



COURTS ASIA LIMITED

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2013

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

1(a)(i) Statement of total comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Q3 FY13/14 S\$'000	Group Q3 FY12/13 S\$'000	% Change	YTD Dec13 FY13/14 S\$'000	Group YTD Dec12 FY12/13 S\$'000	% Change
Sales	203,297	195,536	4.0	623,311	605,266	3.0
Cost of sales	(138,036)	(137,705)	(0.2)	(434,349)	(415,650)	(4.5)
Gross profit	65,261	57,831	12.8	188,962	189,616	(0.3)
Other income and other gains - net	1,045	3,449	(69.7)	3,105	5,199	(40.3)
Expenses						
- Distribution and marketing	(16,887)	(16,320)	(3.5)	(48,018)	(47,855)	(0.3)
- Administrative	(35,916)	(33,052)	(8.7)	(101,761)	(98,455)	(3.4)
- Finance	(5,277)	(4,436)	(19.0)	(16,115)	(12,984)	(24.1)
Profit before income tax	8,226	7,472	10.1	26,173	35,521	(26.3)
Income tax expense	(1,959)	(1,307)	(49.9)	(5,704)	(6,755)	15.6
Net profit	6,267	6,165	1.7	20,469	28,766	(28.8)

Statement of Comprehensive Income

	Q3 FY13/14 S\$'000	Group Q3 FY12/13 S\$'000	% Change	YTD Dec13 FY13/14 S\$'000	Group YTD Dec12 FY12/13 S\$'000	% Change
Net profit	6,267	6,165	1.7	20,469	28,766	(28.8)
Other comprehensive income:						
Currency translation differences	(40)	(52)	N.A.	(6,967)	(3,694)	(88.6)
Total comprehensive income	6,227	6,113	1.9	13,502	25,072	(46.1)

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1(a)(ii) Breakdown and explanatory notes to the statement of total comprehensive income:-

	Group		Group	
	Q3	Q3	YTD Dec13	YTD Dec12
	FY13/14	FY12/13	FY13/14	FY12/13
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Profit before income tax was arrived at after charging/ (crediting):</u>				
Depreciation and amortisation of property, plant and equipment and intangible assets	3,147	2,585	9,268	7,145
Amortisation of deferred income	(808)	(728)	(3,403)	(2,498)
Impairment allowance on trade receivables	6,508	4,535	14,079	16,096
Other income and other gains - net				
- Interest income	(583)	(2,537)	(1,722)	(3,632)
- Loss on disposal of property, plant and equipment (net)	35	1	37	15
- Fair value change of derivative financial instruments	(11)	(197)	(27)	215
- Others	(486)	(716)	(1,393)	(1,797)
	(1,045)	(3,449)	(3,105)	(5,199)
Finance costs				
- Interest expense on borrowings	4,950	4,074	14,622	11,790
- Interest expense on finance lease liabilities	16	7	39	20
- Amortisation of borrowing cost	454	220	1,252	1,360
- Foreign exchange losses/(gains) - net	(143)	135	202	(186)
	5,277	4,436	16,115	12,984
Total gross profit as a percentage of turnover	32.1%	29.6%	30.3%	31.3%
Net profit as a percentage of turnover	3.1%	3.2%	3.3%	4.8%
Net profit as a percentage of total equity at the end of period	2.1%	2.2%	7.0%	10.4%

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1(b)(i) Statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 Dec 2013	31 Mar 2013	31 Dec 2013	31 Mar 2013
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and bank balances	109,588	88,985	53,082	40,590
Trade and other receivables	211,270	200,140	56,123	12,036
Inventories	90,164	73,065	-	-
Current income tax recoverable	1,150	1,744	-	-
	412,172	363,934	109,205	52,626
Non-current assets				
Trade and other receivables	272,555	246,160	43,758	-
Investments in subsidiaries	-	-	213,205	203,069
Property, plant and equipment	28,364	22,535	-	-
Intangible assets	23,609	23,710	20,065	20,065
Deferred income tax assets	86	1,284	-	-
	324,614	293,689	277,028	223,134
Total assets	736,786	657,623	386,233	275,760
LIABILITIES				
Current liabilities				
Trade and other payables	125,825	129,534	1,333	13,231
Current income tax liabilities	2,921	5,590	1,941	2,297
Borrowings	856	5,506	-	-
Deferred income	3,507	3,697	-	-
	133,109	144,327	3,274	15,528
Non-current liabilities				
Derivative financial instruments	53	83	-	-
Trade and other payables	166	166	-	-
Borrowings	308,250	218,806	125,000	-
Deferred income	3,582	4,766	-	-
Deferred income tax liabilities	-	-	2,312	1,729
	312,051	223,821	127,312	1,729
Total liabilities	445,160	368,148	130,586	17,257
NET ASSETS	291,626	289,475	255,647	258,503
EQUITY				
Share capital	265,332	265,332	265,332	265,332
Treasury shares	(1,656)	-	(1,656)	-
Other reserves	(17,240)	(10,489)	(23,703)	(23,919)
Retained profit	45,190	34,632	15,674	17,090
Total equity	291,626	289,475	255,647	258,503

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1(b)(ii) Aggregate amount of Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31.12.13 S\$'000		As at 31.03.13 S\$'000	
Secured	Unsecured	Secured	Unsecured
856	-	5,506	-

Amount repayable after one year

As at 31.12.13 S\$'000		As at 31.03.13 S\$'000	
Secured	Unsecured	Secured	Unsecured
183,250	125,000	218,806	-

Details of any collateral

The Group's borrowings of \$309.1 million (31 March 2013 \$224.3 million) consist of fixed rate notes, the Asset Securitisation Programme 2012 and Syndicated Senior Loan in Malaysia.

On 23 April 2013, a \$500 million Multicurrency Medium Term Note programme was established. Notes issued on 24 April 2013 comprise of \$125 million 3-year unsecured fixed rate notes due in 2016.

The Asset Securitisation Programme 2012 is secured against the trade receivables of Courts (Singapore) Pte Ltd ("CSL"). CSL has also provided a guarantee and indemnity in favour of the Senior Beneficiary, The Hong Kong and Shanghai Banking Corporation Limited, in respect of amounts payable under the Asset Securitisation Programme 2012.

The Syndicated Senior Loan is secured by a fixed charge over the designated bank accounts of Courts (Malaysia) Sdn Bhd ("CMB") and all credit balances in respect thereof, a debenture covering a fixed and floating charge over all the assets of CMB (both present and future), an assignment over existing and future trade receivables and corporate guarantee issued by CMB.

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1(c) Consolidated statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	Q3	Q3	YTD Dec13	YTD Dec12
	FY13/14	FY12/13	FY13/14	FY12/13
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Net profit	6,267	6,165	20,469	28,766
Adjustments for:				
Income tax expense	1,959	1,307	5,704	6,755
Depreciation and amortisation	3,147	2,585	9,268	7,145
Amortisation of deferred income	(808)	(728)	(3,403)	(2,498)
Interest expense	4,966	4,081	14,661	11,810
Interest income	(583)	(2,537)	(1,722)	(3,632)
Amortisation of borrowing costs	454	220	1,252	1,360
Loss on disposal of property, plant and equipment net of deferred income	35	1	37	15
Changes in fair value of derivative financial instruments	(11)	(197)	(27)	215
Share-based compensation	1,048	101	1,192	301
Operating cash flow before working capital changes	16,474	10,998	47,431	50,237
Changes in working capital				
Inventories	(5,849)	(605)	(17,099)	(6,405)
Trade and other receivables	(19,115)	(5,322)	(37,535)	(43,644)
Trade and other payables	(16,669)	(11,837)	(5,510)	948
Cash (used)/provided by operations	(25,159)	(6,766)	(12,713)	1,136
Tax paid (net)	(2,781)	(2,183)	(6,683)	(6,184)
Foreign currency translation differences	(93)	(37)	(6,117)	(3,235)
Net cash used in operating activities	(28,033)	(8,986)	(25,513)	(8,283)
Cash flows from investing activities				
Additions to property, plant and equipment	(5,039)	(4,665)	(14,984)	(11,880)
Additions to intangible assets	(219)	(470)	(923)	(1,105)
Proceeds from sale of property, plant and equipment	47	(98)	321	(84)
Interest received	577	1,162	1,732	2,257
Net cash used in investing activities	(4,634)	(4,071)	(13,854)	(10,812)
Cash flows from financing activities				
Proceeds from bond	-	-	125,000	-
Proceeds from syndicated senior loan - net	4,921	2,311	6,198	5,967
Additions to finance lease liabilities - net	342	262	1,239	573
Proceeds from term loan	-	15,000	-	15,000
Repayment of term loan	-	-	(13,750)	(28,940)
Proceeds from/(Repayment of) loan received on asset securitisation	12,271	(717)	(35,145)	33,903
Decrease/(Increase) in fixed deposits pledged as securities for banking	(535)	(1,701)	1,476	(88)
Decrease in deposits for asset securitisation	-	(1,436)	-	(1,021)
Purchase of treasury shares	(2,632)	-	(2,632)	-
Proceeds from issue of shares pursuant to listing	-	43,503	-	43,503
Interest paid	(3,470)	(4,081)	(10,709)	(11,810)
Dividend paid	(4,255)	(4,000)	(9,911)	(12,581)
Net cash provided by financing activities	6,642	49,141	61,766	44,506
Net (decrease)/increase in cash and cash equivalents	(26,025)	36,084	22,399	25,411
Cash and cash equivalents as at beginning of financial period	129,980	37,854	81,898	48,973
Effects of currency translations on cash and bank balances	22	(7)	(320)	(453)
Cash and cash equivalents as at end of financial period	103,977	73,931	103,977	73,931

For the purposes of the consolidated statement of cash flows, the cash and cash equivalents comprise the following:

	31 Dec 2013	31 Dec 2012
	S\$'000	S\$'000
Cash and bank balances	72,481	78,310
Fixed deposits	37,107	5,910
	109,588	84,220
Less: Fixed deposits pledged as securities for banking facilities	(5,611)	(10,289)
Cash and cash equivalents per consolidated statement of cash flows	103,977	73,931

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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.

	Group						
	Attributable to equity holders of the Group						
	Share capital	Treasury Shares	Share option reserve	Currency translation reserve	Capital reserve	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2013	265,332	-	401	(17,038)	6,148	34,632	289,475
Purchase of treasury shares	-	(2,632)	-	-	-	-	(2,632)
Treasury shares reissued under performance share plan	-	976	(976)	-	-	-	-
Share-based compensation	-	-	1,192	-	-	-	1,192
Total comprehensive income for the period	-	-	-	(6,967)	-	20,469	13,502
Dividends	-	-	-	-	-	(9,911)	(9,911)
Balance at 31 December 2013	265,332	(1,656)	617	(24,005)	6,148	45,190	291,626
Balance at 1 October 2013	265,332	-	545	(23,965)	6,148	43,178	291,238
Purchase of treasury shares	-	(2,632)	-	-	-	-	(2,632)
Treasury shares reissued under performance share plan	-	976	(976)	-	-	-	-
Share-based compensation	-	-	1,048	-	-	-	1,048
Total comprehensive income for the period	-	-	-	(40)	-	6,267	6,227
Dividends	-	-	-	-	-	(4,255)	(4,255)
Balance at 31 December 2013	265,332	(1,656)	617	(24,005)	6,148	45,190	291,626
Balance at 1 April 2012	221,129	-	-	(13,807)	6,148	5,809	219,279
Issue of share pursuant to listing	43,503	-	-	-	-	-	43,503
Share-based compensation	-	-	301	-	-	-	301
Total comprehensive income for the period	-	-	-	(3,694)	-	28,766	25,072
Dividends	-	-	-	-	-	(12,581)	(12,581)
Balance at 31 December 2012	264,632	-	301	(17,501)	6,148	21,994	275,574
Balance at 1 October 2012	221,129	-	200	(17,449)	6,148	15,829	225,857
Issue of share pursuant to listing	43,503	-	-	-	-	-	43,503
Share-based compensation	-	-	101	-	-	-	101
Total comprehensive income for the period	-	-	-	(52)	-	6,165	6,113
Dividends	-	-	-	-	-	-	-
Balance at 31 December 2012	264,632	-	301	(17,501)	6,148	21,994	275,574

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	Company					
	Attributable to equity holders of the Company					
	Share capital \$'000	Treasury Shares \$'000	Share option reserve \$'000	Capital reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 April 2013	265,332	-	401	(24,320)	17,090	258,503
Purchase of treasury shares	-	(2,632)	-	-	-	(2,632)
Treasury shares reissued under performance share plan	-	976	(976)	-	-	-
Share-based compensation	-	-	1,192	-	-	1,192
Total comprehensive income for the period	-	-	-	-	8,495	8,495
Dividends	-	-	-	-	(9,911)	(9,911)
Balance at 31 December 2013	265,332	(1,656)	617	(24,320)	15,674	255,647
Balance at 1 October 2013	265,332	-	545	(24,320)	16,906	258,463
Purchase of treasury shares	-	(2,632)	-	-	-	(2,632)
Treasury shares reissued under performance share plan	-	976	(976)	-	-	-
Share-based compensation	-	-	1,048	-	-	1,048
Total comprehensive income for the period	-	-	-	-	3,023	3,023
Dividends	-	-	-	-	(4,255)	(4,255)
Balance at 31 December 2013	265,332	(1,656)	617	(24,320)	15,674	255,647
Balance at 1 April 2012	221,129	-	-	(24,320)	13,372	210,181
Issue of share pursuant to listing	43,503	-	-	-	-	43,503
Share-based compensation	-	-	301	-	-	301
Total comprehensive income for the period	-	-	-	-	13,340	13,340
Dividends	-	-	-	-	(12,581)	(12,581)
Balance at 31 December 2012	264,632	-	301	(24,320)	14,131	254,744
Balance at 1 October 2012	221,129	-	200	(24,320)	9,260	206,269
Issue of share pursuant to listing	43,503	-	-	-	-	43,503
Share-based compensation	-	-	101	-	-	101
Total comprehensive income for the period	-	-	-	-	4,871	4,871
Dividends	-	-	-	-	-	-
Balance at 31 December 2012	264,632	-	301	(24,320)	14,131	254,744

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- 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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.**

There were no new shares issued in the nine months ended 31 December 2013.

Treasury shares

During the quarter, the Company purchased 4,044,000 shares for a total consideration of S\$2.6 million by way of market acquisition.

In the same period, 1,259,900 shares were awarded under the Performance Share Plan and 13,602 were awarded as Director Fees. Total value of treasury shares reissued was \$1.0 million.

As at 31 December 2013, there are 2,770,498 shares held as treasury shares. The total number of issued shares excluding treasury shares is 557,229,502 (31 March 2013 560,000,000).

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at the end of the immediately preceding year.**

	31 Dec 2013	31 Mar 2013
Total number of issued shares excluding treasury shares	<u>557,229,502</u>	<u>560,000,000</u>

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

	31 Dec 2013	31 Mar 2013
Number of treasury shares reissued pursuant to Performance Share Plan	<u>1,273,502</u>	<u>-</u>

- 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 by the Group's auditors.

- 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 accounting policies adopted and methods of computation applied are consistent with those used in the recently audited financial statements of the Group for the financial year ended 31 March 2013.

- 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.

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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			
	Q3 FY13/14	Q3 FY12/13	YTD Dec13 FY13/14	YTD Dec12 FY12/13
(a) Basic earnings per share (cents)	1.12	1.12	3.66	5.57
(b) Fully diluted earnings per share (cents)	1.12	1.12	3.66	5.56

Explanatory notes

Basic earnings per share is calculated by dividing the Group's profit after tax attributable to shareholders by the weighted average ordinary shares during the three months ended 31 December 2013 and the same period last year of 558,058,169 and 550,000,000 respectively. The weighted average ordinary shares for the nine months ended 31 December 2013 and the same period last year were 559,352,723 and 516,666,667 respectively.

In 2013, the Company granted certain key management personnel with Courts Share Appreciation Rights ("SAR") to motivate them to drive the long term success of the Company and to enhance shareholder returns. Under the SAR plan, each SAR represents the right to receive fully paid ordinary shares of the Company with zero exercise price. In the event that the market value of the share at the point of time of exercise is equal or less than the grant value, no shares will be awarded to the key management personnel. Estimated total number of outstanding shares under the SAR plan as at 31 December 2013 is zero (31 December 2012: 586,926)

In November 2013, Courts Asia FY1314 Strategic Deferred Share Award ("DSA") under Courts Asia Performance Share Plan has been granted to Selected Top Management. An initial award of 2,033,000 shares has been granted and each share represents a fully paid share. Out of the total initial award, 1,259,900 has been vested and awarded through reissuance of Treasury Shares. Total outstanding shares under DSA plan as at 31 December 2013 is 773,100.

Diluted earnings per share is calculated by dividing the Group's profit after tax attributable to shareholders by the weighted average ordinary shares during the three months ended 31 December 2013 and the same period last year of 558,573,569 and 550,586,926 respectively. The weighted average ordinary shares for the nine month ended 31 December 2013 and the same period last year were 559,524,523 and 517,253,592 respectively.

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

	Group	
	31 Dec 2013	31 Mar 2013
Net asset value per ordinary share (cents)	52.3	51.7

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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.

Group Income Statement – Period Ended 31 December 2013

Sales

The Group's sales of \$203.3 million for Q3 FY13/14 was 4.0% or \$7.8 million higher than Q3 FY12/13.

Singapore's sales, which contributed to 67% of the Group's sales, registered a 2.9% decrease in Q3 FY13/14 compared to Q3 FY12/13, due to lower digital and electrical product sales. The fall in sales was due to weaker consumer demand and lower bulk sales during the period.

Malaysia's sales, which contributed to 33% of the Group's sales, grew by 20.8%. Strong growth was mainly attributable to higher credit sales from an aggressive credit campaign launched during the period and higher furniture and electrical product sales. The opening of new stores during the financial year also contributed to the increase in sales.

Gross profit

Gross profit increased by 12.8% or \$7.4 million and gross profit margin increased from 29.6% in Q3 FY12/13 to 32.1% in Q3 FY13/14. This was mainly due to higher service charge income from higher credit sales in Malaysia.

Other income and other gains - net

Other income and other gains - net decreased by \$2.4 million or 69.7% mainly due to a write back of impairment on overdue debtors in Malaysia and Singapore in Q3 FY12/13. There was no such write back in this quarter.

Distribution and marketing expenses

Distribution and marketing expenses increased marginally from \$16.3 million in Q3 FY12/13 to \$16.9 million in Q3 FY13/14. As a percentage of sales, it remained constant at 8.4%.

Administrative expenses

Administrative expenses for the quarter were \$35.9 million, an increase of \$2.8 million from Q3 FY12/13 of \$33.1 million. The increase was mainly due to higher impairment allowance on trade receivables of \$2.0 million arising from higher credit portfolio and higher occupancy costs such as branches' rental costs and depreciation attributable to the opening of new stores in Singapore and Malaysia.

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Finance expenses

Finance expenses increased by \$0.9 million or 19.0% from \$4.4 million in Q3 FY12/13 to \$5.3 million in Q3 FY13/14. Interest on borrowings increased from \$4.1 million in Q3 FY12/13 to \$5.0 million in Q3 FY13/14 mainly due to accrued interest on the \$125 million fixed rate notes, partially offset by lower interest expense from the Asset Securitisation Loan resulting from loan repayment in Singapore.

Income tax expense

The tax expense of \$2.0 million for Q3 FY13/14 was based on taxable profit from Singapore and Malaysia operations. The effective tax rate for Q3 FY13/14 was higher than the Singapore statutory tax rate mainly due to non-tax deductible expenses.

Group Balance Sheet – As at 31 December 2013

Trade and other receivables

The Group's trade and other receivables (current and non-current) increased by 8.4% from \$446.3 million as at 31 March 2013 to \$483.8 million as at 31 December 2013 due to credit sales reported during the period.

Allowance for impairment of trade receivables as at 31 December 2013 was \$23.3 million, representing 4.3% of trade receivables, as compared to \$22.2 million as at 31 March 2013, which represents 4.4% of trade receivables.

Inventories

The Group's inventories increased from \$73.1 million to \$90.2 million due to opening of new stores in Singapore and Malaysia.

Property, plant and equipment

Property, plant and equipment increased from \$22.5 million to \$28.4 million mainly due to additions for new stores in both Singapore and Malaysia such as renovations and fittings, partially offset by the depreciation charge.

Intangible assets

Intangible assets decreased marginally from \$23.7 million as at 31 March 2013 to \$23.6 million as at 31 December 2013. It comprises of trademark and computer software costs and licenses.

Trade and other payables

The Group's trade and other payables (current and non-current) decreased by 2.9% from \$129.7 million as at 31 March 2013 to \$126.0 million as at 31 December 2013 due to shorter suppliers' payment terms in Singapore.

Borrowings

The total borrowings of \$309.1 million (31 March 2013: 224.3 million) represent the amount received from the issue of fixed rate notes, the Asset Securitisation Programme 2012 in Singapore, Syndicated Senior Loan in Malaysia and finance lease liabilities. The increase was mainly due to net proceeds from the fixed rate notes issue of \$125 million and net proceeds from both Asset Securitisation Programme 2012 and Syndicated Senior Loan. This was partially offset by full repayment of HSBC term loan of \$13.8 million and partial repayment of the Asset Securitisation Programme of \$47.4 million in Singapore.

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Deferred income tax assets

The deferred income tax assets as at 31 Mar 2013 arose mainly from future deductible expenses net of deferred tax liabilities on intangible assets. The decline as at 31 Dec 2013 is mainly due to realisation of the deferred tax assets on deductible expenses recognised in prior years.

Cash and bank balances

Cash and bank balances were at \$110.0 million as at 31 December 2013 (31 March 2013: \$89.0 million). The increase was mainly due to proceeds from the issue of fixed rate notes of \$125 million offset by repayment of term loan and Asset Securitisation Programme, cashflow used in operating activities, payment of dividends of \$9.9 million and capital expenditure incurred for new stores and refurbishment of existing stores totaling \$15.0 million during the nine months ended 31 December 2013.

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

Statement / plans outlined previously (as per note 10 of Q2 FY13/14 announcement) have been completed or are on track as planned.

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 Singapore, the Ministry of Trade and Industry expects a modest GDP growth of between 2% and 4% against a backdrop of downside risks driven by uncertainties in the global market.¹ Retail spending statistics released in November 2013 indicated dampened consumer sentiment over the past year.² Consumer sentiment is expected to remain soft for the next six months, with fewer companies within the retail industry surveyed by Singstat expecting business conditions to improve from January to June 2014.³

In Malaysia, the macro environment is expected to remain challenging with a modest GDP growth rate projected for 2014. According to Malaysian Rating Corp, Malaysia is expected to record a GDP growth of 5% in 2014 due to numerous challenges ranging from softer consumer spending and stricter lending measures by financial institutions⁵. Looking forward, consumers are expected to remain cautious with their spending as a result of the various government subsidy rationalisation measures and cost increases. Nonetheless, the Group continues to implement a series of measures to cope with a weaker retail environment in Malaysia. Some of the measures have shown promise in their infancy stage when they were introduced in 3Q FY13/14. This includes an aggressive campaign to ramp up credit sales.

Malaysia's long term fundamentals remain favourable and the Group continues to execute its expansion plans. The second Courts Megastore in Subang was opened in January 2014 and the Group continues to explore various expansion opportunities in Malaysia.

In Indonesia, construction work for the Group's first 'Big-Box' Megastore in Bekasi is currently on track and the store is expected to open ahead of schedule, by 2Q FY14/15. Construction negotiations for the Group's second 'Big-Box' Megastore in BSD City, Serpong is currently ongoing and opening is targeted in the second half of FY14/15. The Group's Indonesia business is poised to benefit from Indonesia's growing middle class, notwithstanding the current slowdown in domestic demand given concerns with inflation, depreciating Rupiah and an increase in fuel prices.

With the progress made to date, the Group is open to exploring various other opportunities in the region.

Barring any unforeseen circumstances, the Group expects to remain profitable in FY2014.

**Source:*

1. "MTI Forecasts Growth of 3.5 to 4.0 Per Cent in 2013 and 2.0 to 4.0 Per Cent in 2014" – Ministry of Trade and Industry, Singapore, 21 November 2013

2. Retail Sales Index data – Department of Statistics Singapore

3. Business Expectations for the Services Sector – Department of Statistics Singapore

4. "28,000 new HDB flats next year: Khaw" – TODAY, 6 September 2013

5. "Malaysian Rating expects 5% GDP growth for Malaysia in 2014" – The Star, 2 January 2014

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11. Dividend

(a) Current Financial Period Reported On

Any dividend declared 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.

Not applicable.

13. Interested Person Transactions

No.

14. Use of proceeds from the Company's initial public offering

No capital injection to its subsidiary, PT Courts Retail Indonesia (PTCRI) during Q3 of FY13/14. A total of \$14.1 million has been invested from the date of incorporation of PTCRI up to December 2013. The balance of the proceeds has been placed in short term deposits with banks and will be used for expansion into the Indonesia market.

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15. Confirmation pursuant to Rule 705(4) of the Listing Manual

On behalf of the Board of Directors, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors which may render the financial statements for the period ended 31 December 2013 to be false or misleading.

For and on behalf of the
Board of Directors of Courts Asia Limited

Terence Donald O'Connor
Chief Executive Officer
14 February 2014

Kee Kim Eng
Chief Financial Officer