



# Cortina watch

## CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

### UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2014

Part 1 - Information required for announcements of quarterly (Q1, Q2 & Q3), half-year and full year results

1(a) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

#### Consolidated Statement of Comprehensive Income

	GROUP 3 months ended 30 Sep			GROUP 6 months ended 30 Sep		
	2014 S\$'000	2013 S\$'000	Increase/ (Decrease) %	2014 S\$'000	2013 S\$'000	Increase/ (Decrease) %
<b>Revenue</b>	<b>92,146</b>	96,940	(4.95)	<b>184,264</b>	193,661	(4.85)
<u>Other items of income</u>						
Interest income	2	1	100.00	10	5	100.00
Other credits	229	1,111	(79.39)	1,629	2,232	(27.02)
<u>Other items of expenses</u>						
Change in inventories of finished goods	3,839	(3,160)	N.M	12,902	2,935	>100.00
Purchase of goods and consumables	(76,347)	(72,797)	4.88	(158,641)	(155,131)	2.26
Employee benefit expenses	(5,259)	(4,969)	5.84	(10,252)	(10,043)	2.08
Rental expenses	(5,767)	(5,950)	(3.08)	(11,235)	(11,822)	(4.97)
Depreciation expense	(911)	(1,100)	(17.18)	(1,804)	(2,130)	(15.31)
Other expenses	(4,610)	(3,854)	19.62	(7,949)	(7,081)	12.26
Other charges	(3)	(804)	(99.63)	(3)	(1,091)	(99.73)
Finance costs	(727)	(743)	(2.15)	(1,416)	(1,455)	(2.68)
Share of loss from equity-accounted associates	(43)	(42)	2.38	(61)	(20)	>100.00
<b>Profit before tax from continuing activities</b>	<b>2,549</b>	4,633	(44.98)	<b>7,444</b>	10,060	(26.00)
Income tax expense	(421)	(752)	(44.02)	(1,249)	(1,700)	(26.53)
<b>Profit from continuing activities, net of tax</b>	<b>2,128</b>	3,881	(45.17)	<b>6,195</b>	8,360	(25.90)
Profit attributable to :						
Owners of the parent, net of tax	1,932	4,012	(51.84)	5,706	8,533	(33.13)
Non-controlling interests, net of tax	196	(131)	N.M.	489	(173)	N.M.
<b>Profit net of tax</b>	<b>2,128</b>	3,881	(45.17)	<b>6,195</b>	8,360	(25.90)
<u>Statement of Comprehensive Income</u>						
Profit from continuing activities	2,128	3,881	(45.17)	6,195	8,360	(25.90)
<b>Other Comprehensive Income:</b>						
Exchange difference on translating foreign operations, net of tax	482	(707)	N.M	409	(607)	N.M
Total comprehensive income for the period	2,610	3,174	(17.77)	6,604	7,753	(14.82)
<b>Total comprehensive income attributable to :</b>						
Owners of the parent	2,387	3,444	(30.69)	6,064	8,130	(25.41)
Non-controlling interests	223	(270)	N.M	540	(377)	N.M
	2,610	3,174	(17.77)	6,604	7,753	(14.82)

## CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2014

Profit before tax after (charging) / crediting the following :

	3 months ended 30 Sep			6 months ended 30 Sep		
	2014 <u>S\$'000</u>	2013 <u>S\$'000</u>	Increase/ (Decrease) %	2014 <u>S\$'000</u>	2013 <u>S\$'000</u>	Increase/ (Decrease) %
Interest expenses	(727)	(743)	(2.15)	(1,416)	(1,455)	(2.68)
Depreciation of property, plant and equipment and investment properties	(911)	(1,100)	(17.18)	(1,804)	(2,130)	(15.31)
Net foreign exchange adjustment gains/(losses)	222	(787)	N.M.	445	(871)	N.M.
Gains on disposal of plant and equipment	7	76	(90.79)	87	76	14.47
Plant and equipment written off	-	(6)	(100.00)	-	(194)	(100.00)
Inventories written off	(4)	(7)	(42.86)	(3)	(26)	(88.46)
Bad debts recovered	-	-	-	-	4	(100.00)
Allowance for inventories	(557)	(233)	>100.00	(925)	(554)	66.97
Gains on disposal of investment properties	-	1,035	(100.00)	1,096	2,156	(49.17)

Note : N.M - not meaningful

# CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2014

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	
	As At 30.09.2014 S\$'000	As At 31.03.2014 S\$'000	As At 30.09.2014 S\$'000	As At 31.03.2014 S\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and bank balances	11,651	14,499	406	115
Trade and other receivables	19,972	13,587	5,527	8,625
Inventories	229,589	216,687	-	-
Other assets, current	3,367	2,218	19	12
Assets held for sale under FRS105	14,693	20,125	14,693	20,125
<b>Total current assets</b>	<b>279,272</b>	<b>267,116</b>	<b>20,645</b>	<b>28,877</b>
<b>Non-Current Assets</b>				
Investments in associates	2,486	2,548	1,000	1,000
Investments in subsidiaries	-	-	24,928	22,633
Investment property	219	222	219	222
Property, plant and equipment	10,936	11,529	-	-
Deferred tax assets	1,043	1,035	-	-
Other assets, non-current	6,546	4,656	-	-
Trade and other receivables, non-current	-	-	12,752	12,635
<b>Total non-current assets</b>	<b>21,230</b>	<b>19,990</b>	<b>38,899</b>	<b>36,490</b>
<b>Total Assets</b>	<b>300,502</b>	<b>287,106</b>	<b>59,544</b>	<b>65,367</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	22,667	23,524	4,081	3,749
Income tax payables	1,328	2,531	111	283
Other liabilities, current	1,364	2,295	-	-
Other financial liabilities, current	116,865	99,562	5,000	5,000
<b>Total current liabilities</b>	<b>142,224</b>	<b>127,912</b>	<b>9,192</b>	<b>9,032</b>
<b>Non-Current Liabilities</b>				
Other financial liabilities, non-current	8,162	10,719	7,500	10,000
Provisions, non-current	947	943	-	-
Deferred tax liabilities	12	12	-	-
<b>Total non-current liabilities</b>	<b>9,121</b>	<b>11,674</b>	<b>7,500</b>	<b>10,000</b>
<b>Total Liabilities</b>	<b>151,345</b>	<b>139,586</b>	<b>16,692</b>	<b>19,032</b>
<b>Net Assets</b>	<b>149,157</b>	<b>147,520</b>	<b>42,852</b>	<b>46,335</b>
<b>EQUITY</b>				
<b>Equity attributable to owners of parent</b>				
Share capital	35,481	35,481	35,481	35,481
Other reserves	(5,360)	(5,718)	-	-
Retained earnings	111,235	110,738	7,371	10,854
<b>Total equity, attributable to owners of the parent</b>	<b>141,356</b>	<b>140,501</b>	<b>42,852</b>	<b>46,335</b>
Non-controlling interests	7,801	7,019	-	-
<b>Total Equity</b>	<b>149,157</b>	<b>147,520</b>	<b>42,852</b>	<b>46,335</b>

## CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2014

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

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

As at 30.09.2014		As at 31.03.2014	
Secured	Unsecured	Secured	Unsecured
295,899	116,568,923	524,930	99,037,120

#### Amount repayable after one year

As at 30.09.2014		As at 31.03.2014	
Secured	Unsecured	Secured	Unsecured
662,428	7,500,000	718,922	10,000,000

#### Details of any collateral

The finance lease liabilities are secured as the rights to the property, plant and equipment of the Group revert to the lessor in the event of default by the Group. Bank loans of S\$NIL (31 March 2014 : S\$280,000) are secured by mortgage over the Group's freehold properties.

# CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2014

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

	Group			
	3 months ended		6 months ended	
	30.09.2014 S\$'000	30.9.2013 S\$'000	30.09.2014 S\$'000	30.9.2013 S\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	2,549	4,633	7,444	10,060
Adjustments for :				
Depreciation expenses	911	1,100	1,804	2,130
Plant and equipment written off	-	6	-	194
Interest income	(2)	(1)	(10)	(5)
Interest expense	727	743	1,416	1,455
Gains on disposal of plant and equipment	(7)	(76)	(87)	(76)
Gains on disposal of assets held for sale under FRS105	-	(1,035)	(1,096)	(2,156)
Share of losses from equity-accounted associates	43	42	61	20
Provisions, non-current	-	(73)	-	(73)
Net effect of exchange rate changes in consolidating foreign operations	546	(635)	383	(534)
Operating cash flows before changes in working capital	4,767	4,704	9,915	11,015
Trade and other receivables	(1,151)	(2,056)	(6,385)	(6,666)
Inventories	(3,839)	3,159	(12,902)	(2,936)
Other assets	(2,159)	670	(3,039)	(278)
Trade and other payables	(1,340)	(10,200)	(857)	(1,135)
Other liabilities	(970)	(382)	(931)	130
Net cash flows (used in)/from operations	(4,692)	(4,105)	(14,199)	130
Income tax paid	(1,667)	(1,395)	(2,433)	(2,191)
<b>Net cash flows used in operating activities</b>	<b>(6,359)</b>	<b>(5,500)</b>	<b>(16,632)</b>	<b>(2,061)</b>
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment	(356)	(1,345)	(1,052)	(2,997)
Interest received	2	1	10	5
Proceeds from disposal of assets held for sale under FRS 105	-	1,480	6,528	3,480
Proceeds from disposal of plant and equipment	31	93	223	93
<b>Net cash flows (used in)/from investing activities</b>	<b>(323)</b>	<b>229</b>	<b>5,709</b>	<b>581</b>
<b>Cash flows from financing activities</b>				
Acquisition of Non-Controlling Interests without Change in Control	-	-	(575)	-
Additional investment in a subsidiary by a Non-Controlling Interest	575	-	575	-
Increase from new borrowings	584	-	584	-
Increase in other financial liabilities	7,768	11,005	14,252	13,039
Finance leases repayments	(74)	(421)	(245)	(495)
Interest paid	(727)	(743)	(1,416)	(1,455)
Dividends paid	(4,967)	(4,967)	(4,967)	(4,967)
<b>Net cash flows from financing activities</b>	<b>3,159</b>	<b>4,874</b>	<b>8,208</b>	<b>6,122</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,523)</b>	<b>(397)</b>	<b>(2,715)</b>	<b>4,642</b>
Cash and cash equivalents, Statement of cash flows, beginning balance	15,179	12,613	14,405	7,565
Effects of foreign exchange rate adjustment	(15)	(7)	(49)	2
<b>Cash and cash equivalents, statement of cash flows, ending balance (Note A)</b>	<b>11,641</b>	<b>12,209</b>	<b>11,641</b>	<b>12,209</b>

**Note A:**

Cash and bank balances	11,651	12,643
Bank overdrafts	(10)	(434)
Cash and cash equivalents for statement of cash flow purposes at end of the period	<u>11,641</u>	<u>12,209</u>

# CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

## UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2014

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 capitalising issues and distributions to shareholders, together with a comparative statement for the correspond period of the immediately preceding financial year

	Total equity					Non-controlling interests S\$'000
	S\$'000	Sub-total S\$'000	Share capital S\$'000	Translation reserve S\$'000	Retained earnings S\$'000	
<b>The Group</b>						
Balance at 1 April 2014	147,520	140,501	35,481	(5,718)	110,738	7,019
<u>Movements in equity:</u>						
Total comprehensive income for the period	6,604	6,064	-	358	5,706	540
Acquisition of Non-Controlling Interests without a Change in Control - Note (a)	(575)	(242)	-	-	(242)	(333)
Subscription of share capital in a subsidiary - Note (b)	575	-	-	-	-	575
Dividends paid	(4,967)	(4,967)	-	-	(4,967)	-
<b>Balance at 30 September 2014</b>	<b>149,157</b>	<b>141,356</b>	<b>35,481</b>	<b>(5,360)</b>	<b>111,235</b>	<b>7,801</b>
Balance at 1 April 2013	134,507	127,600	35,481	(5,218)	97,337	6,907
<u>Movements in equity:</u>						
Total comprehensive income for the period	7,753	8,130	-	(403)	8,533	(377)
Dividends paid	(4,967)	(4,967)	-	-	(4,967)	-
Balance at 30 September 2013	137,293	130,763	35,481	(5,621)	100,903	6,530

### The Company

Balance at 1 April 2014

#### Movements in equity:

Total comprehensive income for the period

Dividends paid

**Balance at 30 September 2014**

Balance at 1 April 2013

#### Movements in equity:

Total comprehensive income for the period

Dividends paid

Balance at 30 September 2013

	Total S\$'000	Share capital S\$'000	Retained earnings S\$'000
Balance at 1 April 2014	46,335	35,481	10,854
Total comprehensive income for the period	1,484	-	1,484
Dividends paid	(4,967)	-	(4,967)
<b>Balance at 30 September 2014</b>	<b>42,852</b>	<b>35,481</b>	<b>7,371</b>
Balance at 1 April 2013	36,324	35,481	843
Total comprehensive income for the period	14,551	-	14,551
Dividends paid	(4,967)	-	(4,967)
Balance at 30 September 2013	45,908	35,481	10,427

Note (a): On 16 June 2014, the Company acquired 15% of the paid-up and issued capital of a subsidiary in Taiwan, Cortina Watch Co., Ltd for a total consideration of \$575,000 from the Non-Controlling Interests. Following this acquisition, the Company now holds 75% equity interest in Cortina Watch Co., Ltd.

According to FRS27, an acquisition of further equity interests from Non-Controlling Interests without losing control, is accounted for as equity transaction. Therefore, any difference between the amount by which the non-controlling interests is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the owners of the parent. As a result, \$242,000 is debited to retained earnings at group level as at 30 June 2014.

Note (b): In July 2014, the Company subscribed to 75% of the new share capital of a subsidiary in Taiwan. The Non-Controlling interests subscribed to 25% of the new share capital issued amounting to S\$575,000.

# CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

## UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2014

**1(d)(ii) Details of any changes in the company's share capital arising from the right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash 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 has been no changes in the issued and paid up share capital of the Company since 31 March 2014.

The Company does not have outstanding convertibles or treasury shares as at 30 September 2014 and 30 September 2013.

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

	Number of Ordinary Shares	S\$
Balance as at 30 September 2014 and 31 March 2014 (excluding treasury shares)	165,578,415	35,481,180

The Company does not have treasury shares as at 30 September 2014 and 31 March 2014.

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

Not applicable.

**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 Company'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 Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period, which are consistent with those described in the Audited Financial Statements for the year ended 31 March 2014, except for the adoption of the new and revised Financial Reporting Standards, including its consequential amendment and interpretations ("FRS") which became effective for financial years beginning on or after 1 April 2014.

The adoption of the new and revised FRS does not have any material impact to the financial statements for the Group and Company for the six months period ended 30 September 2014.

**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 period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group		Group	
	3 months ended	6 months ended	3 months ended	6 months ended
Earning per ordinary share (cents)	30.09.2014	30.09.2013	30.09.2014	30.09.2013
- Based on weighted average number of ordinary shares in issue	1.2	2.4	3.4	5.2
- On fully diluted basis (detailing and adjustments made to the earnings)	1.2	2.4	3.4	5.2
Weighted average number of ordinary shares in issue	165,578,415	165,578,415	165,578,415	165,578,415

Diluted earnings per share is the same as basic earnings per share as the Company has not issued any options and / or warrants

# CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

## UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2014

### 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

Net asset value per ordinary share based on the total number of issued shares - group (cents)  
Net asset value per ordinary share based on the total number of issued shares - company (cents)

30.09.2014	31.03.2014
85.4	84.9
25.9	28.0

### 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

The Group reported a profit net of tax of S\$2.1 million in the current quarter, as compared with S\$3.9 million for the corresponding quarter. For the 6 months, the Group's profit net of tax was S\$6.2 million, compared to the S\$8.4 million in the last year period. The lower profit net of tax for the 6 months was mainly due to decrease in revenue and lower gains from the disposal of investment properties. Excluding the gains on disposal of investment properties, the Group made a profit net of tax of S\$5.1 million compared with S\$6.2 million for the last year period, a reduction of 17.7%.

The Group recorded a revenue of S\$92.1 million for the 3 months ended 30 September 2014, a decrease of 5.0% compared to the corresponding period last year. This resulted mainly from lower tourists arrival from China, sharp decrease of tourists spending and rising political tension in Hong Kong. The Group's revenue for the 6 months ended 30 September reduced by 4.9% to S\$184.3 million, compared with S\$193.7 million in the last year period. Gross profit margin for the current quarter was 21.3% (corresponding period was at 21.7%).

Other credits for the quarter comprised mainly exchange gain of S\$0.2 million. The last year quarter included a gain on disposal of investment property of S\$1.0 million.

Operating expenses, comprising staff costs, rental expenses, depreciation and other expenses increased by 5.5% or S\$0.7 million to S\$16.6 million in 2QFY2015. The decrease in rental expenses was in line with the closure of non-performing outlets. Other expenses increased by S\$0.8 million was due to marketing expenses incurred for the Jewellery Time held from 26 September to 5 October 2014 at the Paragon Shopping Mall, Singapore. Total other expense for the 6 months was S\$31.2 million compared to S\$31.1 million in the last year period, an increase of 0.5%.

Other charges of last corresponding quarter consisted mainly of exchange losses.

Finance costs were at similar levels for the current and last corresponding quarter, as well as for the current and last corresponding 6 months.

The Group's equity of S\$149.2 million was higher than last year end's S\$147.5 million. Cash and cash equivalents were at S\$11.7 million, represented mainly by short term cash balances. Inventory was S\$12.9 million higher than previous financial year due to the expansion of an AP boutique in Central Embassy, Bangkok, a Longines boutique in KLCC, Kuala Lumpur and a Gucci kiosk in Pavilion, Kuala Lumpur and replenishing of stock for major event for Jewellery Time. Trade and other receivables increased by S\$6.4 million, largely due to further accrual of trade rebates receivable. Short term financial liabilities increased by S\$17.3 million mainly to finance increased inventory and other working capital due to expansion.

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

Not applicable.

### 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

The global economy remains uncertain. The Group will continue to evaluate business opportunities for expansion and for improvement of profitability.

The Group's Patek Philippe boutique at Taipei 101 has been relocated in November to a bigger (4,000 square feet) and higher foot traffic site on the same floor to attract the attention of customers and to provide them with greater choices for their spending.

Barring unforeseen circumstances, the Board of Directors expects the Group to remain profitable.



## **CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)**

**UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2014**

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### **11. Dividend**

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

Any dividend recommended for the current financial period reported on.

No dividend has been declared or recommended.

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

Any dividend declared for the corresponding period of the immediately preceding financial year.

No dividend was declared or recommended.

#### **(c) Date payable**

Not applicable.

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

Not applicable.

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

No interim dividend has been declared or recommended for period ended 30 September 2014.

### **13. If the Company has obtained a general mandate from shareholders for interested party transactions ("IPT mandate"),**

The Company does not have an IPT mandate.

### **14. Negative Assurance Confirmation on interim financial results pursuant to Rule 705 (5) of the Listing manual**

We, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for the six months ended 30 September 2014 to be false or misleading in any material respect.

On behalf of the Board of Directors

**Lim Keen Ban**

Chairman & CEO

**Yu Chuen Tek**

Senior Executive Director

### **BY ORDER OF THE BOARD**

Lim Keen Ban  
Chairman & CEO  
11 November 2014