



COURTS ASIA LIMITED

**UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2014
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.

	Q2 FY14/15 S\$'000	Group Q2 FY13/14 S\$'000	% Change	H1 FY14/15 S\$'000	Group H1 FY13/14 S\$'000	% Change
Sales	178,624	222,887	(19.9)	372,728	420,014	(11.3)
Cost of sales	(120,154)	(159,431)	24.6	(250,751)	(296,313)	15.4
Gross profit	58,470	63,456	(7.9)	121,977	123,701	(1.4)
Other income and other gains - net	1,004	1,038	(3.3)	2,185	2,060	6.1
Expenses						
- Distribution and marketing	(13,942)	(15,970)	12.7	(31,749)	(31,131)	(2.0)
- Administrative	(37,295)	(33,976)	(9.8)	(73,071)	(65,845)	(11.0)
- Finance	(5,708)	(5,651)	(1.0)	(11,025)	(10,838)	(1.7)
Profit before income tax	2,529	8,897	(71.6)	8,317	17,947	(53.7)
Income tax expense	(824)	(1,738)	52.6	(1,532)	(3,745)	59.1
Net profit	1,705	7,159	(76.2)	6,785	14,202	(52.2)

Statement of Comprehensive Income

	Q2 FY14/15 S\$'000	Group Q2 FY13/14 S\$'000	% Change	H1 FY14/15 S\$'000	Group H1 FY13/14 S\$'000	% Change
Net profit	1,705	7,159	(76.2)	6,785	14,202	(52.2)
Other comprehensive income:						
Currency translation differences	49	(6,029)	(100.8)	720	(6,927)	(110.4)
Total comprehensive income	1,754	1,130	55.2	7,505	7,275	3.2

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

	Group		Group	
	Q2	Q2	H1	H1
	FY14/15	FY13/14	FY14/15	FY13/14
	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	3,397	3,161	6,885	6,121
Amortisation of deferred income	(884)	(1,356)	(1,780)	(2,595)
Impairment allowance on trade receivables	5,965	4,707	11,918	7,571
Other income and other gains - net				
- Interest income	(822)	(595)	(1,620)	(1,139)
- Loss on disposal of property, plant and equipment (net)	17	-	17	2
- Fair value change of derivative financial instruments	(17)	(4)	(32)	(16)
- Others	(182)	(439)	(550)	(907)
	(1,004)	(1,038)	(2,185)	(2,060)
Finance costs				
- Interest expense on borrowings	5,353	4,941	10,523	9,672
- Interest expense on finance lease liabilities	40	13	58	23
- Amortisation of borrowing cost	415	481	842	798
- Foreign exchange (gains)/ losses - net	(100)	216	(398)	345
	5,708	5,651	11,025	10,838
Total gross profit as a percentage of turnover	32.7%	28.5%	32.7%	29.5%
Net profit as a percentage of turnover	1.0%	3.2%	1.8%	3.4%
Net profit as a percentage of total equity at the end of financial period	0.6%	2.5%	2.3%	4.9%

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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 Sep 2014 S\$'000	31 Mar 2014 S\$'000	30 Sep 2014 S\$'000	31 Mar 2014 S\$'000
ASSETS				
Current assets				
Cash and bank balances	101,077	114,951	32,205	47,894
Trade and other receivables	246,639	227,983	39,193	38,543
Inventories	84,108	89,784	-	-
Current income tax recoverable	2,151	1,106	-	-
	433,975	433,824	71,398	86,437
Non-current assets				
Trade and other receivables	269,036	260,181	86,500	70,000
Investments in subsidiaries	-	-	213,205	213,205
Property, plant and equipment	27,929	28,846	-	-
Intangible assets	24,219	23,856	20,065	20,065
	321,184	312,883	319,770	303,270
Total assets	755,159	746,707	391,168	389,707
LIABILITIES				
Current liabilities				
Trade and other payables	126,066	127,433	2,634	3,155
Current income tax liabilities	3,702	4,105	2,287	2,174
Borrowings	1,305	1,200	-	-
Deferred income	3,651	3,664	-	-
	134,724	136,402	4,921	5,329
Non-current liabilities				
Derivative financial instruments	23	55	-	-
Trade and other payables	163	163	-	-
Borrowings	315,697	306,831	124,315	124,098
Deferred income	2,102	3,290	-	-
Deferred income tax liabilities	923	1,178	2,859	2,507
	318,908	311,517	127,174	126,605
Total liabilities	453,632	447,919	132,095	131,934
NET ASSETS	301,527	298,788	259,073	257,773
EQUITY				
Share capital	265,332	265,332	265,332	265,332
Treasury shares	(3,302)	(2,544)	(3,302)	(2,544)
Other reserves	(16,095)	(17,031)	(23,381)	(23,597)
Retained profit	55,592	53,031	20,424	18,582
Total equity	301,527	298,788	259,073	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 30.09.14 S\$'000		As at 31.03.14 S\$'000	
Secured	Unsecured	Secured	Unsecured
1,305	-	1,200	-

Amount repayable after one year

As at 30.09.14 S\$'000		As at 31.03.14 S\$'000	
Secured	Unsecured	Secured	Unsecured
191,490	124,207	182,733	124,098

Details of any collateral

The Group's borrowings of \$317.0 million (31 March 2014: \$308.0 million) consist of fixed rate notes, the Asset Securitisation Programme 2012 in Singapore 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 \$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 Beneficiaries, The Hong Kong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation, 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	
	Q2 FY14/15 S\$'000	Q2 FY13/14 S\$'000	H1 FY14/15 S\$'000	H1 FY13/14 S\$'000
Cash flows from operating activities:				
Net profit	1,705	7,159	6,785	14,202
Adjustments for:				
Income tax expense	824	1,738	1,532	3,745
Depreciation and amortisation	3,397	3,161	6,885	6,121
Amortisation of deferred income	(884)	(1,356)	(1,780)	(2,595)
Interest expense	5,393	4,954	10,581	9,695
Interest income	(822)	(595)	(1,620)	(1,139)
Amortisation of borrowing costs	415	481	842	798
Loss on disposal of property, plant and equipment (net)	17	-	17	2
Share-based compensation	153	72	282	144
Changes in fair value of derivative financial instruments	(17)	(4)	(32)	(16)
Operating cash flow before working capital changes	10,181	15,610	23,492	30,957
Changes in working capital				
Inventories	11,069	2,622	5,676	(11,250)
Trade and other receivables	(11,735)	(17,721)	(27,501)	(18,420)
Trade and other payables	4,556	11,064	(3,337)	11,159
Cash generated from operations	14,071	11,575	(1,670)	12,446
Income tax paid (net)	(1,662)	(2,196)	(3,243)	(3,902)
Foreign currency translation differences	110	(5,259)	905	(6,024)
Net cash generated/(used) in operating activities	12,519	4,120	(4,008)	2,520
Cash flows from investing activities				
Additions to property, plant and equipment	(3,783)	(5,631)	(6,043)	(9,945)
Acquisition of intangible assets	(53)	(422)	(477)	(704)
Proceeds from sale of property, plant and equipment	228	272	254	274
Interest received	813	591	1,611	1,155
Net cash used in investing activities	(2,795)	(5,190)	(4,655)	(9,220)
Cash flows from financing activities				
Proceeds from bond issue	-	-	-	125,000
Proceeds from syndicated senior loan - net	3,259	4,778	15,503	1,277
(Repayment of)/additions to finance lease liabilities - net	(170)	425	(158)	897
Repayment of term loan	-	-	-	(13,750)
Repayment of loan received on asset securitisation	(4,023)	(43,891)	(7,217)	(47,416)
(Increase)/decrease in fixed deposits pledged as securities for banking facilities	(204)	476	26	2,011
Purchase of treasury shares	(781)	-	(781)	-
Interest paid	(3,896)	(3,458)	(8,108)	(7,239)
Dividend paid	(4,224)	(5,656)	(4,224)	(5,656)
Net cash (used in)/provided by financing activities	(10,039)	(47,326)	(4,959)	55,124
Net (decrease)/ increase in cash and cash equivalents	(315)	(48,396)	(13,622)	48,424
Cash and cash equivalents as at beginning of financial period	95,746	178,667	109,234	81,898
Effects of currency translations on cash and bank balances	(45)	(290)	(226)	(341)
Cash and cash equivalents as at end of financial period	95,386	129,981	95,386	129,981

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

	30 Sep 2014 S\$'000	30 Sep 2013 S\$'000
Cash and bank balances	66,022	72,112
Fixed deposits	35,055	62,945
	101,077	135,057
Less: Fixed deposits pledged as securities for banking facilities	(5,691)	(5,076)
Cash and cash equivalents per consolidated statement of cash flows	95,386	129,981

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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 2014	265,332	(2,544)	855	(23,902)	6,016	53,031	298,788
Purchase of treasury shares	-	(781)	-	-	-	-	(781)
Treasury shares reissued	-	23	(23)	-	-	-	-
Share-based compensation	-	-	239	-	-	-	239
Total comprehensive income for the period	-	-	-	720	-	6,785	7,505
Dividends	-	-	-	-	-	(4,224)	(4,224)
Balance at 30 September 2014	265,332	(3,302)	1,071	(23,182)	6,016	55,592	301,527
Balance at 1 July 2014	265,332	(2,544)	984	(23,231)	6,016	58,111	304,668
Purchase of treasury shares	-	(781)	-	-	-	-	(781)
Treasury shares reissued	-	23	(23)	-	-	-	-
Share-based compensation	-	-	110	-	-	-	110
Total comprehensive income for the period	-	-	-	49	-	1,705	1,754
Dividends	-	-	-	-	-	(4,224)	(4,224)
Balance at 30 September 2014	265,332	(3,302)	1,071	(23,182)	6,016	55,592	301,527
Balance at 1 April 2013	265,332	-	401	(17,038)	6,148	34,632	289,475
Share-based compensation	-	-	144	-	-	-	144
Total comprehensive income for the period	-	-	-	(6,927)	-	14,202	7,275
Dividends	-	-	-	-	-	(5,656)	(5,656)
Balance at 30 September 2013	265,332	-	545	(23,965)	6,148	43,178	291,238
Balance at 1 July 2013	265,332	-	473	(17,936)	6,148	41,675	295,692
Share-based compensation	-	-	72	-	-	-	72
Total comprehensive income for the period	-	-	-	(6,029)	-	7,159	1,130
Dividends	-	-	-	-	-	(5,656)	(5,656)
Balance at 30 September 2013	265,332	-	545	(23,965)	6,148	43,178	291,238

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	Company					
	Attributable to equity holders of the Company					
	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
Purchase of treasury shares	-	(781)	-	-	-	(781)
Treasury shares reissued	-	23	(23)	-	-	-
Share-based compensation	-	-	239	-	-	239
Total comprehensive income for the period	-	-	-	-	6,066	6,066
Dividends	-	-	-	-	(4,224)	(4,224)
Balance at 30 September 2014	265,332	(3,302)	1,071	(24,452)	20,424	259,073
Balance at 1 July 2014	265,332	(2,544)	984	(24,452)	21,726	261,046
Purchase of treasury shares	-	(781)	-	-	-	(781)
Treasury shares reissued	-	23	(23)	-	-	-
Share-based compensation	-	-	110	-	-	110
Total comprehensive income for the period	-	-	-	-	2,922	2,922
Dividends	-	-	-	-	(4,224)	(4,224)
Balance at 30 September 2014	265,332	(3,302)	1,071	(24,452)	20,424	259,073
Balance at 1 April 2013	265,332	-	401	(24,320)	17,090	258,503
Share-based compensation	-	-	144	-	-	144
Total comprehensive income for the period	-	-	-	-	5,472	5,472
Dividends	-	-	-	-	(5,656)	(5,656)
Balance at 30 September 2013	265,332	-	545	(24,320)	16,906	258,463
Balance at 1 July 2013	265,332	-	473	(24,320)	19,479	260,964
Share-based compensation	-	-	72	-	-	72
Total comprehensive income for the period	-	-	-	-	3,083	3,083
Dividends	-	-	-	-	(5,656)	(5,656)
Balance at 30 September 2013	265,332	-	545	(24,320)	16,906	258,463

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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 six months ended 30 September 2014.

Treasury shares

During the quarter, the Company purchased 1,708,000 shares for a total consideration of \$0.8 million by way of market acquisition.

In the same period, 44,287 treasury shares at fair value of \$0.02 million were awarded as Director Fees.

As at 30 September 2014, there are 5,946,789 shares held as treasury shares (30 September 2013: zero). The total number of issued shares excluding treasury shares is 554,053,211 (30 September 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.

	30 Sep 2014	31 Mar 2014
Total number of issued shares excluding treasury shares	554,053,211	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.

	30 Sep 2014	31 Mar 2014
Number of treasury shares reissued pursuant to Performance Share Plan	44,287	1,316,924

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			
	Q2 FY14/15	Q2 FY13/14	H1 FY14/15	H1 FY13/14
(a) Basic earnings per share (cents)	0.31	1.28	1.22	2.54
(b) Fully diluted earnings per share (cents)	0.31	1.28	1.22	2.54

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 September 2014 and the same period last year of 555,027,143 and 560,000,000 respectively. The weighted average ordinary shares for the six months ended 30 September 2014 and the same period last year were 555,372,034 and 560,000,000 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 30 September 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 shares were granted and each share represents a fully paid share. Out of the total initial award, 1,259,900 were vested through reissuance of Treasury Shares during FY13/14. Total number of outstanding shares under DSA plan as at 30 September 2014 is 800,300.

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 September 2014 and the same period last year of 556,032,243 and 560,000,000 respectively. The weighted average ordinary shares for the six month ended 30 September 2014 and the same period last year were 556,377,134 and 560,000,000 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	
	30 Sep 2014	31 Mar 2014
Net asset value per ordinary share (cents)	54.4	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 September 2014

Sales

The Group's sales of \$178.6 million for Q2 FY14/15 was 19.9% or \$44.3 million lower than Q2 FY13/14.

Singapore's sales, which contributed to 68% of the Group's sales, registered a 22.9% decrease in Q2 FY14/15 compared to Q2 FY13/14. The fall in sales was mainly due to a lackluster retail environment and lower bulk sales from digital products. Like-for-like¹ sales excluding bulk sales of digital products decreased by 3.9%.

Malaysia's sales, which contributed to 32% of the Group's sales, contracted by 12.6% due to muted consumer response during the Raya festive period and reduction of fuel subsidies have also negatively impacted consumer sentiment.

Gross profit

Gross profit decreased by 7.9% or \$5.0 million while gross profit margin increased from 28.5% in Q2 FY13/14 to 32.7% in Q2 FY14/15. This was mainly due to Singapore's sales mix shifting towards electrical and furniture categories which carry a higher gross margin.

Distribution and marketing expenses

Distribution and marketing expenses decreased from \$16.0 million in Q2 FY13/14 to \$13.9 million in Q2 FY14/15. The decrease is mainly due to lower warehousing and distribution cost resulting from lower sales.

Administrative expenses

Administrative expenses for the quarter were \$37.3 million, an increase of \$3.3 million from Q2 FY13/14 of \$34.0 million. The increase was mainly due to an increase of \$1.0 million pre-opening expenses from Indonesia, higher impairment allowance on trade receivables of \$1.3 million arising from higher credit portfolio, \$0.6 million incurred in a one-off expense relating to a retrenchment exercise and higher occupancy costs such as branches' rental costs and depreciation attributable to the opening of new stores in Singapore and Malaysia. The increase is offset by lower general expenses.

Finance expenses

Finance expenses remained constant at \$5.7 million for Q2 FY14/15, comparable with Q2 FY13/14. Interest on borrowings increased due to higher drawdown on the Senior Syndicated loan in the Malaysia offset by loan repayment in Singapore.

Income tax expense

The tax expense of \$0.8 million for Q2 FY14/15 was based on taxable profit from Singapore and Malaysia operations. The effective tax rate for Q2 FY14/15 was higher than the Singapore statutory tax rate mainly due to non-tax deductible expenses and under provision of prior year taxation in Malaysia. The expense was partially offset by deferred tax asset from Indonesia's tax losses.

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Group Balance Sheet – As at 30 September 2014

Trade and other receivables

The Group's trade and other receivables (current and non-current) increased by 5.6% from \$488.2 million as at 31 March 2014 to \$515.7 million as at 30 September 2014 due to credit sales reported during the period.

Allowance for impairment of trade receivables as at 30 September 2014 was \$21.6 million, representing 3.8% of trade receivables, as compared to \$23.5 million as at 31 March 2014, which represents 4.3% of trade receivables.

Inventories

The Group's inventories decreased from \$89.8 million to \$84.1 million mostly due to management focus on controlling stock purchases and monitoring stock holdings in both Singapore and Malaysia. The decrease was partially offset by purchase of inventories in preparation for Indonesia's operations.

Property, plant and equipment

Property, plant and equipment decreased from \$28.8 million to \$27.9 million mainly due to depreciation charge partially offset by refurbishment of stores in Singapore and Malaysia.

Intangible assets

Intangible assets decreased marginally from \$23.9 million as at 31 March 2014 to \$24.2 million as at 30 September 2014. 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 1.1% from \$127.6 million as at 31 March 2014 to \$126.2 million as at 30 September 2014 mainly due to lower stock purchases.

Borrowings

The total borrowings of \$317.0 million (31 March 2014: \$308.0 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 additional Syndicated Senior Loan of \$15.7 million in Malaysia partially offset by repayment of the Asset Securitisation programme of \$7.2 million in Singapore.

Deferred income tax liability

The deferred income tax liability as at 31 March 2014 arose mainly from deferred tax liabilities on intangible assets net of future deductible expenses. The decline in deferred tax liability as at 30 September 2014 is mainly due to realisation of the deferred tax assets on deductible expenses recognised in prior years and the recognition of tax losses for the Indonesian subsidiary.

Cash and bank balances

Cash and bank balances were at \$101.1 million as at 30 September 2014 (31 March 2014: \$115.0 million). The decrease was mainly due to the payment of dividends of \$4.2 million, capital expenditure incurred for new stores and refurbishment of existing stores totaling \$6.0 million, cash used in operating activities during the six months ended 30 September 2014 offset by additional net borrowings of \$8.3 million.

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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 Q1 FY14/15 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.

Overall retail sales excluding motor vehicles in Singapore dipped 1.6% while retail sales for furniture and household equipment declined 10.8% in August 2014 on a year-on-year basis¹. For new Built-To-Order flats in the pipeline, the Housing Development Board has indicated that it is cutting supply by 10% in 2014 and 25% in 2015². As such, the Group expects the lacklustre consumer sentiment and a muted operational environment in Singapore to persist.

In Malaysia, private spending has already been tempered by measures such as government subsidy cuts and a new consumption tax in 2015³ and we expect this trend would persist. Bank Negara Malaysia has projected above average inflation rate of 3% to 4% for 2014, raised temporarily by the new consumption tax, while interest-rate remains at 3.25%⁴. The Group expects the environment to be challenging and plans to slow down store expansion plans in Malaysia in the next financial year.

To partially offset the muted consumer sentiment in Singapore and Malaysia, the Group undertook a review of its operating costs and management structure to right-size the cost structure.

In Indonesia, although the Asian Development Bank has revised Indonesia's 2014 growth forecast downwards to 5.3% from 5.7%⁵, the country remains a key growth market for Courts Asia with the country's growing middle class. The Group is on track to establish its second and third store in Indonesia by calendar year 2015, following the recent official opening of its first 'Big-Box' Megastore on 18 October 2014 in Bekasi, Indonesia's most populous suburb.

The Group continues to carefully assess opportunities that will add long-term value for shareholders.

*Source:

¹ Retail Sales Index, August 2014 - Department of Statistics Singapore, 15 October 2014

² Cut in supply of BTO flats will ward of glut - Straits Times, 22 October 2014

³ Malaysia to keep monetary policy accommodative - Business Times, 31 October 2014

⁴ Malaysia's Zeti Comments on Growth, Inflation, Monetary Policy - Bloomberg Businessweek, 12 October 2014

⁵ ADB Latest GDP, Inflation Forecasts to 2015 - Bloomberg, 25 September 2014

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? Yes.

Name of dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cent)	0.76 cent per ordinary share*
Tax Rate	Tax exempt (one tier)

* Interim dividend per ordinary share was based on 560 million shares as at 30 September 2013 and is derived from 30% of net profit after tax for first half FY13/14.

(c) Date payable

Not applicable.

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(d) Books closure date

Not applicable.

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

Not applicable.

13. Interested Person Transactions

No.

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

There was no further capital injection to its subsidiary, PT Courts Retail Indonesia (PTCRI) during Q2 of FY14/15. A total of \$14.1 million has been invested from the date of incorporation of PTCRI up to 30 September 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 September 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
12 November 2014

Kee Kim Eng
Chief Financial Officer