). The term of the loan is eight months after the date of the Facility Agreement or, if earlier, up to 30 September 2008. Further details on the Facility Agreement are set out in an announcement by the Company released on 1 February 2008.

Pursuant to the Amendment Agreement, the lenders under the Facility Agreement agreed, amongst other things, to reinstate and make available to the Offeror an amount of up to US$26,000,000 of previously cancelled commitments for the payment of consideration pursuant to the Offer, costs and expenses related to the Offer and for other purposes which the Offeror may agree with the lenders under the Facility Agreement from time to time. Of the additional US$26,000,000 in available commitments, US$10,008,476 was used to pay the final batch of cash consideration under the Offer. A further US$3,918,725 has been used to settle part of the consideration for the exercise by Non-assenting Shareholders of their Section 215(3) Rights.

D. LITIGATION

As at 24 April 2008, being the latest practicable date for the purposes of conducting litigation searches in connection with this Supplemental Circular, no material litigation or claims are threatened or pending against the Enlarged Group (see below for further details).

As at 24 April 2008, being the latest practicable date for the purposes of conducting litigation searches, the Directors, having made all reasonable enquiries by:

(i) carrying out a search on the TOLFIN database which is based on the records of the Cause Book of the Registry of the High Court of Hong Kong since 1 January 1980 and on the records of the Cause Book of the District Court of Hong Kong since 1 August 1995 and bankruptcy and compulsory winding up searches with Official Receiver's Office; and

(ii) carrying out a search of the public records of Lawnet Service Bureau (in Singapore) for the years 2005, 2006, 2007 and 2008 up to 24 April 2008 (where such information has not been verified by Sincere Watch),

are not aware that any material litigation or claims are pending or threatened against the Enlarged Group.

E. EXPERTS AND CONSENTS

(i) The following are the qualifications of the experts who have given opinions and advice which are included in this Supplemental Circular:

Name	**Qualification**
Chu and Chu	Certified Public Accountants
Deloitte & Touche Singapore	Public Accountants and Certified Public Accountants

(ii) None of the experts set out above has any shareholding, directly or indirectly, in any member of the Enlarged Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

(iii) Each of the experts set out above has given and has not withdrawn its respective written consents to the issue of this circular, with the inclusion of its report and/or the references to its name and/or its opinion in the form and context in which they are included.

(iv) None of the experts set out above had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Enlarged Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Enlarged Group since 31 March 2007, the date to which the latest published audited financial statements of the Peace Mark Group and the Sincere Watch Group were made up.

F. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the head office in Hong Kong of Peace Mark on any week day (except public holidays) up to and including 16 May 2008:

(i) the Circular dated 16 January 2008;

(ii) the Accountants' Report prepared by Deloitte Singapore as set out in Part A of Appendix I to this Supplemental Circular;

(iii) the report on the adjustments made in arriving at the consolidated financial information of the Sincere Watch Group prepared by Deloitte Singapore as set out in Part B of Appendix I to this Supplemental Circular;

(iv) the report on the unaudited pro forma financial information of the Enlarged Group prepared by Chu and Chu as accountants of Peace Mark as set out in Part B of Appendix II to this Supplemental Circular;

(v) the material contracts referred to in Part C of this Appendix III; and

(vi) the written consents of Deloitte Singapore and Chu and Chu referred to in Part E of this Appendix III.

A. INTRODUCTION

The following is a summary of financial risks and management and the capital structure of the Sincere Watch Group which is applicable generally to the management discussion and analysis of the Sincere Watch Group for the periods covered in this Appendix IV.

Financial Risks and Management

Risk management is integral to the whole business of the Sincere Watch Group. The Sincere Watch Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing risks. The management continually monitors the Sincere Watch Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Sincere Watch Group's activities.

The internal auditor conducts regular and *ad hoc* reviews of risk management controls and procedures and reports to the Audit Committee the findings of such reviews, including but not limited to, the compliance with the Sincere Watch Group's risk management policies and procedures and the adequacy of the risk management framework.

The Sincere Watch Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Sincere Watch Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters. The exposure faced by the Sincere Watch Group is mainly foreign currency risk and interest rate risk.

(b) Foreign exchange risk

The Sincere Watch Group is exposed to foreign currency risk on its foreign currency denominated cash balances, trade receivables, available-for-sale investments and trade payables. The primary currency which gives rise to most of the Sincere Watch Group's foreign exchange exposures is Swiss franc.

The Sincere Watch Group ensures that the net exposure is kept to an acceptable level by entering into hedging activities such as forward foreign exchange contracts and options and also by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Forward foreign exchange contracts and options are entered purely as a hedging tool and the Sincere Watch Group does not hold or issue derivative financial instruments for speculative purposes.

The Sincere Watch Group is also exposed to foreign exchange movements on its net investments in foreign subsidiaries and associates. No hedge has been taken up for this exposure.

(c) Interest rate risk

The Sincere Watch Group's primary interest rate risk relates to interest bearing debt. The Sincere Watch Group primarily raises long-term loans based on expectations of future interest rate movements. The Sincere Watch Group is also exposed to interest rate risk through the impact of rate changes on its short-term loans and bank overdrafts.

For the financial years in review, the management view was that the interest rates exposure was not significant.

(d) Price risk

The Sincere Watch Group has available-for-sale investments comprising quoted equity shares and unquoted equity shares. The Sincere Watch Group made investments in shares with the intention to hold on a long term basis and does not hold for speculative purposes. Whereas the fair value of the unquoted equity shares cannot be reasonably measured, the quoted equity shares are subject to both fair value risk and currency risk.

(e) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the Sincere Watch Group. The Sincere Watch Group has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial losses from default and generally does not require collateral. The Sincere Watch Group places its cash and cash equivalents with creditworthy institutions and performs ongoing credit evaluations of its customers' financial condition.

The Sincere Watch Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year/period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheet.

(f) Liquidity risk

Liquidity risk is the risk that the Sincere Watch Group will not be able to meet its obligations associated with financial liabilities as they fall due. It is the Sincere Watch Group's policy for the raising of capital and placement of surplus funds to be managed centrally. The Sincere Watch Group has targets for available funds in the form of surplus liquidity and irrevocable credit facilities, which are available to the Sincere Watch Group at any given time.

Capital Structure

The Sincere Watch Group manages its capital to ensure that entities in the Sincere Watch Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balances.

The capital structure of the Sincere Watch Group consists of debt, which includes borrowings, cash and bank balances and equity attributable to equity holders of the parent, which comprises issued share capital, reserves and retained earnings.

The Sincere Watch Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Sincere Watch Group may adjust the dividend payment to shareholders or issue new shares.

B. MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED 31 DECEMBER 2007

The following is the management discussion and analysis of the Sincere Watch Group for the nine months ended 31 December 2007.

For the nine months ended 31 December 2007, Sincere Watch Group revenue rose 28 per cent. to S$337.2 million from S$263.8 million year on year. Net profit for the period was doubled when it jumped 107 per cent. to S$25.2 million from S$12.2 million.

Given the buoyant economies in the region, there was sustained growth in revenue and profit for the nine-month period as local demand improved together with increases in tourist traffic. In turn, the Sincere Watch Group met this increased demand by opening more boutiques, undergoing extensive refurbishment of its key outlets, implementing innovative marketing programs and, in North Asia, expanding its distributorship network with its retail partners.

As compared with the previous corresponding period, new Sincere Fine Watches ("**SFW**") boutiques were opened and extensively renovated in Singapore's Vivocity and Suntec City respectively. Mono-brand shops like the new concept Franck Muller ("**FM**") boutique at Delfi Orchard and the Omega boutique at Raffles City were also introduced. In North Asia, new FM boutiques were opened in Ocean Terminal in Kowloon Hong Kong, Shin Kong Place in Beijing, Plaza 66 in Shanghai and at the Venetian Casino and Resort in Macao. The existing flagship FM boutique in Central Hong Kong was also considerably refurbished and enlarged. In India, the duty-free travel retail outlet at the Indira Gandhi International Airport in New Delhi commenced its operations in the first quarter.

In October, the Sincere Watch Group opened its first office in Melbourne and commenced distribution of FM timepieces in Australia with dealers appointed in Melbourne and Sydney. At the same time, the largest SFW store comprising 3,500 sq ft at the Pavilion in Kuala Lumpur, Malaysia commenced operations.

The Sincere Watch Group's financial position at the end of the third quarter remained strong as it enjoyed very healthy operating cash flows. It maintained its net cash position as its working capital strengthened. As the third quarter was the traditional peak business quarter, inventories, trade receivables and payables were higher.

No dividend was recommended for the third quarter period reported.

The Sincere Watch Group's third quarter results are consistent with the commentary issued in the announcement of its results for the previous quarter.

The authorities in Singapore, the PRC and Hong Kong are making significant efforts in boosting their respective economies to cater to the new global environment through, for example, the establishment of integrated resorts, introduction of F1 races and the staging of the 2008 Beijing Olympic Games. These augur well for the Sincere Watch Group, as the Sincere Watch Group has well-established retail and distribution networks in these countries.

Although the industry will remain competitive and despite the reported early signs of a recession in the United States, the Sincere Watch Group is optimistic that it will maintain its leading position in the region.

Contingent Liabilities

As at 31 December 2007, the Sincere Watch Group had given corporate guarantees to financial institutions in respect of general banking facilities and derivative facilities granted to its subsidiaries and associates amounting to approximately S$43,941,000 and S$7,353,000. The guarantees of banking facilities provided to the associates were on the basis that the Sincere Watch Group is indemnified by the remaining shareholders of those associates for approximately S$3,750,000, being their share based on the proportionate shareholdings.

The Sincere Watch Group had contingent liabilities in respect of bankers' guarantees amounting to S$3,556,000 and a possible claim of recovery for approximately RMB1,000,000 for breach of contract as it terminated a cooperative joint venture agreement for its subsidiary.

Sincere Watch Limited has undertaken to provide continued financial support to certain subsidiaries to enable them to operate as a going concern and to meet their obligations as and when they fall due.

Employees

As at 31 December 2007, the Sincere Watch Group had 419 employees.

The Sincere Watch Group remunerated its employees mainly based on industry practice and the individual's performance and experience. Apart from the basic remuneration, a discretionary bonus may be granted to eligible employees by reference to the Sincere Watch Group's performance as well as the individual's performance. Other benefits include medical, annual leave and hospitalisation insurance plan. The total remuneration paid to directors and other key management personnel for the period ended 31 December 2007 amounted to approximately S$8,901,000.

Charges on Assets

There were no charges on the assets of the Sincere Watch Group as at 31 December 2007.

Gearing Ratio

As at 31 December 2007, the cash and cash equivalents of the Sincere Watch Group amounted to S$67,766,000. The shareholders' equity was approximately S$156,232,000 and the total borrowings of the Sincere Watch Group were S$26,266,000. Accordingly, the gearing ratio, calculated as the total borrowings less cash on hand and at banks and divided by shareholders' equity, was nil as the Sincere Watch Group was in a net cash position.

Acquisitions and Disposals of Subsidiaries

During the financial period ended 31 December 2007, there were acquisitions of additional interests in subsidiaries as follows:

The Sincere Watch Group acquired the remaining 20% interest in Sincere Watch Sdn Bhd ("**SWSB**") from its other shareholder for a consideration of S$1,953,000 and thereby increased its interest in SWSB to 100%.

Significant Investments

During the financial period, there were no significant investments acquired or disposed.

C. MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007

The following is the management discussion and analysis of the Sincere Watch Group for the financial year ended 31 March 2007 extracted from the Annual Report 2006/2007 of the Sincere Watch Group.

Overview

The Year in Review

With Sincere's standing in the burgeoning luxury watch industry, the financial year has once again proven to be a much-celebrated one. The Sincere Watch Group saw a 12.9% surge in the total revenue to a record S$359.2 million from S$318.2 million the previous year.

The Sincere Watch Group also clocked in an after tax profit of S$25.8 million. The decrease from the previous year's S$35.2 million was substantially due to the one-time gain of S$10.6 million realised last year from the listing of the Sincere Watch Group's subsidiary, Sincere Watch (Hong Kong) Limited on the Stock Exchange of Hong Kong. In view of this, this year's result was as equally robust and healthy as before.

There was growth in most business segments with Southeast Asia contributing a lion's share of 73% of total group revenue. Northeast Asia continued to do well and made up the remainder.

The Sincere Watch Group's financial position remained strong and continued to be in a net cash position that saw increases in cash holdings with decreases in bank borrowings and trade payables. In particular, inventories were brought down significantly to S$174.5 million from S$224.3 million and S$198.7 million at the end of Q3/FY07 and FY06 respectively.

Rationalising its operations, Sincere Watch Limited transferred its 100% shareholding in its Taiwan subsidiary, Sincere Watch Co Ltd, to its 75% owned Hong Kong subsidiary during the year. This resulted in a one-off gain on dilution of interest in a subsidiary of S$465,000. The Sincere Watch Group's Northeast Asian operations were considerably strengthened with the completion of this exercise.

Earnings per share (EPS) for the year was S11.97 cents and its Net Asset Value (NAV) was S61.73 cents.

Rewarding Shareholders

During the year, Sincere Watch Limited implemented the Sincere Watch Limited Scrip Dividend Scheme and declared an interim dividend of S9 cents per share less tax. The scrip dividend that was paid on 24 April 2007 enabled shareholders of Sincere Watch Limited to utilize Section 44 balances for their tax franking purposes.

In addition, given the Sincere Watch Group's robust performance, the Board has proposed a final dividend of S1 cent per share less tax together with a Special Dividend I of S0.2 cents per share less tax and a Special Dividend II of S1.25 cents per share (tax exempt – one tier) for the year. Including the scrip dividend of S9 cents per share declared earlier, the total dividends for the year would amount to Sll.45 cents per share. This is one of the highest dividends proposed for shareholders in the last 5 years.

New Stores

As part of the Sincere Watch Group's on-going expansion plan to capture market share and take advantage of the rise in luxury demand, five major stores were opened during the year – a Sincere Fine Watches store in VivoCity, an Emotus Time Culture store and a Longines mono-brand store all in Singapore as well as a Franck Muller (FM) boutique in Ocean Terminal in Kowloon, Hong Kong and Macau. In addition, the existing FM boutique in Central, Hong Kong was extensively renovated and enlarged.

With all these new outlets, the Sincere Watch Group has established a retail network of 36 owned boutiques and 41 dealer-operated retail outlets in the region – a formidable total of 77 point-of-sales worldwide.

Events Highlights

The Sincere Watch Group has set another benchmark in watch retailing with the launch of the "World Exclusive Collection" – a collaboration with 13 of the world's most-renowned watch making houses to create exclusive timepieces for Sincere. Supported by the Singapore Tourism Board, the S$45-million-dollar collection is available only in Sincere Haute Horlogerie in the Hilton Shopping Gallery. The ability to work with these renowned watch making houses is testimony to Sincere Watch Group's premier position in the industry.

In November 2006, the Sincere Watch Group staged a very successful "Conquest of Time" watch exhibition in Kuala Lumpur. The massive 25,000 square-foot event at the Kuala Lumpur Convention Centre was the largest watch exhibition in Malaysia. It showcased more than 20 of the top watch making brands and included an educational series of classes, guided tours and workshops presented by the Sincere Watch Academy.

Going Forward

The Sincere Watch Group has major expansion plans for the new year.

It will be opening its first store in the Indian market in May 2007 with a Duty Free outlet at the Indira Gandhi International Airport in New Delhi. This marks a very important step for the Sincere Watch Group as this maiden entry will set the foothold for its future plans in the Indian sub-continent.

In addition, another FM boutique at the Venetian in Macau will open by September 2007. Macau has recently overtaken Las Vegas in the gaming industry, and much is expected of the Franck Muller boutique there.

In China, the first FM boutique was established in Beijing and the Shanghai unit is scheduled to open before the end of 2007.

In Singapore, the first mono-brand Omega boutique at Raffles City Shopping Centre started operation in May 2007 and a FM flagship boutique at Delphi Orchard, Singapore, is slated to open by the end of the first quarter of this financial year. Further afield, the Sincere Watch Group's largest multi-brand store will be launched at The Pavilion in Kuala Lumpur, Malaysia, in September.

The Sincere Watch Group is optimistic that the expansion plans for the new year will bring tremendous benefits in the years to come.

The Sincere Watch Academy will continue to step up its activities in the new year.

Launched in 2006, the aim of the Sincere Watch Academy is to nurture the culture of horology and cultivate the appreciation of fine watch making among the public. It has since taken the role of the educator of horology with various horology talks and workshops.

With the public showing much interest and positive response in this new initiative, the academy will be situated in a new physical location mid 2007. The Sincere Watch Academy will serve to be a one-stop resource centre for watch collectors and budding enthusiasts alike.

Awards and Recognition

The Sincere Watch Group is pleased to report that on top of its commercial success, the Sincere Haute Horlogerie won the "Best New Retail Concept" Award of the Year 2006 given by the Singapore Tourism Board – a testament to our dedication of pushing the boundary in the watch retailing landscape.

On the business front, Sincere Watch Limited was also ranked by global consulting group, LEK Consulting, as one of the top 10 performers in terms of Total Shareholder Return (TSR) across a one-, three-, five – and 10-year time period with an average return of 58.9% over five years.

Contingent Liabilities

As at 31 March 2007, the Sincere Watch Group had given corporate guarantees to financial institutions in respect of general banking facilities and derivative facilities granted to its subsidiaries and associates amounting to approximately S$37,203,000 and S$7,430,000. The guarantees of banking facilities provided to the associates were on the basis that the Sincere Watch Group is indemnified by the remaining shareholders of those associates for approximately S$3,790,000, being their share based on the proportionate shareholdings.

The Sincere Watch Group had contingent liabilities in respect of bankers' guarantees amounting to S$3,100,000 and a possible claim of recovery for approximately RMB1,000,000 for breach of contract as it terminated a cooperative joint venture agreement for its subsidiary.

Sincere Watch Limited has undertaken to provide continued financial support to certain subsidiaries to enable them to operate as a going concern and to meet their obligations as and when they fall due.

Employees

As at 31 March 2007, the Sincere Watch Group had 359 employees.

The Sincere Watch Group remunerated its employees mainly based on industry practice and the individual's performance and experience. Apart from the basic remuneration, a discretionary bonus may be granted to eligible employees by reference to the Sincere Watch Group's performance as the well as the individual's performance. Other benefits include medical, annual leave and hospitalisation insurance plan. The total remuneration paid to directors and other key management personnel for the year ended 31 March 2007 amounted to approximately S$11,120,000.

Charges on Assets

There were no charges on the assets of the Sincere Watch Group as at 31 March 2007.

Gearing Ratio

As at 31 March 2007, the cash and cash equivalents of the Sincere Watch Group amounted to S$52,526,000. The shareholders' equity was approximately S$127,586,000 and the total borrowings of the Sincere Watch Group were S$22,124,000. Accordingly, the gearing ratio, calculated as the total borrowings less cash on hand and at banks and divided by shareholders' equity, was nil as the Sincere Watch Group was in a net cash position.

Acquisitions and Disposals of Subsidiaries

During the financial year ended 31 March 2007, there were acquisitions and dilutions of interests in subsidiaries as follows:

1. Prior to 1 October 2006, the entire interest of Sincere Watch Co., Ltd ("**SWTW**"), a company incorporated in Republic of China (Taiwan), was 100% held by the Sincere Watch Group. On 1 October 2006, the entire interest in SWTW was transferred to Sincere Brand Holdings Limited, a wholly-owned subsidiary of Sincere Watch (Hong Kong) Limited, a corporation in which the Sincere Watch Group has a 75% equity interest. The total consideration for the disposal amounted to S$5.5 million. Consequently, the Sincere Watch Group's interest in SWTW was diluted from 100% to 75%. The Sincere Watch Group recorded an exceptional gain of $465,000 from this dilution.

2. The Sincere Watch Group acquired the remaining 50% interest in Sincere Watch Duty Free Pte Ltd ("**SWDF**") from its other shareholder for a consideration of S$406,000 and thereby increased its interest in SWDF to 100%.

3. The Sincere Watch Group acquired the remaining 50% interest in Richburgh Holdings Pte Ltd ("**RHPL**") from its other shareholder for a consideration of S$21,000 and thereby increased its interest in RHPL to 100%.

Significant Investments

During the financial year, the Sincere Watch Group acquired an interest in the share capital of Chrono Star International Participations Groupe Franck Muller S.A. ("**CSIPGFM**"), which is the parent company of "Groupe Franck Muller", which owns and operates the "Franck Muller Geneve" brand. The purchase consideration was S$8.84 million. The investment was subsequently sold to a director of the Sincere Watch Group at a sale price of $10.957 million in February 2008.

D. MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006

The following is the management discussion and analysis of the Sincere Watch Group for the financial year ended 31 March 2006 extracted from the Annual Report 2005/2006 of the Sincere Watch Group.

Overview

The past year has been landmarked with major milestone achievements for the Sincere Watch Group and our earnings are at an all time high. Resonating with the up trend for tourism, luxury and retail vibrancy in Singapore and the region, the Sincere Watch Group is committed to contribute to the Singapore tourism industry and strengthen its rising position in the world of horology. Customers, stakeholders and shareholders alike will be promised a top quality investment.

Sterling Financial Results

Once again, the Sincere Watch Group achieved another year of record profit. Sincere Watch Group profit increased 78% from S$19.2 million to S$34.2 million, the highest ever in the Sincere Watch Group's history.

The profit included a one-time gain of S$10.6 million as a result of the listing of the Sincere Watch Group's subsidiary, Sincere Watch (Hong Kong) Limited, on the Hong Kong Stock Exchange. However, even without taking this one-time gain into account, the adjusted pre-tax profit of S$31.8 million is still 32.9% higher than the previous year.

This remarkable achievement enabled the Sincere Watch Group to improve on its average gross margin although the year saw a slight drop in revenue of 1.9% from S$324.3 million to S$318.2 million. The improvement in the average margin mitigated the decline in revenue. Reasons for this decline were principally due to refurbishment of key shops that led to the temporary discontinuance of sale as well as the cessation of one of the Sincere Watch Group's travel retail concessions in Singapore Changi Airport. In addition, sales in Hong Kong were slightly slower for the first half of the year.

Sincere Watch Group performance remained robust with the Southeast Asian business segment contributing 73% of total Sincere Watch Group revenue. The Northeast Asian market accounted for the remaining 27%.

Given this year's sterling performance, Earnings per Share for the Sincere Watch Group was S17.42 cents compared with S9.81 cents recorded in the previous year. Sincere Watch Group Net Asset Value also rose to S63.49 cents, up from S48.18 cents.

Highlights for the year

Listing of Sincere Watch (Hong Kong) Limited

Seizing the opportunity to capitalize on the strong economic growth and to enhance its presence in the region, the Sincere Watch Group listed its subsidiary, Sincere Watch (Hong Kong) Limited in October 2005 on the Hong Kong Stock Exchange. The IPO formed part of the Sincere Watch Group's strategic re-structuring process where Hong Kong is established as the operational base for the Sincere Watch Group's further penetration into the Northeast Asian market.

Listing in Hong Kong will enable the Sincere Watch Group to leverage on Hong Kong's trend-setting advantage in the region and capitalize on its position as a gateway to China for our unique watch brands. The funds raised will be used for its business expansion in the region where the luxury, retail and tourism industries are all experiencing robust growth.

Rewarding Shareholders

In view of the Sincere Watch Group's outstanding performance, the Board has proposed a total dividend of S2.65 cents a share, comprising a first and final dividend of S1 cent per share less tax and a special dividend of S1.65 cents per share less tax for the year.

Going forward, the Sincere Watch Group will review its financial needs and performance of the Company after the next six months with a view to recommending additional dividends for the purpose of discharging the Section 44 tax credit balance of approximately S$5 million.

Strengthening of Management Team

The Sincere Watch Group prides itself on being innovative and dynamic. This winning characteristic of the Sincere Watch Group is well aligned with the Corporate and Business Divisions. The management team was restructured for future growth. Our key management appointments will stand us in good stead, giving us the competitive edge for progress.

Launch of Innovative Retail Concepts

The Sincere Watch Group continued to reach out to its many important market segments with innovative new retail concepts. The Sincere Watch Group's key boutiques were refurbished to give a new contemporary look in order to provide constant vibrancy for clients. The Sincere Watch Group continued working closely with the various strategic partners and principals, which led to many successful joint marketing efforts and collaboration for the retail boutiques. Sincere Haute Horlogerie at the Hilton performed well and appealed to a loyal following of discerning customers and watch connoisseurs. Together with the Sincere Fine Watches and emotus Time Culture boutiques, Sincere was able to penetrate a wider segment of the market.

Expansion of Brand Management Division

With the 10 brands and 2 exclusive retail brands that Sincere Watch Group holds exclusive distribution rights to, the Brand Management Division was expanded so that each individual brand will be assured dedicated attention. In Northeast Asia, apart from the 3 boutiques owned by Sincere Watch (Hong Kong) Limited, the Sincere Watch Group has 10 independent dealers covering 29 locations to ensure accessibility to its discerning customers. The team also achieved a new milestone with Sincere Watch Group's first major Shanghai event in September 2005 and the opening of the first Franck Muller boutique in Taipei as the Taiwan market grew in importance. In Southeast Asia, brand management activities were stepped up with the acquisition of more distribution brands.

Launch of Sincere Watch Academy

To strengthen its market leadership position, Sincere Watch Group has continued to introduce new initiatives in the industry. As reported previously, the Sincere Watch Group officially announced the launch of the Sincere Watch Academy in the last quarter of our financial year 2005/2006. The Sincere Watch Academy, which is the first of its kind in the world, aims to promote the culture of horology to the general public, watch enthusiasts and members of the media. Through the cultivation of watch appreciation by the Sincere Watch Academy, the Sincere Watch Group will be able to contribute and strengthen Singapore's rising position on the global watch map.

Awards and Recognition

As a testament to our record achievements, Sincere Watch Group's top executives received two national accolades last year. Sincere Watch Group Managing Director, Mr. Tay Liam Wee was conferred the "Tourism Entrepreneur of the Year" by the Singapore Tourism Board. Chief Financial Officer, Mr. Soh Gim Teik was honoured with the "Chief Financial Officer of the Year" at the inaugural Singapore Corporate Awards.

The awards reflect their determination in working towards the vision of excellence that repeatedly brought outstanding results for the Sincere Watch Group.

In addition, we are proud to make it into Forbes' "Best Under a Billion" list of companies in the Asia-Pacific for 2005 and we are the only local company to do so for the second consecutive year.

The Road Ahead: Prospects and Future Plans

Going forward, the Sincere Watch Group will persist with its pace of innovation and expansion to bring further growth for Sincere Watch Group. Given its close relationship with all the major principals and coupled with the positive economic prospects in the region, the Sincere Watch Group is confident of enlarging its presence in the various markets where it operates.

New markets, distribution brands and retail locations will be pursued to reinforce Sincere Watch Group's leading position. In Singapore, two new emotus Time Culture shops at Tampines Mall and Marina Square have recently opened and two new Sincere Fine Watches boutiques are planned for the coming financial year.

The opening of our Franck Muller boutique in Macau is strategic and timely as Macau announced major plans for their integrated resorts, the first of which is expected to open before the end of 2006. The experience will be invaluable to the Sincere Watch Group as it acclimatises itself readily for opportunities arising from upcoming establishment of Singapore's own Integrated Resorts (IR) at Marina Bay and Sentosa. Together with Singapore's IR projects and Singapore Tourism Board's drive to develop the retail landscape and boost tourism arrivals, the Sincere Watch Group is well poised to capitalize on this tremendous potential in the years to come.

In the light of these positive developments, we are optimistic that the Sincere Watch Group will remain profitable for the year and will continue to reward our shareholders and stakeholders.

Contingent Liabilities

As at 31 March 2006, the Sincere Watch Group had given corporate guarantees to financial institutions in respect of general banking facilities and derivative facilities granted to its subsidiaries and associates amounting to approximately S$25,266,000 and S$7,148,000. The guarantees of banking facilities provided to the associates were on the basis that the Sincere Watch Group is indemnified by the remaining shareholders of those associates for approximately S$3,650,000, being their share based on the proportionate shareholdings.

The Sincere Watch Group also had contingent liabilities in respect of a possible claim of recovery for approximately RMB1,000,000 for breach of contract as it terminated a cooperative joint venture agreement for its subsidiary.

Sincere Watch Limited has undertaken to provide continued financial support to certain subsidiaries to enable them to operate as a going concern and to meet their obligations as and when they fall due.

Employees

As at 31 March 2006, the Sincere Watch Group had 328 employees.

The Sincere Watch Group remunerated its employees mainly based on industry practice and the individual's performance and experience. Apart from the basic remuneration, a discretionary bonus may be granted to eligible employees by reference to the Sincere Watch Group's performance as well as the individual's performance. Other benefits include medical, annual leave and hospitalisation insurance plan. The total remuneration paid to directors and other key management personnel for the year ended 31 March 2006 amounted to approximately S$11,434,000.

Charges on Assets

There were no charges on the assets of the Sincere Watch Group as at 31 March 2006.

Gearing Ratio

As at 31 March 2006, the cash and cash equivalents of the Sincere Watch Group amounted to S$45,587,000. The shareholders' equity was approximately S$124,564,000 and the total borrowings of the Sincere Watch Group were S$24,767,000. Accordingly, the gearing ratio, calculated as the total borrowings less cash on hand and at banks and divided by shareholders' equity, was nil as the Sincere Watch Group was in a net cash position.

Acquisitions and Disposals of Subsidiaries

During the financial year ended 31 March 2006, there were acquisitions and dilutions of interests in subsidiaries as follows:

1. Prior to 19 September 2005, the entire interests of Sincere Watch (Hong Kong) Limited ("**SWHK**"), Sincere Brand Holdings Limited ("**SBHL**") and Sincere Brand Management Limited ("**SBML**") were separately held by the company. On 19 September 2005, the company transferred the entire interests in SBHL and SBML to SWHK as part of a Sincere Watch Group restructuring in connection with the public offer and listing of the shares of SWHK on the Main Board of The Stock Exchange of Hong Kong Limited. As part of the public offer, 102 million shares in SWHK were allotted and issued at an offer price of HK$1.08 per SWHK share. This resulted in a dilution of the 25% shareholding of the company's interest in SWHK. The Sincere Watch Group booked an exceptional gain of S$10.6 million from this dilution.

2. On 17 February 2006, the Sincere Watch Group acquired 100% of the issued share capital of Food Resources Pte Ltd for cash consideration of S$3,000. The fair value of net liabilities acquired was S$1,669,000 resulting in a goodwill arising from consolidation of S$1,672,000. The goodwill is attributable to the anticipated profitability of the distribution of the Sincere Watch Group's products in the new markets and anticipated future operating synergies from the combination.

Significant Investments

During the financial year, the Sincere Watch Group had no significant investments.

E. MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

The following is the management discussion and analysis of the Sincere Watch Group for the financial year ended 31 March 2005 extracted from the Annual Report 2004/2005 of the Sincere Watch Group.

Overview

A Year of Record Achievements

The past year had been a momentous one for us and we are delighted to be able to share the joy of Sincere's Golden Jubilee celebrations with our business partners, customers, the public community at large and of course, you – our loyal shareholder.

We are very pleased to report another year of record achievements for the financial year ended 31 March 2005.

In terms of financial performance, Sincere Watch Group revenue and profit rose to record levels. Sincere Watch Group revenue rose 25.9% to an all-time high of S$324.3 million against the previous year's record of S$257.7 million. Net Profit also grew to S$19.2 million. Sincere Watch Group Earnings per Share (EPS) was S9.81 cents and Net Asset Value (NAV) was S48.18 cents.

Growth was robust in almost all sectors. Northeast Asia contributed 33% of the Sincere Watch Group's revenue and 57% of its profits whereas Southeast Asia accounted for the rest.

The Sincere Watch Group's sterling performance was due to increased tourist arrivals in the region and an upsurge in demand for luxury goods fuelled by strong economic growth and lifestyle changes.

In conjunction with our Golden Jubilee celebration, we held "A Celebration of Time" exhibition in Singapore that was very well received by the general public. This first-of-its-kind public exhibition reinforced our brand name and leadership position in the horology industry.

In addition to the spectacular display of innovative and unique timepieces, we were also able to draw upon our principals' and valuable partners' support to develop and create a collection of limited edition timepieces to commemorate our 50th year in the business. We are thankful for the unwavering support of the 26 renowned global brands who committed to this partnership.

Highlights for the year

Main Board Upgrade

Beyond the good results, we were promoted to the Main Board of the SGX on 1 February 2005. This will further enhance our visibility among investors.

Rewarding Shareholders

Furthermore, in order to reward our shareholders for their continuous support as well as to improve the market liquidity of our shares, the Company completed a share re-structuring exercise via a stock split followed by a post-split 1-for-5 bonus issue during the year. The net result of this exercise: every 1,000 shares each of S$0.25 par value previously owned by shareholders have since been converted into 3,000 new shares each of S$0.10 par value.

Current Year Dividends

In line with the positive results, the Board of Directors has proposed a First and Final dividend of S1 cent a share plus a Special Dividend of S1.5 cents a share, giving a total of S$3.9 million (net of tax) dividend payout for the year. As the share price at the date of the announcement of our full year's results on 17 May 2005 was S$0.78, the gross dividend yield for the Sincere Watch Group was therefore 3.2%.

Contributing Back to the Community

In addition to rewarding shareholders, the Sincere Watch Group has also made exceptional efforts to contribute to the community during our Golden Jubilee year. We are most pleased to have raised S$l.05 million for our adopted charities – The Tent and The Straits Times School Pocket Money Fund. This gesture is in line with our corporate philosophy to provide support to underprivileged youths to create a better future for them.

Awards and Recognition

Our record achievements have not gone unnoticed. We are proud to be one of the six Singapore companies to make it into Forbes' "Best Under a Billion" list of companies in the Asia-Pacific for 2004.

This award is a reflection of the hard work, impeccable customer service, constant innovation and determination of our people in working towards the achievement of a common vision of excellence, which have time and again brought outstanding results.

Going Forward: Prospects and Future Plans

Riding on the retail boom in the Asia Pacific, the Sincere Watch Group will continue to enhance its brand equity and maintain its position as one of the leading global players in the luxury watch industry. The Sincere Watch Group currently has 31 outlets in the region and as it increases its product range, it will continue to seek new locations and other opportunities for growth.

In our Fine Watch division, we have created a new retail concept – Sincere Haute Horlogerie ("**SHH**") – to penetrate the top-end of the watch market. The first SHH shop is slated to open at the beginning of the fiscal second quarter and this new retail concept is expected to elevate Fine Watch retailing to an even higher level. As part of our multifaceted retail strategy, Sincere Watch will be partnering international watch brands to operate mono-brand boutiques to further enhance the retail landscape in this region. Our first collaboration will be with the Richemont Group for a Vacheron Constantin boutique in both Singapore and Kuala Lumpur, targeting to open by the end of our fiscal first quarter.

In line with our aim to promote the culture of horology and to develop an appreciation for the art of watch making among consumers and the media, we plan to set up a Watch Academy. We believe that this proposed Watch Academy, which is the first-of-its-kind in the world, will reinforce Singapore's leading position in the global watch industry and provide an engine of growth in the coming years.

While competition in the industry is expected to be stiff, the Sincere Watch Group will remain profitable in the new financial year.

Contingent Liabilities

As at 31 March 2005, the Sincere Watch Group had given corporate guarantees to financial institutions in respect of general banking facilities and derivative facilities granted to its subsidiaries and associates amounting to approximately S$22,942,000 and S$4,005,000. The guarantees of banking facilities provided to the associates were on the basis that the Sincere Watch Group is indemnified by the remaining shareholders of those associates for approximately S$2,050,000, being their share based on the proportionate shareholdings.

The Sincere Watch Group also had contingent liabilities in respect of a possible claim of recovery for approximately RMB1,000,000 for breach of contract as it terminated a cooperative joint venture agreement for its subsidiary.

Sincere Watch Limited has undertaken to provide continued financial support to certain subsidiaries to enable them to operate as a going concern and to meet their obligations as and when they fall due.

Employees

As at 31 March 2005, the Sincere Watch Group had 298 employees.

The Sincere Watch Group remunerated its employees mainly based on the industry practice and the individual's performance and experience. Apart from the basic remuneration, a discretionary bonus may be granted to eligible employees by reference to the Sincere Watch Group's performance as well as the individual's performance. Other benefits include medical, annual leave and hospitalisation insurance plan. The total remuneration paid to directors and other key management personnel for the year ended 31 March 2005 amounted to approximately S$9,051,000.

Charges on Assets

There were no charges on the assets of the Sincere Watch Group as at 31 March 2005.

Gearing Ratio

As at 31 March 2005, the cash and cash equivalents of the Sincere Watch Group amounted to S$55,886,000. The shareholders' equity was approximately S$94,523,000 and the total borrowings of the Sincere Watch Group were S$25,882,000. Accordingly, the gearing ratio, calculated as the total borrowings less cash on hand and at banks and divided by shareholders' equity, was nil as the Sincere Watch Group was in a net cash position.

Acquisitions and Disposals of Subsidiaries

There were no material acquisitions and disposals of subsidiaries during the financial year ended 31 March 2005.

Significant Investments

During the financial year, the Sincere Watch Group had no significant investments.