



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

### UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2015

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 30 Sep		Increase/ (Decrease) %	6 months ended 30 Sep		Increase/ (Decrease) %
2015 <u>S\$'000</u>	2014 <u>S\$'000</u>	2015 <u>S\$'000</u>		2014 <u>S\$'000</u>		
<b>Revenue</b>	<b>93,161</b>	92,146	1.10	<b>176,023</b>	184,264	(4.47)
<u>Other items of income</u>						
Interest income	7	2	N.M	15	10	50.00
Other gains	-	6	N.M	748	1,079	(30.70)
<u>Other items of expenses</u>						
Changes in inventories of finished goods	(842)	3,839	N.M	11,199	12,902	(13.20)
Purchase of goods and consumables	(70,421)	(76,347)	(7.76)	(147,037)	(158,641)	(7.31)
Employee benefit expense	(5,286)	(5,259)	0.51	(10,228)	(10,252)	(0.23)
Rental expense	(6,752)	(5,767)	17.08	(13,062)	(11,235)	16.26
Depreciation expense	(1,252)	(911)	37.43	(2,425)	(1,804)	34.42
Other expenses	(4,156)	(4,390)	(5.33)	(8,773)	(7,402)	18.52
Finance costs	(711)	(727)	(2.20)	(1,378)	(1,416)	(2.68)
Share of profit/(loss) from equity-accounted associates	4	(43)	N.M	7	(61)	N.M
<b>Profit before tax from continuing activities</b>	<b>3,752</b>	2,549	47.20	<b>5,089</b>	7,444	(31.64)
Income tax expense	(614)	(421)	45.85	(983)	(1,249)	(21.30)
<b>Profit from continuing activities, net of tax</b>	<b>3,138</b>	2,128	47.47	<b>4,106</b>	6,195	(33.72)
Profit attributable to :						
Owners of the parent, net of tax	2,811	1,932	45.50	4,228	5,706	(25.91)
Non-controlling interests, net of tax	327	196	66.84	(122)	489	N.M.
<b>Profit net of tax</b>	<b>3,138</b>	2,128	47.47	<b>4,106</b>	6,195	(33.72)
<u>Statement of Comprehensive Income</u>						
Profit from continuing activities	3,138	2,128	47.47	4,106	6,195	(33.72)
<b>Other Comprehensive Income:</b>						
Exchange difference on translating foreign operations, net of tax	(2,425)	482	N.M	(4,123)	409	N.M
Total comprehensive income for the period	713	2,610	(72.69)	(17)	6,604	N.M
<b>Total comprehensive income attributable to :</b>						
Owners of the parent	1,196	2,387	(49.90)	1,219	6,064	(79.90)
Non-controlling interests	(483)	223	N.M	(1,236)	540	N.M
	713	2,610	(72.69)	(17)	6,604	N.M

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

	3 months ended 30 Sep			6 months ended 30 Sep		
	2015 S\$'000	2014 S\$'000	Increase/ (Decrease) %	2015 S\$'000	2014 S\$'000	Increase/ (Decrease) %
Interest expense	(711)	(727)	(2.20)	(1,378)	(1,416)	(2.69)
Depreciation of property, plant and equipment and investment properties	(1,252)	(911)	37.44	(2,425)	(1,804)	34.43
Net foreign exchange gains/(losses)	(271)	222	N.M.	(1,322)	445	N.M.
Gains/(losses) on disposal of plant and equipmen	-	7	N.M.	(8)	87	N.M.
Plant and equipment written off	(146)	-	N.M.	(197)	-	N.M.
Inventories loss	(6)	(4)	50.00	(8)	(3)	N.M.
Allowance for inventories	(567)	(557)	1.80	(1,542)	(925)	66.71
Gains on disposal of investment properties	-	-	-	748	992	(24.60)

Note : N.M - not meaningful

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

## UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2015

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 30.09.2015 S\$'000	As At 31.03.2015 S\$'000	As At 30.09.2015 S\$'000	As At 31.03.2015 S\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and bank balances	17,874	27,336	878	1,121
Trade and other receivables	18,006	11,755	5,528	16,774
Inventories	226,549	215,350	-	-
Other assets, current	3,408	2,969	18	13
Assets held for sale under FRS105	-	4,603	-	4,603
<b>Total current assets</b>	<b>265,837</b>	<b>262,013</b>	<b>6,424</b>	<b>22,511</b>
<b>Non-Current Assets</b>				
Investments in associates	2,535	2,527	1,000	1,000
Investments in subsidiaries	-	-	51,701	24,928
Property, plant and equipment	15,214	15,413	214	216
Deferred tax assets	929	1,006	-	-
Other assets, non-current	4,712	4,495	-	-
Trade and other receivables, non-current	-	-	6,354	10,593
<b>Total non-current assets</b>	<b>23,390</b>	<b>23,441</b>	<b>59,269</b>	<b>36,737</b>
<b>Total Assets</b>	<b>289,227</b>	<b>285,454</b>	<b>65,693</b>	<b>59,248</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	23,817	19,990	16,802	4,036
Income tax payables	1,420	2,227	150	240
Other liabilities, current	971	1,022	-	-
Other financial liabilities, current	99,208	89,607	5,000	5,000
<b>Total current liabilities</b>	<b>125,416</b>	<b>112,846</b>	<b>21,952</b>	<b>9,276</b>
<b>Non-Current Liabilities</b>				
Other financial liabilities, non-current	6,383	10,345	2,500	5,000
Provisions, non-current	1,103	954	-	-
Deferred tax liabilities	52	52	-	-
<b>Total non-current liabilities</b>	<b>7,538</b>	<b>11,351</b>	<b>2,500</b>	<b>5,000</b>
<b>Total Liabilities</b>	<b>132,954</b>	<b>124,197</b>	<b>24,452</b>	<b>14,276</b>
<b>Net Assets</b>	<b>156,273</b>	<b>161,257</b>	<b>41,241</b>	<b>44,972</b>
<b>EQUITY</b>				
<b>Equity attributable to owners of parent</b>				
Share capital	35,481	35,481	35,481	35,481
Other reserves	(6,671)	(3,662)	-	-
Retained earnings	120,005	120,744	5,760	9,491
<b>Total equity, attributable to owners of the parent</b>	<b>148,815</b>	<b>152,563</b>	<b>41,241</b>	<b>44,972</b>
Non-controlling interests	7,458	8,694	-	-
<b>Total Equity</b>	<b>156,273</b>	<b>161,257</b>	<b>41,241</b>	<b>44,972</b>

During the period, the Company increased its investment in a subsidiary amounting to S\$26.8 million. The controlling interest increased from 70% to 90% of total issued and paid up capital of the subsidiary.

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

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2015

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

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

As at 30.09.2015		As at 31.03.2015	
Secured	Unsecured	Secured	Unsecured
<b>277,303</b>	<b>98,931,197</b>	273,691	89,332,976

#### Amount repayable after one year

As at 30.09.2015		As at 31.03.2015	
Secured	Unsecured	Secured	Unsecured
<b>577,395</b>	<b>5,805,559</b>	661,874	9,683,223

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

## UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2015

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	
	30.09.2015 S\$'000	30.9.2014 S\$'000	30.09.2015 S\$'000	30.9.2014 S\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	3,752	2,549	5,089	7,444
Adjustments for :				
Depreciation expenses	1,252	911	2,425	1,804
Plant and equipment written off	146	-	197	-
Interest income	(7)	(2)	(15)	(10)
Interest expense	711	727	1,378	1,416
Loss on disposal of plant and equipment	-	(7)	8	(87)
Gains on disposal of assets held for sale under FRS105	-	-	(748)	(1,096)
Share of losses/(gain) from equity-accounted associates	(4)	43	(7)	61
Provisions, non-current	35	-	149	-
Net effect of exchange rate changes in consolidating foreign operations	(1,914)	546	(2,912)	383
Operating cash flows before changes in working capital	3,971	4,767	5,564	9,915
Trade and other receivables	(4,242)	(1,151)	(6,251)	(6,385)
Inventories	842	(3,839)	(11,199)	(12,902)
Other assets	463	(2,159)	(656)	(3,039)
Trade and other payables	(1,613)	(1,340)	3,827	(857)
Other liabilities	180	(970)	(51)	(931)
Net cash flows (used in)/from operations	(399)	(4,692)	(8,766)	(14,199)
Income tax paid	(1,227)	(1,667)	(1,653)	(2,433)
<b>Net cash flows used in operating activities</b>	<b>(1,626)</b>	<b>(6,359)</b>	<b>(10,419)</b>	<b>(16,632)</b>
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment	(2,649)	(356)	(3,151)	(1,052)
Interest received	7	2	15	10
Proceeds from disposal of assets held for sale under FRS 105	-	-	5,351	6,528
Proceeds from disposal of plant and equipment	-	31	3	223
<b>Net cash flows (used in)/from investing activities</b>	<b>(2,642)</b>	<b>(323)</b>	<b>2,218</b>	<b>5,709</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	9,812	7,768	5,737	14,252
Finance leases repayments	(71)	(74)	(148)	(245)
Interest paid	(711)	(727)	(1,378)	(1,416)
Dividends paid	(4,967)	(4,967)	(4,967)	(4,967)
<b>Net cash flows from financing activities</b>	<b>4,063</b>	<b>3,159</b>	<b>(756)</b>	<b>8,208</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(205)</b>	<b>(3,523)</b>	<b>(8,957)</b>	<b>(2,715)</b>
Cash and cash equivalents, Statement of cash flows, beginning balance	18,243	15,179	27,299	14,405
Effects of foreign exchange rate adjustment	(185)	(15)	(489)	(49)
<b>Cash and cash equivalents, statement of cash flows, ending balance (Note A)</b>	<b>17,853</b>	<b>11,641</b>	<b>17,853</b>	<b>11,641</b>

### Note A:

Cash and bank balances	17,874	11,651
Bank overdrafts	(21)	(10)
Cash and cash equivalents for statement of cash flow purposes at end of the period	<u>17,853</u>	<u>11,641</u>

There were acquisitions of certain assets under property, plant and equipment with a total cost of S\$60,000 (2015: S\$240,000) acquired by means of finance lease.

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

### UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2015

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
<b>The Group</b>						
Balance at 1 April 2015	161,257	152,563	35,481	(3,662)	120,744	8,694
<u>Movements in equity:</u>						
Total comprehensive income for the period	(17)	1,219	-	(3,009)	4,228	(1,236)
Acquisition of Non-Controlling Interests without a Change in Control - Note (a)	-	-	-	-	-	-
Subscription of share capital in a subsidiary - Note (C)	-	-	-	-	-	-
Dividends paid	(4,967)	(4,967)	-	-	(4,967)	-
<b>Balance at 30 September 2015</b>	<b>156,273</b>	<b>148,815</b>	<b>35,481</b>	<b>(6,671)</b>	<b>120,005</b>	<b>7,458</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)	-
Balance at 30 September 2014	149,157	141,356	35,481	(5,360)	111,235	7,801

#### The Company

Balance at 1 April 2015

#### Movements in equity:

Total comprehensive income for the period

Dividends paid

**Balance at 30 September 2015**

Balance at 1 April 2014

#### Movements in equity:

Total comprehensive income for the period

Dividends paid

Balance at 30 September 2014

	Total S\$'000	Share capital S\$'000	Retained earnings S\$'000
Balance at 1 April 2015	44,972	35,481	9,491
Total comprehensive income for the period	1,236	-	1,236
Dividends paid	(4,967)	-	(4,967)
<b>Balance at 30 September 2015</b>	<b>41,241</b>	<b>35,481</b>	<b>5,760</b>
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)
Balance at 30 September 2014	42,852	35,481	7,371

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 2015

**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 2015.

The Company does not have outstanding convertibles or treasury shares as at 30 September 2015 and 30 September 2014.

**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 2015 and 31 March 2015 (excluding treasury shares)	165,578,415	<u>35,481,180</u>

The Company does not have treasury shares as at 30 September 2015 and 31 March 2015.

**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 2015, 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 2015.

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 2015.

**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	
	<b>30.09.2015</b>	<b>30.09.2014</b>	<b>30.09.2015</b>	<b>30.09.2014</b>
Earning per ordinary share (cents)				
- Based on weighted average number of ordinary shares in issue	1.7	1.2	2.6	3.4
- On fully diluted basis (detailing and adjustments made to the earnings)	1.7	1.2	2.6	3.4
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 2015

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

	30.09.2015	31.03.2015
Net asset value per ordinary share based on the total number of issued shares - group (cents)	89.9	92.1
Net asset value per ordinary share based on the total number of issued shares - company (cents)	24.9	27.2

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\$3.1 million in the current quarter ("Q2FY16"), as compared with S\$2.1 million for the corresponding quarter ("Q2FY15"). For the 6 months ("H1FY16"), the Group's profit net of tax was S\$4.1 million, compared to the S\$6.2 million in the last year period ("H1FY15"). The higher profit net of tax for Q2FY16 was mainly due to the improvement of profit margin over Q2FY15.

The Group recorded a marginal increase of 1.1% revenue in Q2FY16, recording S\$93.2 million compared to S\$92.1 million in Q2FY15. The Group's revenue for H1FY16 was reduced by 4.5% to S\$176.0 million, compared with S\$184.3 million in H1FY15. This was mainly due to lower tourists arrival and lower tourists spending.

Other credits for the quarter comprised mainly gain on disposal of property of S\$0.7 million. Last year quarter was mainly a gain on disposal of investment property of S\$1.0 million.

Overall expenses in Q2FY16 increased by S\$1.1 million or 6.5% over Q2FY15, and an increase of S\$3.8 million or 11.7% for H1FY16 over last year mainly due to higher rental expenses and depreciation expenses as well as exchange losses arising from the weakening of regional currencies of S\$271,000 in Q2FY16, compared to a gain of S\$222,000 in Q2FY15.

The Group's equity of S\$156.3 million was slightly lower than S\$161.3 million as of last year end. Cash and cash equivalents were at S\$17.9 million, all short term cash balances. Inventory was S\$11.2 million higher than previous financial year end due to the expansion in Singapore and Malaysia. Trade and other receivables increased by S\$6.3 million, largely due to further accrual of trade rebates receivable. Short term financial liabilities increased by S\$9.6 million mainly to finance increased inventories 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

With the slowing of regional economies and the uncertain prospect of stock markets, the market continue to be challenging. The Group will continue to evaluate business opportunities for expansion and for improvement of profitability.

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 2015**

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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 2015.

### **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 six months ended 30 September 2015 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  
13 November 2015