

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.

	Q1 FY14/15 S\$'000	Group Q1 FY13/14 S\$'000	% Change
Sales	194,104	197,127	(1.5)
Cost of sales	(130,597)	(136,882)	4.6
Gross profit	63,507	60,245	5.4
Other income and other gains - net	1,181	1,022	15.6
Expenses			
- Distribution and marketing	(17,807)	(15,161)	(17.5)
- Administrative	(35,776)	(31,869)	(12.3)
- Finance	(5,317)	(5,187)	(2.5)
Profit before income tax	5,788	9,050	(36.0)
Income tax expense	(708)	(2,007)	64.7
Net profit	5,080	7,043	(27.9)

Statement of Comprehensive Income

	Q1 FY14/15 S\$'000	Group Q1 FY13/14 S\$'000	% Change
Net profit	5,080	7,043	(27.9)
Other comprehensive income:			
Currency translation differences	671	(898)	(174.7)
Total comprehensive income	5,751	6,145	(6.4)

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

	Group	
	Q1	Q1
	FY14/15	FY13/14
	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	3,488	2,960
Amortisation of deferred income	(896)	(1,239)
Impairment allowance on trade receivables	5,953	2,864
Other income and other gains - net		
- Interest income	(798)	(544)
- Loss on disposal of property, plant and equipment (net)	-	2
- Fair value change of derivative financial instruments	(15)	(12)
- Others	(368)	(468)
	(1,181)	(1,022)
Finance costs		
- Interest expense on borrowings	5,170	4,731
- Interest expense on finance lease liabilities	18	10
- Amortisation of borrowing cost	427	317
- Foreign exchange (gains)/ losses - net	(298)	129
	5,317	5,187
Total gross profit as a percentage of turnover	32.7%	30.6%
Net profit as a percentage of turnover	2.6%	3.6%
Net profit as a percentage of total equity at the end of financial period	1.7%	2.4%

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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	
	30 Jun 2014	31 Mar 2014	30 Jun 2014	31 Mar 2014
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and bank balances	101,233	114,951	53,566	47,894
Trade and other receivables	234,805	227,983	34,600	38,543
Inventories	95,177	89,784	-	-
Current income tax recoverable	1,632	1,106	-	-
	432,847	433,824	88,166	86,437
Non-current assets				
Trade and other receivables	269,125	260,181	70,000	70,000
Investments in subsidiaries	-	-	213,205	213,205
Property, plant and equipment	27,492	28,846	-	-
Intangible assets	24,463	23,856	20,065	20,065
	321,080	312,883	303,270	303,270
Total assets	753,927	746,707	391,436	389,707
LIABILITIES				
Current liabilities				
Trade and other payables	119,973	127,433	1,294	3,155
Current income tax liabilities	3,818	4,105	2,217	2,174
Borrowings	1,294	1,200	-	-
Deferred income	3,489	3,664	-	-
	128,574	136,402	3,511	5,329
Non-current liabilities				
Derivative financial instruments	41	55	-	-
Trade and other payables	163	163	-	-
Borrowings	316,227	306,831	124,207	124,098
Deferred income	3,141	3,290	-	-
Deferred income tax liabilities	1,113	1,178	2,672	2,507
	320,685	311,517	126,879	126,605
Total liabilities	449,259	447,919	130,390	131,934
NET ASSETS	304,668	298,788	261,046	257,773
EQUITY				
Share capital	265,332	265,332	265,332	265,332
Treasury shares	(2,544)	(2,544)	(2,544)	(2,544)
Other reserves	(16,231)	(17,031)	(23,468)	(23,597)
Retained profit	58,111	53,031	21,726	18,582
Total equity	304,668	298,788	261,046	257,773

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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 30.06.14 S\$'000		As at 31.03.14 S\$'000	
Secured	Unsecured	Secured	Unsecured
1,294	-	1,200	-

Amount repayable after one year

As at 30.06.14 S\$'000		As at 31.03.14 S\$'000	
Secured	Unsecured	Secured	Unsecured
192,020	124,207	182,733	124,098

Details of any collateral

The Group's borrowings of \$317.5 million (31 March 2014 \$308.0 million) consist mainly 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 2 May 2013 comprise \$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	
	Q1 FY14/15 S\$'000	Q1 FY13/14 S\$'000
Cash flows from operating activities:		
Net profit	5,080	7,043
Adjustments for:		
Income tax expense	708	2,007
Depreciation and amortisation	3,488	2,960
Amortisation of deferred income	(896)	(1,239)
Interest expense	5,188	4,741
Interest income	(798)	(544)
Amortisation of borrowing costs	427	317
Loss on disposal of property, plant and equipment (net)	-	2
Share-based compensation	129	72
Placement and listing expense	-	-
Changes in fair value of derivative financial instruments	(15)	(12)
Operating cash flow before working capital changes	13,311	15,347
Changes in working capital		
Inventories	(5,393)	(13,872)
Trade and other receivables	(15,766)	(699)
Trade and other payables	(7,893)	95
Cash generated from operations	(15,741)	871
Income tax paid (net)	(1,581)	(1,706)
Foreign currency translation differences	795	(764)
Net cash used in operating activities	(16,527)	(1,599)
Cash flows from investing activities		
Additions to property, plant and equipment	(2,260)	(4,314)
Acquisition of intangible assets	(424)	(282)
Proceeds from sale of property, plant and equipment	26	2
Interest received	798	564
Net cash used in investing activities	(1,860)	(4,030)
Cash flows from financing activities		
Proceeds from bond issue	-	125,000
Proceeds from/(repayment of) syndicated senior loan - net	12,244	(3,501)
Additions to finance lease liabilities - net	12	472
Repayment of term loan	-	(13,750)
Repayment of loan received on asset securitisation	(3,194)	(3,525)
Decrease in fixed deposits pledged as securities for banking facilities	230	1,534
Interest paid	(4,212)	(3,781)
Net cash provided by financing activities	5,080	102,449
Net (decrease)/ increase in cash and cash equivalents	(13,307)	96,820
Cash and cash equivalents as at beginning of financial period	109,234	81,898
Effects of currency translations on cash and bank balances	(181)	(51)
Cash and cash equivalents as at end of financial period	95,746	178,667

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

	30 Jun 2014 S\$'000	30 Jun 2013 S\$'000
Cash and bank balances	62,180	114,140
Fixed deposits	39,053	70,080
	101,233	184,220
Less: Fixed deposits pledged as securities for banking facilities	(5,487)	(5,553)
Cash and cash equivalents per consolidated statement of cash flows	95,746	178,667

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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						
	<u>Attributable to equity holders of the Group</u>						
	Share capital \$'000	Treasury Shares \$'000	Share option reserve \$'000	Currency translation reserve \$'000	Capital reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 April 2014	265,332	(2,544)	855	(23,902)	6,016	53,031	298,788
Share-based compensation	-	-	129	-	-	-	129
Total comprehensive income for the period	-	-	-	671	-	5,080	5,751
Balance at 30 June 2014	265,332	(2,544)	984	(23,231)	6,016	58,111	304,668

Balance at 1 April 2013	265,332	-	401	(17,038)	6,148	34,632	289,475
Share-based compensation	-	-	72	-	-	-	72
Total comprehensive income for the period	-	-	-	(898)	-	7,043	6,145
Balance at 30 June 2013	265,332	-	473	(17,936)	6,148	41,675	295,692

	Company					
	<u>Attributable to equity holders of the Company</u>					
	Share capital	Treasury Shares	Share option reserve	Capital reserve	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2014	265,332	(2,544)	855	(24,452)	18,582	257,773
Share-based compensation	-	-	129	-	-	129
Total comprehensive income for the period	-	-	-	-	3,144	3,144
Balance at 30 June 2014	265,332	(2,544)	984	(24,452)	21,726	261,046

Balance at 1 April 2013	265,332	-	401	(24,320)	17,090	258,503
Share-based compensation	-	-	72	-	-	72
Total comprehensive income for the period	-	-	-	-	2,389	2,389
Balance at 30 June 2013	265,332	-	473	(24,320)	19,479	260,964

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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 are no changes in the Company's share capital since 31 March 2014.

As at 30 June 2014, there are 4,283,076 shares held as treasury shares. The total number of issued shares excluding treasury shares is 555,716,924 (31 March 2014: 555,716,924)

- 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.**

	30 Jun 2014	31 Mar 2014
Total number of issued shares excluding treasury shares	555,716,924	555,716,924

- 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.**

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 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 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.

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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	
	Q1	Q1
	FY14/15	FY13/14
(a) Basic earnings per share (cents)	0.91	1.26
(b) Fully diluted earnings per share (cents)	0.91	1.26

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 30 June 2014 and the same period last year of 555,716,924 and 560,000,000 respectively.

In 2013, the Company granted certain key management personnel 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 30 June 2014 is zero.

In November 2013, Courts Asia FY13/14 Strategic Deferred Share Award ("DSA") under Courts Asia Performance Share Plan has been granted to selected top management. An initial award of 2,265,000 fully paid shares was made. Out of the total initial award, 1,259,900 shares were vested through reissuance of Treasury Shares during FY13/14. Total outstanding shares under DSA plan as at 30 June 2014 is 800,300 (31 March 2014: 1,005,100).

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 30 June 2014 and the same period last year of 556,517,000 and 561,040,000 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		Company	
	30 Jun 2014	31 Mar 2014	30 Jun 2014	31 Mar 2014
Net asset value per ordinary share (cents)	54.8	53.8	47.0	53.8

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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 30 June 2014

Sales

The Group's sales of \$194.1 million for Q1 FY14/15 was 1.5% or \$3.0 million lower than Q1 FY13/14.

Sales in Singapore, which contributed to 66.3% of the Group's sales, registered a 5.9% decrease in Q1 FY14/15 compared to Q1 FY13/14. The fall in sales was mainly due to reduced participation in tradeshow days to focus on margin improvement and lower bulk sales from digital product.

Sales in Malaysia, which contributed to 33.7% of the Group's sales, registered an 8.2% (12.7% in RM term) increase as compared to Q1 FY13/14 mainly due to sales contribution from new stores opened in the second half of last FY13/14.

Gross profit

Gross profit increased by 5.4% or \$3.3 million and gross profit margin increased from 30.6% in Q1 FY13/14 to 32.7% in Q1 FY14/15. This was mainly due to a higher service income in Malaysia and a shift in Singapore's sales mix towards electrical and furniture categories which carry a higher gross profit margin.

Other income and other gains - (net)

Other income and other gains (net) increased by \$0.2 million or 15.6% mainly due to higher bank interest received.

Distribution and marketing expenses

Distribution and marketing expenses for the quarter was \$17.8 million, an increase of \$2.6 million from Q1 FY13/14 of \$15.2 million. As a percentage of sales, it increased from 7.7% in Q1 FY13/14 to 9.2% in Q1 FY14/15. The increase is primarily attributable to an increase in advertising expenditure as a result of more aggressive marketing campaign.

Administrative expenses

Administrative expenses for the quarter were \$35.8 million, an increase of \$3.9 million from Q1 FY13/14 of \$31.9 million. The increase was a result of a combination of higher occupancy costs due to higher stores' rental costs and depreciation charge of \$1.8 million arising from the opening of new stores in Singapore and Malaysia and higher impairment allowance on trade receivables of \$3.1 million arising from higher credit portfolio. The increase was partially offset by lower bonus provision for Q1 FY14/15.

Finance expenses

Finance expenses remained constant at \$5.3 million. Interest on borrowings increased from \$4.7 million Q1 FY13/14 to \$5.2 million in Q1 FY14/15 mainly due to accrued interest payable on the \$125 million fixed rate notes, partially offset by an unrealised exchange gain captured in Malaysia's books arising from a Singapore dollar denominated inter-company loan.

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Income tax expense

The tax expense of \$0.7 million for Q1 FY14/15 was based on taxable profit from the Singapore and Malaysia operations. The effective tax rate for Q1 FY14/15 was lower than the Singapore statutory tax rate mainly due to recognition of deferred tax assets on Indonesia's pre-operating losses during the period.

Group Balance Sheet – As at 30 June 2014

Trade and other receivables

The Group's trade and other receivables (current and non-current) increased by 3.2% from \$488.2 million as at 31 March 2014 to \$503.9 million as at 30 June 2014 due to higher credit sales.

Allowance for impairment of trade receivables as at 30 June 2014 was \$22.4 million, representing 4.0% of trade receivables, as compared to \$23.5 million as at 31 March 2014, representing 4.3% of trade receivables.

Inventories

The Group's inventories increased from \$89.8 million to \$95.2 million due to the stocking up of new stores in Singapore and Malaysia and for the Hari Raya festive season.

Property, plant and equipment

Property, plant and equipment decreased from \$28.8 million to \$27.5 million mainly due to depreciation charge.

Intangible assets

Intangible assets increased from \$23.9 million as at 31 March 2014 to \$24.5 million as at 30 June 2014. It comprises trademark and computer software costs and licences.

Trade and other payables

The Group's trade and other payables (current and non-current) decreased by 5.9% from \$127.6 million as at 31 March 2014 to \$120.1 million as at 30 June 2014 due to reduction in bonus provision and payment of bonus and incentive for FY13/14 during the period.

Borrowings

The total borrowings of \$317.5 million (31 March 2014: 308.0 million) represent the proceeds from the issue of fixed rate notes, the Asset Securitisation Programme 2012 in Singapore and Syndicated Senior Loan in Malaysia. The increase was mainly due to additional Syndicated Senior Loan of \$12.2 million in Malaysia partially offset by repayment of the Asset Securitisation programme of \$3.2 million in Singapore.

Cash and bank balances

Cash and bank balances were at \$101.2 million as at 30 June 2014 (31 March 2014: \$115.0 million). The decrease was mainly due to capital expenditure incurred for new stores and refurbishment of existing stores totaling \$2.7 million and cashflow used in operating activities during the period ended 30 June 2014, partially offset by net proceeds from borrowings.

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- 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 Q4 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.**

Although our Singapore operations are expected to experience a lacklustre retail environment amid softer consumer sentiment, the long-term fundamentals remain robust as we continue to drive productivity gains while keeping costs prudently under control. We have also embarked on margin enhancing initiatives to raise the average credit spend per customer. To meet the evolving demand of shoppers, we are making good progress in transforming ourselves into a full-fledged omni-channel retailer to complement our physical store experience.

The macro environment in Malaysia has been subdued, with the central bank raising the key interest rates for the first time in three years to 3.25%, up 0.25%, on signs of inflation rising faster than expected and the concerns over high public debt levels¹. This has dampened the general consumer sentiment in Malaysia. Our Sri Damansara and Subang Jaya Megastores in Malaysia, which were opened in FY13/14, will contribute to full year sales in FY 14/15.

In Indonesia, our largest Megastore to date is set to open in Bekasi shortly in September 2014, while our second Megastore in Serpong and a smaller format store are slated to be launched by calendar year 2015.

We are carefully assessing feasible opportunities in the region and aim to engage in collaborations to broaden our income streams.

- 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.

¹ Malaysia raises interest rates as inflation causes concern – Financial Times, July 10, 2014

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13. Interested Person Transactions

There was no interested person transaction during the period ended 30 June 2014.

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

There was no capital injection to its subsidiary, PT Courts Retail Indonesia (PTCRI) during Q1 of FY14/15. A total of \$14.1 million has been invested from the date of incorporation of PTCRI up to 30 June 2014. The balance of the proceeds has been placed in short term deposits with banks and will be used for expansion into the Indonesia market.

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 30 June 2014 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

Kee Kim Eng
Chief Financial Officer

13 August 2014