



CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2016

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) % |
| 2016 S\$'000 | 2015 S\$'000 | 2016 S\$'000 | | 2015 S\$'000 | | |
| Revenue | 89,298 | 93,161 | (4) | 182,701 | 176,023 | 4 |
| <u>Other items of income</u> | | | | | | |
| Interest income | 8 | 7 | 14 | 19 | 15 | 27 |
| Other gains | 298 | - | N.M. | 409 | 748 | (45) |
| <u>Other items of expenses</u> | | | | | | |
| Changes in inventories of finished goods | 3,919 | (842) | N.M. | (1,672) | 11,199 | N.M |
| Purchase of goods and consumables | (71,954) | (70,421) | 2 | (138,107) | (147,037) | (6) |
| Employee benefit expense | (5,242) | (5,286) | (1) | (10,157) | (10,228) | (1) |
| Rental expense | (7,450) | (6,752) | 10 | (14,692) | (13,062) | 12 |
| Depreciation expense | (1,287) | (1,252) | 3 | (2,505) | (2,425) | 3 |
| Other expenses | (3,947) | (4,156) | (5) | (7,468) | (8,773) | (15) |
| Finance costs | (708) | (711) | - | (1,271) | (1,378) | (8) |
| Share of profit from equity-accounted associates | 13 | 4 | >100 | 4 | 7 | (43) |
| Profit before tax from continuing activities | 2,948 | 3,752 | (21) | 7,261 | 5,089 | 43 |
| Income tax expense | (609) | (614) | (1) | (1,505) | (983) | 53 |
| Profit from continuing activities, net of tax | 2,339 | 3,138 | (25) | 5,756 | 4,106 | 40 |
| Profit attributable to : | | | | | | |
| Owners of the parent, net of tax | 2,142 | 2,811 | (24) | 5,434 | 4,228 | 29 |
| Non-controlling interests, net of tax | 197 | 327 | (40) | 322 | (122) | N.M |
| Profit net of tax | 2,339 | 3,138 | (25) | 5,756 | 4,106 | 40 |
| <u>Statement of Comprehensive Income</u> | | | | | | |
| Profit from continuing activities | 2,339 | 3,138 | (25) | 5,756 | 4,106 | 40 |
| Other Comprehensive Income: | | | | | | |
| Exchange difference on translating foreign operations, net of tax | 37 | (2,425) | N.M. | (1,121) | (4,123) | (73) |
| Total comprehensive income for the period | 2,376 | 713 | >100 | 4,635 | (17) | N.M |
| Total comprehensive income attributable to : | | | | | | |
| Owners of the parent | 2,129 | 1,196 | 78 | 4,374 | 1,219 | >100 |
| Non-controlling interests | 247 | (483) | N.M. | 261 | (1,236) | N.M |
| | 2,376 | 713 | >100 | 4,635 | (17) | N.M |

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

| | 3 months ended 30 Sep | | | 6 months ended 30 Sep | | |
|-------------------------------------------------------------------------|-----------------------|-----------------|------------------------------|-----------------------|-----------------|------------------------------|
| | 2016 S\$'000 | 2015 S\$'000 | Increase/ (Decrease) % | 2016 S\$'000 | 2015 S\$'000 | Increase/ (Decrease) % |
| Interest expense | (708) | (711) | - | (1,271) | (1,378) | (8) |
| Depreciation of property, plant and equipment and investment properties | (1,287) | (1,252) | 3 | (2,505) | (2,425) | 3 |
| Net foreign exchange adjustment gain/(loss) | 297 | (271) | N.M. | 387 | (1,322) | N.M. |
| Gain/(loss) on disposal of plant and equipment | 1 | - | N.M. | 22 | (8) | N.M. |
| Plant and equipment written off | (7) | (146) | (95) | (9) | (197) | (95) |
| Inventories written off | (9) | (6) | 49.87 | (18) | (8) | >100 |
| Allowance for inventories | 271 | (567) | N.M. | (250) | (1,542) | (84) |
| Gains on disposal of investment properties | - | - | - | - | 748 | (100) |

Note : N.M - not meaningful

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UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2016

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 30.09.2016 S\$'000 | As At 31.03.2016 S\$'000 | As At 30.09.2016 S\$'000 | As At 31.03.2016 S\$'000 |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and bank balances | 20,204 | 17,262 | 366 | 51 |
| Trade and other receivables | 16,077 | 8,198 | 4,114 | 2,566 |
| Inventories | 214,658 | 216,330 | - | - |
| Other assets, current | 2,638 | 2,967 | 18 | 14 |
| Total current assets | 253,577 | 244,757 | 4,498 | 2,631 |
| Non-Current Assets | | | | |
| Investments in associates | 2,522 | 2,518 | 1,000 | 1,000 |
| Investments in subsidiaries | - | - | 51,701 | 51,701 |
| Property, plant and equipment | 17,056 | 15,891 | 208 | 211 |
| Deferred tax assets | 704 | 724 | - | - |
| Other assets, non-current | 5,155 | 4,313 | - | - |
| Trade and other receivables, non-current | - | - | 5,465 | 5,403 |
| Total non-current assets | 25,437 | 23,446 | 58,374 | 58,315 |
| Total Assets | 279,014 | 268,203 | 62,872 | 60,946 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Trade and other payables | 20,407 | 14,319 | 21,351 | 14,100 |
| Income tax payables | 1,748 | 1,404 | 96 | 182 |
| Other liabilities, current | 2,947 | 3,445 | - | - |
| Other financial liabilities, current | 88,408 | 83,628 | 2,500 | 5,000 |
| Total current liabilities | 113,510 | 102,796 | 23,947 | 19,282 |
| Non-Current Liabilities | | | | |
| Other financial liabilities, non-current | 1,348 | 2,618 | - | - |
| Provisions, non-current | 1,360 | 1,316 | - | - |
| Total non-current liabilities | 2,708 | 3,934 | - | - |
| Total Liabilities | 116,218 | 106,730 | 23,947 | 19,282 |
| Net Assets | 162,796 | 161,473 | 38,925 | 41,664 |
| EQUITY | | | | |
| Equity attributable to owners of parent | | | | |
| Share capital | 35,481 | 35,481 | 35,481 | 35,481 |
| Other reserves | (8,154) | (5,969) | - | - |
| Retained earnings | 127,172 | 124,165 | 3,444 | 6,183 |
| Total equity, attributable to owners of the parent | 154,499 | 153,677 | 38,925 | 41,664 |
| Non-controlling interests | 8,297 | 7,796 | - | - |
| Total Equity | 162,796 | 161,473 | 38,925 | 41,664 |

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UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2016

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

Amount repayable in one year or less, or on demand

| As at 30.09.2016 | | As at 31.03.2016 | |
|------------------|-------------------|------------------|------------|
| Secured | Unsecured | Secured | Unsecured |
| 303,528 | 88,103,282 | 297,351 | 83,330,461 |

Amount repayable after one year

| As at 30.09.2016 | | As at 31.03.2016 | |
|------------------|----------------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 376,230 | 972,231 | 479,197 | 2,138,895 |

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.

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UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2016

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 | |
| | 30.09.2016 S\$'000 | 30.09.2015 S\$'000 | 30.09.2016 S\$'000 | 30.09.2015 S\$'000 |
| Cash flows from operating activities | | | | |
| Profit before tax | 2,948 | 3,752 | 7,261 | 5,089 |
| Adjustments for : | | | | |
| Depreciation expense | 1,287 | 1,252 | 2,505 | 2,425 |
| Plant and equipment written off | 7 | 146 | 9 | 197 |
| Interest income | (8) | (7) | (19) | (15) |
| Interest expense | 708 | 711 | 1,271 | 1,378 |
| (Gain)/Loss on disposal of plant and equipment | (1) | - | (22) | 8 |
| Gain on disposal of assets held for sale under FRS105 | - | - | - | (748) |
| Share of gain from equity-accounted associates | (13) | (4) | (4) | (7) |
| Provisions, non-current | 51 | 35 | 44 | 149 |
| Net effect of exchange rate changes in consolidating foreign operations | (175) | (1,914) | (1,112) | (2,912) |
| Operating cash flows before changes in working capital | 4,804 | 3,971 | 9,933 | 5,564 |
| Trade and other receivables | (4,200) | (4,242) | (7,879) | (6,251) |
| Inventories | (3,919) | 842 | 1,672 | (11,199) |
| Other assets | (18) | 463 | (513) | (656) |
| Trade and other payables | 6,387 | (1,613) | 6,088 | 3,827 |
| Other liabilities | (3,329) | 180 | (498) | (51) |
| Net cash flows (used in)/from operations | (275) | (399) | 8,803 | (8,766) |
| Income tax paid | (915) | (1,227) | (1,106) | (1,653) |
| Net cash flows used in operating activities | (1,190) | (1,626) | 7,697 | (10,419) |
| Cash flows from investing activities | | | | |
| Purchase of plant and equipment | (2,442) | (2,649) | (3,719) | (3,151) |
| Interest received | 8 | 7 | 19 | 15 |
| Proceeds from sale of assets held for sale | - | - | - | 5,351 |
| Proceeds from sale of plant and equipment | - | - | 22 | 3 |
| Net cash flows (used in)/from investing activities | (2,434) | (2,642) | (3,678) | 2,218 |
| Cash flows from financing activities | | | | |
| Increase in other financial liabilities | 8,558 | 9,812 | 3,627 | 5,737 |
| Decrease in finance leases | (78) | (71) | (97) | (148) |
| Interest paid | (708) | (711) | (1,271) | (1,378) |
| Dividends paid | (3,312) | (4,967) | (3,312) | (4,967) |
| Net cash flows from financing activities | 4,460 | 4,063 | (1,053) | (756) |
| Net increase/(decrease) in cash and cash equivalents | 836 | (205) | 2,966 | (8,957) |
| Cash and cash equivalents, beginning balance | 19,250 | 18,243 | 17,236 | 27,299 |
| Effects of foreign exchange rate adjustment | 112 | (185) | (4) | (489) |
| Cash and cash equivalents, ending balance (Note A) | 20,198 | 17,853 | 20,198 | 17,853 |

Note A:

| | | |
|------------------------------------------------|---------------|---------------|
| Cash and bank balances | 20,204 | 17,874 |
| Bank overdrafts | (6) | (21) |
| Cash and cash equivalents at end of the period | <u>20,198</u> | <u>17,853</u> |

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

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UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2016

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 2016 | 161,473 | 153,677 | 35,481 | (5,969) | 124,165 | 7,796 |
| <u>Movements in equity:</u> | | | | | | |
| Total comprehensive income for the period | 4,635 | 4,374 | - | (1,060) | 5,434 | 261 |
| Acquisition of Non-controlling Interests without a change in control - Note (a) | - | (240) | - | (1,125) | 885 | 240 |
| Dividends paid | (3,312) | (3,312) | - | - | (3,312) | - |
| Balance at 30 September 2016 | 162,796 | 154,499 | 35,481 | (8,154) | 127,172 | 8,297 |
| 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) |
| Dividends paid | (4,967) | (4,967) | - | - | (4,967) | - |
| Balance at 30 September 2015 | 156,273 | 148,815 | 35,481 | (6,671) | 120,005 | 7,458 |

The Company

Balance at 1 April 2016

Movements in equity:

Total comprehensive income for the period

Dividends paid

Balance at 30 September 2016

Balance at 1 April 2015

Movements in equity:

Total comprehensive income for the period

Dividends paid

Balance at 30 September 2015

| | Total S\$'000 | Share capital S\$'000 | Retained earnings S\$'000 |
|-------------------------------------------|---------------|-----------------------|---------------------------|
| Balance at 1 April 2016 | 41,664 | 35,481 | 6,183 |
| <u>Movements in equity:</u> | | | |
| Total comprehensive income for the period | 571 | - | 571 |
| Dividends paid | (3,312) | - | (3,312) |
| Balance at 30 September 2016 | 38,925 | 35,481 | 3,444 |
| Balance at 1 April 2015 | 44,972 | 35,481 | 9,491 |
| <u>Movements in equity:</u> | | | |
| Total comprehensive income for the period | 1,236 | - | 1,236 |
| Dividends paid | (4,967) | - | (4,967) |
| Balance at 30 September 2015 | 41,241 | 35,481 | 5,760 |

Note (a) In August 2015, the company subscribed for 38,150,007 new ordinary shares of Cortina Watch Sdn Bhd for a total consideration of \$26,773,000. This consideration is satisfied by capitalisation of debts payable by the subsidiary to the company amounting to \$24,675,000 and cash contribution of \$2,098,000. Subsequently, the controlling interest held by the company in the subsidiary has been increased from 70% to 90%.

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UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2016

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 2016.

The Company does not have outstanding convertibles or treasury shares as at 30 September 2016 and 30 September 2015.

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 2016 and 31 March 2016 (excluding treasury shares) | 165,578,415 | 35,481,180 |

The Company does not have treasury shares as at 30 September 2016 and 31 March 2016.

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 2016, 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 2016.

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 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

| | Group | | Group | |
|---------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
| | 3 months ended | 6 months ended | 3 months ended | 6 months ended |
| Earning per ordinary share (cents) | | | | |
| - Based on weighted average number of ordinary shares in issue | 1.3 | 1.7 | 3.3 | 2.6 |
| - On fully diluted basis (detailing any adjustments made to the earnings) | 1.3 | 1.7 | 3.3 | 2.6 |
| 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 which would have a dilutive effect on earnings per share when exercised.

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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

| | 30.09.2016 | 31.03.2016 |
|-------------------------------------------------------------------------------------------------|------------|------------|
| Net asset value per ordinary share based on the total number of issued shares - group (cents) | 93.3 | 92.8 |
| Net asset value per ordinary share based on the total number of issued shares - company (cents) | 23.5 | 25.2 |

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 recorded a profit net of tax of S\$2.3 million in the second quarter of FY2017, a decrease of \$0.8 million or 25% as compared to last corresponding quarter.

For the current quarter, revenue decreased by 4% to S\$89.2 million, compared to the prior year quarter. The revenue for the current 6 months was at S\$182.7 million, or 4% higher than last year.

Sales margin was 23.8% for the current quarter, as compared to 23.5% in the last corresponding quarter.

Operating expense, comprising staff cost, rental expense, depreciation and other expenses, increased marginally by S\$480,000 or 2.8% over last corresponding quarter. For the 6 months, the operating expense increased marginally by 0.97% to S\$34.8 million. The higher operating expense was mainly due to higher rental expense resulting from the opening and expansion of outlets in the region.

Finance cost of S\$708,000 for the current quarter remained almost the same as the corresponding quarter last year. For the 6 months, total finance cost was at S\$1.3 million, 8% lower than the last corresponding period.

The Group's equity attributable to owners of the parent company was S\$154.5 million, an increase of S\$0.8 million from the last year end. Cash and cash equivalents were at S\$20.2 million, represented mainly by short term cash balances. Inventories were S\$1.7 million lower than last year end, resulting from tighter inventory control. Trade and other receivables increased by S\$7.9 million and short term financial liabilities increased by S\$4.8 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 economy will continue to have a bearing on the Group's performance.

Barring unforeseen circumstances, the Group expects to remain profitable.

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UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 September 2016

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 six months period ended 30 September 2016.

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 2016 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
10 November 2016