



Cortina watch

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

**UNAUDITED HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

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 Income Statement**

	6 months ended 30 September		
	2013 <u>S\$'000</u>	2012 <u>S\$'000</u>	Increase/ (Decrease) %
<b>Revenue</b>	<b>193,661</b>	165,803	16.80
<u>Other items of income</u>			
Interest income	5	4	25.00
Other credits	2,232	450	>100.00
<u>Other items of expenses</u>			
Change in inventories of finished goods	2,935	38,000	(92.28)
Purchase of goods and consumables	(155,131)	(165,049)	(6.01)
Employee benefit expenses	(10,043)	(9,788)	2.61
Rental expenses	(11,822)	(10,528)	12.29
Depreciation expense	(2,130)	(1,784)	19.39
Other expenses	(7,081)	(5,992)	18.17
Other charges	(1,091)	(356)	>100.00
Finance costs	(1,455)	(1,724)	(15.60)
Share of loss from equity-accounted associates	(20)	(1)	>100.00
<b>Profit before tax from continuing activities</b>	<b>10,060</b>	9,035	11.34
Income tax expense	(1,700)	(1,528)	11.26
<b>Profit net of tax</b>	<b>8,360</b>	7,507	11.36
Profit attributable to :			
Owners of the parent, net of tax	8,533	7,391	15.45
Non-controlling interests, net of tax	(173)	116	N.M.
<b>Profit net of tax</b>	<b>8,360</b>	7,507	11.36
<b><u>Statement of Comprehensive Income</u></b>			
Profit from continuing activities	8,360	7,507	11.36
<b>Other Comprehensive Income:</b>			
Items that may be reclassified subsequently to profit and loss:			
Exchange difference on translating foreign operations, net of tax	(607)	(941)	(35.50)
Total comprehensive income for the period	7,753	6,566	18.08
<b>Total comprehensive income attributable to :</b>			
Owners of the parent	8,130	6,596	23.26
Non-controlling interests	(377)	(30)	>100.00
	7,753	6,566	18.08

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

	6 months ended 30 September		
	<u>2013</u> <u>S\$'000</u>	<u>2012</u> <u>S\$'000</u>	<u>Increase/</u> <u>(Decrease)</u> <u>%</u>
Interest expenses	(1,455)	(1,724)	(15.60)
Depreciation of property, plant and equipment and investment properties	(2,130)	(1,784)	19.39
Net foreign exchange adjustment losses	(871)	(355)	>100
Gain on disposal of plant and equipment	76	9	>100
Plant and equipment written off	(194)	(1)	>100
Fair value gains on interest rate swaps	-	430	(100.00)
Inventories written (off)/back	(26)	11	N.M.
Bad debts recovered	4	-	N.M.
Allowance for inventories	(554)	(724)	(23.48)
Gain on disposal of investment properties	2,156	-	N.M.

Note : N.M - not meaningful

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

## UNAUDITED HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2013

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 30.09.2013 S\$'000	As At 31.03.2013 S\$'000	As At 30.09.2013 S\$'000	As At 31.03.2013 S\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and bank balances	12,643	7,625	461	382
Trade and other receivables	19,947	13,281	5,639	6,914
Inventories	226,718	223,783	-	-
Other assets, current	2,090	1,569	11	17
Assets held for sale under FRS105	-	1,335	-	1,335
Total current assets	<b>261,398</b>	<b>247,593</b>	<b>6,111</b>	<b>8,648</b>
<b>Non-Current Assets</b>				
Investments in associates	2,520	2,540	1,000	1,000
Investments in subsidiaries	-	-	22,633	22,633
Investment properties	20,419	20,628	20,419	20,628
Property, plant and equipment	11,510	10,185	-	-
Deferred tax assets	956	966	-	-
Other assets, non-current	3,903	4,146	-	-
Receivables from subsidiaries, non-current	-	-	17,973	12,509
Total non-current assets	<b>39,308</b>	<b>38,465</b>	<b>62,025</b>	<b>56,770</b>
<b>Total Assets</b>	<b>300,706</b>	<b>286,058</b>	<b>68,136</b>	<b>65,418</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	26,758	27,893	7,762	13,682
Income tax payables	3,008	3,528	66	212
Other liabilities	6,351	6,221	-	-
Other financial liabilities	112,711	98,380	1,600	1,600
Total current liabilities	<b>148,828</b>	<b>136,022</b>	<b>9,428</b>	<b>15,494</b>
<b>Non-Current Liabilities</b>				
Other financial liabilities, non-current	13,665	14,536	12,800	13,600
Provisions	908	981	-	-
Deferred tax liabilities	12	12	-	-
Total non-current liabilities	<b>14,585</b>	<b>15,529</b>	<b>12,800</b>	<b>13,600</b>
<b>Total Liabilities</b>	<b>163,413</b>	<b>151,551</b>	<b>22,228</b>	<b>29,094</b>
<b>Net Assets</b>	<b>137,293</b>	<b>134,507</b>	<b>45,908</b>	<b>36,324</b>
<b>EQUITY</b>				
<b>Equity attributable to owners of parent</b>				
Share capital	35,481	35,481	35,481	35,481
Other reserves	(5,621)	(5,218)	-	-
Retained earnings	100,903	97,337	10,427	843
Total equity, attributable to owners of parent	<b>130,763</b>	<b>127,600</b>	<b>45,908</b>	<b>36,324</b>
Non-controlling interests	6,530	6,907	-	-
<b>Total Equity</b>	<b>137,293</b>	<b>134,507</b>	<b>45,908</b>	<b>36,324</b>

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

UNAUDITED HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2013

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

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

As at 30.09.2013		As at 31.03.2013	
Secured	Unsecured	Secured	Unsecured
2,077,608	110,632,982	2,075,973	96,303,533

### Amount repayable after one year

As at 30.09.2013		As at 31.03.2013	
Secured	Unsecured	Secured	Unsecured
13,665,089	0	14,536,013	0

### Details of any collateral

The finance lease liabilities are secured as the rights to the property, plant and equipment of the Group revert to the lessor in the event of default by the Group. Bank loans of S\$14,781,000 (31 March 2013 : S\$15,903,000) are secured by mortgage over the Group's freehold properties.

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

## UNAUDITED HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2013

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

	April to September 2013 S\$'000	April to September 2012 S\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	10,060	9,035
Adjustments for :		
Depreciation expenses	2,130	1,784
Plant and equipment written off	194	1
Interest income	(5)	(4)
Interest expense	1,455	1,724
Gain on disposal of plant and equipment	(76)	(9)
Gain on disposal of investment properties held for sales under FRS105	(2,156)	-
Share of losses from equity-accounted associates	20	1
Fair value gains on interest rate swaps	-	(430)
Provisions, non-current	(73)	-
Net effect of exchange rate changes in consolidating foreign operations	(534)	(775)
Operating cash flows before changes in working capital	11,015	11,327
Trade and other receivables	(6,666)	(8,824)
Inventories	(2,936)	(38,000)
Other assets	(278)	1,697
Trade and other payables	(1,135)	4,594
Other liabilities	130	2,457
Net cash flows from/(used in) operations	130	(26,749)
Income tax paid	(2,191)	(2,190)
<b>Net cash flows used in operating activities</b>	<b>(2,061)</b>	<b>(28,939)</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(2,997)	(2,790)
Purchase of investment property	-	(2,676)
Interest received	5	4
Proceeds from disposal of investment properties held for sales under FRS 105	3,480	-
Proceeds from disposal of plant and equipment	93	34
<b>Net cash flows from/(used in) investing activities</b>	<b>581</b>	<b>(5,428)</b>
<b>Cash flows from financing activities</b>		
Increase in other financial liabilities	13,039	37,723
Decrease in finance leases	(495)	(170)
Interest paid	(1,455)	(1,724)
Dividends paid	(4,967)	(5,795)
<b>Net cash flows from financing activities</b>	<b>6,122</b>	<b>30,034</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,642</b>	<b>(4,333)</b>
Cash and cash equivalents, Statement of cash flows, beginning balance	7,565	9,794
Effects of foreign exchange rate adjustment	2	(89)
<b>Cash and cash equivalents, statement of cash flows, ending balance (Note A)</b>	<b>12,209</b>	<b>5,372</b>
<b>Note A:</b>		
Cash and bank balances	12,643	6,515
Bank overdrafts	(434)	(1,143)
Cash and cash equivalents for statement of cashflow purposes at end of the period	<b>12,209</b>	<b>5,372</b>

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

UNAUDITED HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2013

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>						
<b>Balance at 1 April 2013</b>	<b>134,507</b>	<b>127,600</b>	<b>35,481</b>	<b>(5,218)</b>	<b>97,337</b>	<b>6,907</b>
<b><u>Movements in equity:</u></b>						
<b>Total comprehensive income for the period</b>	<b>7,753</b>	<b>8,130</b>	<b>-</b>	<b>(403)</b>	<b>8,533</b>	<b>(377)</b>
Dividends paid	(4,967)	(4,967)	-	-	(4,967)	-
<b>Balance at 30 September 2013</b>	<b>137,293</b>	<b>130,763</b>	<b>35,481</b>	<b>(5,621)</b>	<b>100,903</b>	<b>6,530</b>
<b>Balance at 1 April 2012</b>	123,598	117,224	35,481	(4,881)	86,624	6,374
<b><u>Movements in equity:</u></b>						
<b>Total comprehensive income for the period</b>	6,566	6,596	-	(795)	7,391	(30)
Dividends paid	(5,795)	(5,795)	-	-	(5,795)	-
<b>Balance at 30 September 2012</b>	<b>124,369</b>	<b>118,025</b>	<b>35,481</b>	<b>(5,676)</b>	<b>88,220</b>	<b>6,344</b>

## The Company

**Balance at 1 April 2013**

### **Movements in equity:**

**Total comprehensive income for the period**

Dividends paid

**Balance at 30 September 2013**

**Balance at 1 April 2012**

### **Movements in equity:**

**Total comprehensive income for the period**

Dividends paid

**Balance at 30 September 2012**

	Total S\$'000	Share capital S\$'000	Retained earnings S\$'000
<b>Balance at 1 April 2013</b>	<b>36,324</b>	<b>35,481</b>	<b>843</b>
<b><u>Movements in equity:</u></b>			
<b>Total comprehensive income for the period</b>	<b>14,551</b>	<b>-</b>	<b>14,551</b>
Dividends paid	(4,967)	-	(4,967)
<b>Balance at 30 September 2013</b>	<b>45,908</b>	<b>35,481</b>	<b>10,427</b>
<b>Balance at 1 April 2012</b>	39,044	35,481	3,563
<b><u>Movements in equity:</u></b>			
<b>Total comprehensive income for the period</b>	2,613	-	2,613
Dividends paid	(5,795)	-	(5,795)
<b>Balance at 30 September 2012</b>	<b>35,862</b>	<b>35,481</b>	<b>381</b>

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

## **UNAUDITED HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

**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 or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of share 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 has been no changes in the issued and paid up share capital of the Company since 31 March 2013.

The Company does not have outstanding convertible and treasury shares as at 30 September 2013 and 30 September 2012.

**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**

	<b>Number of Ordinary Shares</b>	<b>S\$</b>
Balance as at 30 September 2013 and 31 March 2013 (excluding treasury shares)	<u>165,578,415</u>	<u>35,481,180</u>

The Company does not have treasury shares as at 30 September 2013 and 31 March 2013.

**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 2013, 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 2013.

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 2013.

**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.

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

## UNAUDITED HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2013

### 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	
	30.09.2013	30.09.2012
Earning per ordinary share (cents)		
- Based on weighted average number of ordinary shares in issue	5.2	4.5
- On fully diluted basis (detailing and adjustments made to the earnings)	5.2	4.5
Weighted average number of ordinary shares in issue	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.

### 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

	30.09.2013	31.03.2013
Net asset value per ordinary share based on the total number of issued shares - group (cents)	79.0	77.1
Net asset value per ordinary share based on the total number of issued shares - company (cents)	27.7	21.9

### 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

The Group recorded a profit net of tax of S\$8.4 million in the first six months of FY2014 as compared to S\$7.5 million in the corresponding period last year, an increase of 11.4% or S\$0.9 million of profit net of tax.

For the six months ended 30 September 2013, revenue grew by 16.8% to S\$193.7m, compared with the same period last year. The increase in revenue was mainly due to the Group's expansion in overseas markets with the opening of Patek Philippe and Rolex boutiques in Kuala Lumpur, Malaysia and a multibrand boutique in Ladphrao of Thailand.

Other credits increased significantly due to gain on disposal of investment properties.

Operating expenses, comprising staff costs, rental expenses, depreciation and other expenses, increased by S\$3.0 million or 10.6% to S\$31.1million in 1HFY2014. The increase in manpower costs and rental expenses is in line with the expansion of retail network. Other expenses increased S\$1.0 million mainly due to the increase in credit card expenses as a result of higher revenue recorded and higher promotion and advertisement costs due to opening of new outlets in 1HFY2014.

Other charges included foreign exchange adjustment loss of S\$871,000 and fixed assets written off of S\$194,000 due to the closure of an outlet in Marina Bay Sands.



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Finance cost decreased by S\$0.3 million to S\$1.5 million in 1HFY2014 due to the maturity of interest rate swaps which more than offset the interest on the increased borrowings.

The Group's balance sheet shows total equity of S\$137.3 million, increased from S\$134.5 million of last financial year. The Group's cash and cash equivalent remained at a normal level of S\$12.2 million. Inventory was S\$2.9 million higher than previous financial year as a result of expansion of retail outlets. Trade and other receivables increased by S\$6.7 million mainly due to higher purchase rebates receivable. Short term financial liabilities increased by S\$14.3 million to finance inventory purchases, renovation of new boutiques and other working capital needs.

### **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**

Global economy remain uncertain, the Group will continue to be cautious in exploring new retail opportunities. At the end of the financial year, the Group will open its first Audemars Piguet boutique in Central Embassy, Thailand.

Barring unforeseen circumstances, the Group will remain profitable.

### **11. Dividend**

#### **(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on.

No dividend has been declared or recommended.

#### **(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year.

No dividend was declared or recommended.

#### **(c) Date payable**

Not applicable.

#### **(d) Books closure date**

Not applicable.

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

No interim dividend has been declared or recommended for period ended 30 September 2013.

### **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.

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

## **UNAUDITED HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

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### **14. Negative Assurance Confirmation on interim financial results pursuant to Rule 705 (5) of the Listing manual**

We, the undersigned, hereby confirmed 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 2013 to be false or misleading in any material respect.

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  
12 November 2013