



CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 December 2017

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			GROUP		
	3 months ended 31 Dec		Increase/ (Decrease) %	9 months ended 31 Dec		Increase/ (Decrease) %
2017 S\$'000	2016 S\$'000	2017 S\$'000		2016 S\$'000		
Revenue	122,888	101,997	20	333,372	284,698	17
<u>Other items of income</u>						
Interest income	21	11	92	61	30	>100
Other gains	303	99	>100	568	508	12
<u>Other items of expenses</u>						
Changes in inventories of finished goods	7,332	1,030	>100	2,916	(642)	N.M
Purchase of goods and consumables	(102,154)	(80,491)	27	(259,266)	(218,598)	19
Employee benefit expense	(6,483)	(5,338)	21	(18,765)	(15,495)	21
Rental expense	(7,370)	(7,784)	(5)	(22,004)	(22,476)	(2)
Depreciation expense	(1,622)	(1,371)	18	(4,393)	(3,876)	13
Other expenses	(5,141)	(4,107)	25	(12,247)	(11,575)	6
Finance costs	(504)	(666)	(24)	(1,548)	(1,937)	(20)
Share of (loss)/profit from equity-accounted associates	(14)	1	N.M	(25)	5	N.M
Profit before tax from continuing activities	7,256	3,381	>100	18,669	10,642	75
Income tax expense	(1,329)	(627)	>100	(3,576)	(2,132)	68
Profit from continuing activities, net of tax	5,927	2,754	>100	15,093	8,510	77
Profit attributable to :						
Owners of the parent, net of tax	5,635	2,539	>100	14,516	7,973	82
Non-controlling interests, net of tax	292	215	36	577	537	7
Profit net of tax	5,927	2,754	>100	15,093	8,510	77
<u>Statement of Comprehensive Income</u>						
Profit from continuing activities	5,927	2,754	>100	15,093	8,510	77
Other Comprehensive Income:						
Exchange difference on translating foreign operations, net of tax	900	810	11	737	(311)	N.M
Total comprehensive income for the period	6,827	3,564	92	15,830	8,199	93
Total comprehensive income attributable to :						
Owners of the parent	6,403	3,320	93	15,040	7,694	95
Non-controlling interests	424	244	74	790	505	56
	6,827	3,564	92	15,830	8,199	93

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

	3 months ended 31 Dec			9 months ended 31 Dec		
	2017 <u>S\$'000</u>	2016 <u>S\$'000</u>	Increase/ (Decrease) %	2017 <u>S\$'000</u>	2016 <u>S\$'000</u>	Increase/ (Decrease) %
Interest expense	(504)	(666)	(24)	(1,548)	(1,937)	(20)
Depreciation of property, plant and equipment	(1,622)	(1,371)	18	(4,393)	(3,876)	13
Net foreign exchange adjustment gain	302	87	>100	536	473	13
Gain on disposal of plant and equipment	1	12	(92)	32	35	(9)
Plant and equipment written off	-	(206)	(100)	(80)	(215)	(63)
Inventories written off	(98)	9	N.M.	(356)	(9)	>100
Allowance for inventories	(218)	(295)	(26)	(1,249)	(545)	>100

Note : N.M - not meaningful

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 31.12.2017 S\$'000	As At 31.03.2017 S\$'000	As At 31.12.2017 S\$'000	As At 31.03.2017 S\$'000
ASSETS				
Current Assets				
Cash and bank balances	31,335	21,775	505	375
Trade and other receivables	23,199	9,031	2,448	2,844
Inventories	206,805	203,889	-	-
Other assets, current	2,831	2,449	6	13
Total current assets	264,170	237,144	2,959	3,232
Non-Current Assets				
Investments in associates	2,519	2,544	1,000	1,000
Investments in subsidiaries	-	-	54,554	54,554
Property, plant and equipment	17,873	17,080	200	205
Deferred tax assets	794	773	-	-
Other assets, non-current	5,006	5,018	-	-
Trade and other receivables, non-current	-	-	4,047	3,469
Total non-current assets	26,192	25,415	59,801	59,228
Total Assets	290,362	262,559	62,760	62,460
LIABILITIES				
Current Liabilities				
Trade and other payables	31,614	17,103	26,810	22,714
Income tax payables	3,133	2,709	140	197
Other liabilities, current	6,002	3,074	-	-
Other financial liabilities, current	65,727	63,123	-	-
Total current liabilities	106,476	86,009	26,950	22,911
Non-Current Liabilities				
Other financial liabilities, non-current	5,244	9,087	-	-
Provisions, non-current	1,726	1,408	-	-
Deferred tax liabilities	49	51	-	-
Total non-current liabilities	7,019	10,546	-	-
Total Liabilities	113,495	96,555	26,950	22,911
Net Assets	176,867	166,004	35,810	39,549
EQUITY				
Equity attributable to owners of parent				
Share capital	35,481	35,481	35,481	35,481
Other reserves	(8,308)	(8,832)	-	-
Retained earnings	142,403	132,854	329	4,068
Total equity, attributable to owners of the parent	169,576	159,503	35,810	39,549
Non-controlling interests	7,291	6,501	-	-
Total Equity	176,867	166,004	35,810	39,549

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

Amount repayable in one year or less, or on demand

As at 31.12.2017		As at 31.03.2017	
Secured	Unsecured	Secured	Unsecured
194,770	65,532,616	215,429	62,907,084

Amount repayable after one year

As at 31.12.2017		As at 31.03.2017	
Secured	Unsecured	Secured	Unsecured
243,615	5,000,000	337,344	8,750,000

The finance lease liabilities are secured as the rights to the plant and equipment of the Group revert to the lessor in the event of default by the Group.

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		9 months ended	
	31.12.2017 S\$'000	31.12.2016 S\$'000	31.12.2017 S\$'000	31.12.2016 S\$'000
Cash flows from operating activities				
Profit before tax	7,256	3,381	18,669	10,642
Adjustments for :				
Depreciation expense	1,622	1,371	4,393	3,876
Plant and equipment written off	1	206	80	215
Interest income	(22)	(11)	(62)	(30)
Interest expense	504	666	1,548	1,937
Loss on disposal of plant and equipment	(1)	(13)	(32)	(35)
Share of loss/(gain) from equity-accounted associates	14	(1)	25	(5)
Net effect of exchange rate changes in consolidating foreign operations	372	633	602	(477)
Operating cash flows before changes in working capital	9,746	6,232	25,223	16,123
Trade and other receivables	(3,955)	(5,574)	(14,168)	(13,453)
Inventories	(7,333)	(1,030)	(2,916)	642
Other assets	(108)	97	(370)	(416)
Trade and other payables	12,246	1,309	14,511	7,397
Other liabilities	(932)	234	2,928	(264)
Net cash flows from operations	9,664	1,268	25,208	10,029
Income tax paid	(1,431)	(900)	(3,151)	(2,006)
Net cash flows (used in)/from operating activities	8,233	368	22,057	8,023
Cash flows from investing activities				
Purchase of plant and equipment	(2,069)	(893)	(4,796)	(4,570)
Acquisition of Non-Controlling Interests without Change in Control	-	(2,853)	-	(2,853)
Interest received	22	11	62	30
Proceeds from sale of plant and equipment	-	17	52	39
Net cash flows (used in)/from investing activities	(2,047)	(3,718)	(4,682)	(7,354)
Cash flows from financing activities				
Increase from new borrowings	-	15,000	-	15,000
Decrease in other financial liabilities	(1,370)	(10,755)	(1,110)	(7,128)
Decrease in finance leases	(49)	(76)	(182)	(173)
Interest paid	(504)	(666)	(1,548)	(1,937)
Dividends paid	-	-	(4,967)	(3,312)
Net cash flows from financing activities	(1,923)	3,503	(7,807)	2,450
Net increase in cash and cash equivalents	4,263	153	9,568	3,119
Cash and cash equivalents, beginning balance	26,940	20,198	21,761	17,236
Effects of foreign exchange rate adjustment	132	224	6	220
Cash and cash equivalents, ending balance (Note A)	31,335	20,575	31,335	20,575

Note A:

Cash and bank balances	31,335	20,616
Bank overdrafts	-	(41)
Cash and cash equivalents at end of the period	<u>31,335</u>	<u>20,575</u>

Certain assets under property, plant and equipment with a total cost of S\$67,000 (2016: S\$NIL) were acquired by means of finance lease.

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	Attributable to Parent			Non-controlling interests	
	S\$'000	Sub-total S\$'000	Share capital S\$'000	Translation reserve S\$'000	Retained earnings S\$'000	S\$'000
<u>The Group</u>						
Balance at 1 April 2017	166,004	159,503	35,481	(8,832)	132,854	6,501
<u>Movements in equity:</u>						
Total comprehensive income for the period	15,830	15,040	-	524	14,516	790
Dividends paid	(4,967)	(4,967)	-	-	(4,967)	-
Balance at 31 December 2017	176,867	169,576	35,481	(8,308)	142,403	7,291
Balance at 1 April 2016	161,473	153,677	35,481	(5,969)	124,165	7,796
<u>Movements in equity:</u>						
Total comprehensive income for the period	8,199	7,694	-	(279)	7,973	505
Acquisition of Non-controlling Interests without a change in control - Note (a)	(2,853)	(999)	-	(1,203)	204	(1,854)
Dividends paid	(3,312)	(3,312)	-	-	(3,312)	-
Balance at 31 December 2016	163,507	157,060	35,481	(7,451)	129,030	6,447

The Company

Balance at 1 April 2017
Movements in equity:
 Total comprehensive income for the period
 Dividends paid
 Balance at 31 December 2017

	Total S\$'000	Share capital S\$'000	Retained earnings S\$'000
	39,549	35,481	4,068
	1,228	-	1,228
	(4,967)	-	(4,967)
	35,810	35,481	329
Balance at 1 April 2016	41,664	35,481	6,183
<u>Movements in equity:</u>			
Total comprehensive income for the period	894	-	894
Dividends paid	(3,312)	-	(3,312)
Balance at 31 December 2016	39,246	35,481	3,765

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

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 have been no changes in the issued and paid up share capital of the Company since 31 March 2017.

The Company does not have outstanding convertibles or treasury shares as at 31 December 2017 and 31 December 2016.

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 31 December 2017 and 31 March 2017 (excluding treasury shares)	<u>165,578,415</u>	<u>35,481,180</u>

The Company does not have treasury shares as at 31 December 2017 and 31 March 2017.

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 2017, except for the adoption of the new and revised Financial Reporting Standards, including its consequential amendments and interpretations ("FRS") which became effective for financial years beginning on or after 1 April 2017.

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 nine months period ended 31 December 2017.

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		9 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Earnings per ordinary share (cents)				
- Based on weighted average number of ordinary shares in issue	3.4	1.5	8.8	4.8
- On fully diluted basis (detailing any adjustments made to the	3.4	1.5	8.8	4.8
Weighted average number of ordinary shares in issue	<u>165,578,415</u>	<u>165,578,415</u>	<u>165,578,415</u>	<u>165,578,415</u>

Diluted earnings per share is the same as basic earnings per share as the Company has not issued any options and / or warrants which would have a dilutive effect on earnings per share when exercised.

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)

31.12.2017	31.03.2017
102.4	96.3
21.6	23.9

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 recorded a profit net of tax of S\$5.9 million in the third quarter of FY2018, an increase of \$3.1 million or 115.2% as compared to last corresponding quarter. For the nine months, the Group achieved \$15.1 million as compared with S\$8.5 million in last corresponding period.

For the current quarter, revenue increased by 20% to S\$122.9 million, compared to the prior year quarter. The revenue for the current nine months was at S\$333.4 million, or 17% higher than last year corresponding period.

Sales margin was 22.8% for the current quarter, as compared to 22.1% in the last corresponding quarter. On the nine month basis, the sales margin remained relatively consistent with the previous corresponding period at 23.1%.

Operating expenses, comprising staff cost, rental expense, depreciation and other expenses, increased marginally by S\$2.0 million or 10.8% over last corresponding quarter. For the nine months, the operating expense increased marginally by 7.5% to S\$57.4 million.

Finance cost of S\$504,000 for the current quarter was 24.3% lower than the last corresponding quarter. For the nine months, total finance cost was at S\$1.5 million, 20.1% lower than the last corresponding period.

The Group's equity attributable to owners of the parent company was S\$169.6 million, an increase of S\$10.1 million from the last year end. Cash and cash equivalents were at S\$31.3 million, represented mainly by short term cash balances. Inventories were S\$2.9 million higher than last year end, resulting from expansion in the region. Trade and other receivables increased by S\$14.2 million and short term financial liabilities increased by S\$2.6 million.

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

Market conditions will remain competitive in all the markets that the Group operates in. The state of the global and the regional economy will continue to have a bearing on the Group's performance. The Group will continue to adapt cost saving measures and aim at even better performance.

Barring unforeseen circumstances, the Group expects to remain profitable.

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 the nine months period ended 31 December 2017.

13. If the Company has obtained a general mandate from shareholders for interested party transactions ("IPT mandate"), the aggregate value of such transactions as required under rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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 nine months ended 31 December 2017 to be false or misleading in any material respect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company has procured the undertakings from all its directors and executive officers under Rule 720(1).

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
9 February 2018