

**First Quarter Financial Statement And Dividend Announcement for the Period Ended 30 June 2006**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

First quarter (Q1/FY07) consolidated results for the period ended 30 June 2006. These figures have not been audited.

	<b>Group</b>		
	<b>Apr to Jun 2006</b> <b>S\$'000</b>	<b>Apr to Jun 2005</b> <b>S\$'000</b>	<b>Increase / (Decrease)</b> <b>%</b>
Revenue	79,399	68,085	16.62
Other operating income - see note 1(a)(1)	278	4,047	(93.13)
Changes in inventories of goods for resale	14,006	11,615	20.59
Purchases of goods for resale	(72,546)	(64,556)	12.38
Staff cost	(5,550)	(5,828)	(4.77)
Rental expense	(2,924)	(4,120)	(29.03)
Selling, advertising and promotional expense	(2,113)	(1,625)	30.03
Depreciation expense	(617)	(557)	10.77
Other operating expenses	(6,703)	14	NM
Finance costs	(319)	(259)	23.17
Share of (losses) profits of associates	(118)	230	NM
<b>Profit before income tax</b>	<b>2,793</b>	<b>7,046</b>	<b>(60.36)</b>
Income tax expense	(784)	(1,758)	(55.40)
<b>Profit after tax</b>	<b>2,009</b>	<b>5,288</b>	<b>(62.01)</b>
Attributable to:			
<b>Equity holders of the company</b>	<b>1,993</b>	<b>5,525</b>	<b>(63.93)</b>
<b>Minority interests</b>	<b>16</b>	<b>(237)</b>	<b>NM</b>
	<b>2,009</b>	<b>5,288</b>	<b>(62.01)</b>

Note: NM - Not Meaningful

**Additional information for the income statement**

(1) Other operating income comprises the following:

	<b>Group</b>		
	<b>Apr to Jun 2006</b> <b>S\$'000</b>	<b>Apr to Jun 2005</b> <b>S\$'000</b>	<b>Increase / (Decrease)</b> <b>%</b>
Interest income	151	54	179.63
Foreign exchange loss - realised	-	(708)	NM
Foreign exchange gain - unrealised	-	4,510	NM
Others	127	191	(33.51)
	<b>278</b>	<b>4,047</b>	<b>(93.13)</b>

(2) Profit is arrived at after charging/(crediting) the following:

	<b>Group</b>		
	<b>Apr to Jun 2006</b> <b>S\$'000</b>	<b>Apr to Jun 2005</b> <b>S\$'000</b>	<b>Increase / (Decrease)</b> <b>%</b>
Interest on borrowings	319	259	23.17
Write back of doubtful debts	-	(1,634)	NM
Allowance for inventories	1,565	3,417	(54.20)
Property, plant and equipment written off	-	92	NM
Loss on disposal of plant and equipment	9	-	NM
Foreign exchange loss - realised	396	-	NM
Foreign exchange loss - unrealised	4,548	-	NM

(3) Adjustments for under (over) provision of tax in respect of prior years: NIL

Note: NM - Not Meaningful

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	GROUP		COMPANY	
	30 Jun 2006 S\$'000	31 Mar 2006 S\$'000	30 Jun 2006 S\$'000	31 Mar 2006 S\$'000
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and bank balances	49,442	45,587	6,358	7,547
Trade receivables	29,941	32,753	3,056	3,457
Other receivables and prepaid expenses	4,883	8,953	7,236	10,686
Derivative financial instruments	74	26	66	26
Inventories	212,672	198,666	45,380	41,459
<b>Total current assets</b>	<b>297,012</b>	<b>285,985</b>	<b>62,096</b>	<b>63,175</b>
<b>Non-current assets:</b>				
Property, plant and equipment	18,349	18,304	13,096	13,000
Investment property	398	398	398	398
Subsidiaries	-	-	42,843	42,843
Associates	5,601	5,747	3,102	3,102
Available-for-sale investments	9,269	433	9,207	369
Goodwill	882	882	-	-
Other intangible assets	1,075	1,075	219	219
Deferred tax assets	4,855	4,677	980	970
<b>Total non-current assets</b>	<b>40,429</b>	<b>31,516</b>	<b>69,845</b>	<b>60,901</b>
<b>Total assets</b>	<b>337,441</b>	<b>317,501</b>	<b>131,941</b>	<b>124,076</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Short-term bank loans, overdrafts, bankers' acceptance and other borrowings	17,923	17,254	2,000	2,000
Trade payables	153,669	134,892	27,650	20,145
Other payables	19,363	19,768	6,987	6,229
Derivative financial instruments	9	28	1	20
Current portion of long-term debt	3,652	3,909	3,077	3,083
Income tax payable	6,576	6,354	1,862	1,862
<b>Total current liabilities</b>	<b>201,192</b>	<b>182,205</b>	<b>41,577</b>	<b>33,339</b>
<b>Non-current liabilities:</b>				
Long-term debt	3,000	3,000	3,000	3,000
Finance leases	566	604	212	232
<b>Total non-current liabilities</b>	<b>3,566</b>	<b>3,604</b>	<b>3,212</b>	<b>3,232</b>
<b>Capital, reserves and minority interests:</b>				
Share capital	19,620	19,620	19,620	19,620
Currency translation reserve	(4,376)	(3,580)	-	-
Legal reserve	210	210	-	-
Investment revaluation reserve	44	44	10	10
Accumulated profits	107,384	105,391	67,522	67,875
Equity attributable to equity holders of the company	122,882	121,685	87,152	87,505
Minority interests	9,801	10,007	-	-
<b>Total equity</b>	<b>132,683</b>	<b>131,692</b>	<b>87,152</b>	<b>87,505</b>
<b>Total liabilities and equity</b>	<b>337,441</b>	<b>317,501</b>	<b>131,941</b>	<b>124,076</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

<b>As at 30/06/06</b>	<b>As at 31/03/06</b>
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<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
S\$ 152,000	S\$ 21,423,000	S\$159,000	S\$21,004,000

**Amount repayable after one year**

<b>As at 30/06/06</b>	<b>As at 31/03/06</b>
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<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
S\$566,000	S\$3,000,000	S\$604,000	S\$3,000,000

**Details of any collateral**

**Secured**

The secured borrowings relate to the finance lease obligations of the Group which are secured against the respective assets under the finance lease arrangement.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	GROUP	
	Apr to Jun 2006	Apr to Jun 2005
	S\$'000	S\$'000
Cash flow from operating activities:		
Profit before income tax	2,793	7,046
Adjustments for:		
Share of losses (profits) of associates	118	(230)
Depreciation expense	617	557
Property, plant and equipment written off	-	92
Loss on disposal of property, plant and equipment	9	-
Net (gain) loss on fair value changes on foreign exchange contracts	(67)	318
Interest expense	319	259
Interest income	(151)	(54)
<b>Operating profit before working capital changes</b>	<b>3,638</b>	<b>7,988</b>
Trade receivables	2,812	2,865
Other receivables and prepaid expenses	4,070	(877)
Inventories	(14,006)	(11,615)
Trade payables	18,777	5,915
Other payables	(405)	493
<b>Cash generated from operations</b>	<b>14,886</b>	<b>4,769</b>
Interest paid	(319)	(259)
Interest received	151	54
Dividends received	-	-
Dividends paid	-	-
Income tax paid	(741)	(649)
<b>Net cash generated from operating activities</b>	<b>13,977</b>	<b>3,915</b>
Cash flow from investing activities:		
Purchase of property, plant and equipment	(702)	(362)
Proceeds from disposal of property, plant and equipment	3	-
Purchase of available-for-sale investments	(8,836)	-
<b>Net cash used in investing activities</b>	<b>(9,535)</b>	<b>(362)</b>
Cash flow from financing activities:		
(Decrease) Increase in bank loans	(897)	1,662
Decrease in long-term debt	(295)	(311)
<b>Net cash (used in) generated from financing activities</b>	<b>(1,192)</b>	<b>1,351</b>
Increase in cash and cash equivalents	3,250	4,904
Cash and cash equivalents at beginning of period	42,823	50,326
Effect of foreign exchange rate changes	(961)	510
<b>Cash and cash equivalents at end of period</b>	<b>45,112</b>	<b>55,740</b>
Cash and cash equivalents comprise:		
Cash and bank balances	35,648	44,673
Fixed deposits	13,794	16,878
Bank overdrafts	(4,330)	(5,811)
	45,112	55,740
<b><u>Notes to the consolidated cash flow statement</u></b>		
A. Cash purchase of property, plant and equipment	702	362
Purchase of property, plant and equipment under finance lease agreement	-	-
Total additions to property, plant and equipment	702	362

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Attributable to equity holders of the parent					Minority interests	Total equity	
	Issued Capital	Currency Translation Reserves	Legal * Reserve	Investment Revaluation Reserve	Accumulated Profits			Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
<b>GROUP-Statement of changes in equity for 3 months ended 30 June 2005</b>								
<b>Balance as at 31 March 2005</b>	19,620	(3,317)	109	-	75,562	91,974	55	92,029
- Effect of adopting FRS 39	-	-	-	-	(216)	(216)	-	(216)
As restated	19,620	(3,317)	109	-	75,346	91,758	55	91,813
Exchange differences arising on translation of foreign operations	-	580	-	-	-	580	26	606
Net profit for the period	-	-	-	-	5,525	5,525	(237)	5,288
<b>Balance as at 30 June 2005</b>	<b>19,620</b>	<b>(2,737)</b>	<b>109</b>	<b>-</b>	<b>80,871</b>	<b>97,863</b>	<b>(156)</b>	<b>97,707</b>
<b>GROUP-Statement of changes in equity for 3 months ended 30 June 2006</b>								
<b>Balance as at 31 March 2006</b>	19,620	(3,580)	210	44	105,391	121,685	10,007	131,692
Exchange differences arising on translation of foreign operations	-	(796)	-	-	-	(796)	(222)	(1,018)
Net profit for the period	-	-	-	-	1,993	1,993	16	2,009
<b>Balance as at 30 June 2006</b>	<b>19,620</b>	<b>(4,376)</b>	<b>210</b>	<b>44</b>	<b>107,384</b>	<b>122,882</b>	<b>9,801</b>	<b>132,683</b>

**1(d)(i) Continuation ... A statement of changes in equity (for the issuer and group)**

	Issued Capital	Currency Translation Reserves	Legal * Reserve	Investment Revaluation Reserve	Accumulated Profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>COMPANY-Statement of changes in equity for 3 months ended 30 June 2005</b>						
Balance as at 31 March 2005	19,620	(185)	-	-	49,077	68,512
- Effect of adopting FRS 39	-	-	-	-	(213)	(213)
As restated	19,620	(185)	-	-	48,864	68,299
Exchange differences arising on translation of foreign operations	-	185	-	-	-	185
Net loss for the period	-	-	-	-	(1,861)	(1,861)
<b>Balance as at 30 June 2005</b>	<b>19,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,003</b>	<b>66,623</b>
<b>COMPANY-Statement of changes in equity for 3 months ended 30 June 2006</b>						
Balance as at 31 March 2006	19,620	-	-	10	67,875	87,505
Net loss for the period	-	-	-	-	(353)	(353)
<b>Balance as at 30 June 2006</b>	<b>19,620</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>67,522</b>	<b>87,152</b>

\* Relates to Sincere Watch Co. Ltd, incorporated in the Republic of China (Taiwan). Legal reserve may be used to offset 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.

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Since the end of the previous financial period, there have been no changes in the Company's issued share capital.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The same accounting policies and methods of computation as in the most recently audited financial statements have been applied.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	GROUP	
	Apr to Jun 2006	Apr to Jun 2005
Basic earnings per share	1.02 cents	2.82 cents

Basic earnings per share is calculated by dividing the Group's net profit attributable to shareholders by 196,200,000 ordinary shares in issue during the financial period.

The Group does not have equity instruments which are dilutive in nature. Accordingly, fully diluted earnings per share equals to basic earnings per share.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-  
(a) current financial period reported on; and  
(b) immediately preceding financial year.**

	GROUP		COMPANY	
	30 Jun 2006	31 Mar 2006	30 Jun 2006	31 Mar 2006
Net asset value per ordinary share based on the issued share capital at the end of the financial period	62.63 cents	62.02 cents	44.42 cents	44.60 cents

The net asset per ordinary share is calculated based on 196,200,000 ordinary shares in issue at 30 June 2006 (31 March 2006: 196,200,000).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

With the continuous strong economic growth in the region, group revenue grew 16.6% to S\$79.4 million for the first quarter Q1/FY07, up from S\$68.1 million recorded in the corresponding quarter Q1/FY06. Average gross margins for the group also rose during the period.

Operating expenses were in line with the level of business done for the quarter. Although selling, advertising and promotional expenses were up 30% from S\$1.6 million to S\$2.1 million for Q1/FY06 and Q1/FY07 respectively, rental expenses declined from S\$4.1 million to S\$2.9 million for the same corresponding period. The decrease in rental was due to the cessation of one of the travel retail concessions in Singapore Changi Airport although more shops were opened during this quarter as compared to Q1/FY06.

Other operating expenses included foreign exchange loss of S\$4.9 million recorded for the quarter, out of which S\$4.5 million was unrealised at the balance sheet date. For the previous quarter Q1/FY06, there was an unrealised foreign exchange gain of S\$4.5 million recorded for that period. [Refer note 1(a)(1)&(2)].

As a result of the above, net profit attributable to equity holders of the company was S\$2 million for the quarter, compared to S\$5.5 million in Q1/FY06.

The group remained in a net cash position for the quarter. In the balance sheet for Q1/FY07, the Available-for-sale investments rose as a result of the acquisition of shares in Chrono Star International Participations Groupe Franck Muller S.A. This investee company is a private limited company incorporated in Luxembourg and is the parent company for the "Groupe Franck Muller" which owns and operates the 'Franck Muller Geneve' brand. The investment, totaling S\$8.8 million, was completed in April 2006 upon which the initial deposit of S\$4.5 million, which was paid and recorded in Q4/FY06, was re-classified from Other receivables into this investment account. Details of this acquisition were previously reported via the SGX on 23 December 2005.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group's first quarter results are consistent with the Commentary issued in the announcement of its results for the previous financial year.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

In the next quarter, the group will step up its marketing activities as the economy and tourist arrivals continue to grow in the region. A Fine Watch store at Vivo City in Singapore is scheduled to be opened in October 2006.

The Group will remain profitable in the second quarter.

11. **Dividend**

***(a) Current Financial Period Reported On***

Any dividend recommended for the current financial period reported on? **None**

***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year? **None**

***(c) Date payable***

Not applicable.

***(d) Books closure date***

Not applicable.

12. **If no dividend has been declared/recommendeded, a statement to that effect.**

During the current financial period, no dividend has been declared or recommended.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable.

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

15. **A breakdown of sales.**

Not applicable.

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	0	0
Preference	0	0
Total:	0	0

**BY ORDER OF THE BOARD**

Tay Liam Wee  
Director  
07/08/2006