

**CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)****UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2014**

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		
	3 months ended 30 June		
	2014	2013	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	92,118	96,721	(4.76)
<u>Other items of income</u>			
Interest income	8	4	100.00
Other credits	1,400	1,121	24.89
<u>Other items of expenses</u>			
Change in inventories of finished goods	(9,063)	(6,095)	48.70
Purchase of goods and consumables	(64,168)	(70,144)	(8.52)
Employee benefit expenses	(4,993)	(5,074)	(1.60)
Rental expenses	(5,468)	(5,872)	(6.88)
Depreciation expense	(893)	(1,030)	(13.30)
Other expenses	(3,339)	(3,227)	3.47
Other charges	-	(287)	(100.00)
Finance costs	(689)	(712)	(3.23)
Share of (loss)/profit from equity-accounted associates	(18)	22	N.M
Profit before tax from continuing activities	4,895	5,427	(9.81)
Income tax expense	(828)	(948)	(12.66)
Profit from continuing activities, Net of tax	4,067	4,479	(9.20)
Profit attributable to :			
Owners of the parent, net of tax	3,774	4,521	(16.53)
Non-controlling interests, net of tax	293	(42)	N.M
Profit net of tax	4,067	4,479	(9.20)
<u>Statement of Comprehensive Income</u>			
Profit from continuing activities	4,067	4,479	(9.20)
Other Comprehensive Income:			
Exchange difference on translating foreign operations, net of tax	(73)	100	N.M
Total comprehensive income for the period	3,994	4,579	(12.77)
Total comprehensive income attributable to :			
Owners of the parent	3,677	4,686	(21.54)
Non-controlling interests	317	(107)	N.M
	3,994	4,579	(12.77)

CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2014

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

	3 months ended 30 June		
	<u>2014</u>	<u>2013</u>	Increase/ (Decrease)
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Interest expenses	(689)	(712)	(3.23)
Depreciation of property, plant and equipment and investment properties	(893)	(1,030)	(13.30)
Net foreign exchange gains/(losses)	223	(84)	N.M
Gain on disposal of plant and equipment	80	-	N.M
Plant and equipment written off	-	(188)	(100.00)
Inventories written back/(off)	1	(19)	N.M
Bad debts recovered	-	4	(100.00)
Allowance for inventories	(368)	(321)	14.64
Gains in disposal of investment properties	1,096	1,121	(2.23)

Note : N.M - not meaningful

CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2014

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 30.06.2014 S\$'000	As At 31.03.2014 S\$'000	As At 30.06.2014 S\$'000	As At 31.03.2014 S\$'000
ASSETS				
Current Assets				
Cash and bank balances	15,179	14,499	1,821	115
Trade and other receivables	18,821	13,587	9,094	8,625
Inventories	225,750	216,687	-	-
Other assets, current	3,231	2,218	12	12
Assets held for sale under FRS105	14,693	20,125	14,693	20,125
Total current assets	<u>277,674</u>	<u>267,116</u>	<u>25,620</u>	<u>28,877</u>
Non-Current Assets				
Investments in associates	2,530	2,548	1,000	1,000
Investments in subsidiaries	-	-	23,208	22,633
Investment property	221	222	221	222
Property, plant and equipment	11,487	11,529	-	-
Deferred tax assets	1,042	1,035	-	-
Other assets, non-current	4,523	4,656	-	-
Trade and other receivables, non-current	-	-	13,180	12,635
Total non-current assets	<u>19,803</u>	<u>19,990</u>	<u>37,609</u>	<u>36,490</u>
Total Assets	<u>297,477</u>	<u>287,106</u>	<u>63,229</u>	<u>65,367</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	24,007	23,524	1,632	3,749
Income tax payables	2,579	2,531	270	283
Other liabilities, current	2,256	2,295	-	-
Other financial liabilities, current	107,246	99,562	5,000	5,000
Total current liabilities	<u>136,088</u>	<u>127,912</u>	<u>6,902</u>	<u>9,032</u>
Non-Current Liabilities				
Other financial liabilities, non-current	9,494	10,719	8,750	10,000
Provisions, non-current	944	943	-	-
Deferred tax liabilities	12	12	-	-
Total non-current liabilities	<u>10,450</u>	<u>11,674</u>	<u>8,750</u>	<u>10,000</u>
Total Liabilities	<u>146,538</u>	<u>139,586</u>	<u>15,652</u>	<u>19,032</u>
Net Assets	<u>150,939</u>	<u>147,520</u>	<u>47,577</u>	<u>46,335</u>
EQUITY				
Equity attributable to owners of parent				
Share capital	35,481	35,481	35,481	35,481
Other reserves	(5,815)	(5,718)	-	-
Retained earnings	114,270	110,738	12,096	10,854
Total equity, attributable to owners of parent	<u>143,936</u>	<u>140,501</u>	<u>47,577</u>	<u>46,335</u>
Non-controlling interests	7,003	7,019	-	-
Total Equity	<u>150,939</u>	<u>147,520</u>	<u>47,577</u>	<u>46,335</u>

CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2014

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

Amount repayable in one year or less, or on demand

As at 30.06.2014		As at 31.03.2014	
Secured	Unsecured	Secured	Unsecured
518,346	106,727,450	524,930	99,037,120

Amount repayable after one year

As at 30.06.2014		As at 31.03.2014	
Secured	Unsecured	Secured	Unsecured
743,577	8,750,000	718,922	10,000,000

Details of any collateral

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. Bank loans of S\$228,000 (31 March 2014 : S\$280,000) are secured by mortgage over the Group's freehold property.

CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2014

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 June 2014 S\$'000	April to June 2013 S\$'000
Cash flows from operating activities		
Profit before tax	4,895	5,427
Adjustments for :		
Depreciation expenses	893	1,030
Interest income	(8)	(4)
Interest expense	689	712
Share of the loss/(profit) from equity-accounted associates	18	(22)
Gain on disposal of plant and equipment	(80)	-
Gains on disposal of assets held for sale under FRS105	(1,096)	(1,121)
Plant and equipment written off	-	188
Net effect of exchange rate changes in consolidating foreign operations	(163)	101
Operating cash flows before changes in working capital	5,148	6,311
Trade and other receivables	(5,234)	(4,610)
Inventories	(9,063)	(6,095)
Other assets	(880)	(948)
Trade and other payables	483	9,065
Other liabilities	39	512
Net cash flows (used in)/from operations	(9,507)	4,235
Income tax paid	(766)	(796)
Net cash flows (used in)/from operating activities	(10,273)	3,439
Cash flows from investing activities		
Purchase of plant and equipment	(696)	(1,652)
Interest received	8	4
Proceeds from sale of plant and equipment	192	-
Proceeds from sale of assets held for sale	6,528	2,000
Net cash flows used in investing activities	6,032	352
Cash flows from financing activities		
Acquisition of Non-Controlling Interests without Change in Control	(575)	-
Increase in other financial liabilities	6,484	2,034
Decrease in finance leases	(171)	(74)
Interest paid	(689)	(712)
Net cash flows from financing activities	5,049	1,248
Net /increase in cash and cash equivalents	808	5,039
Cash and cash equivalents, Statement of cash flows, beginning balance	14,405	7,565
Effects of foreign exchange rate adjustment	(34)	9
Cash and cash equivalents, statement of cash flows, ending balance (Note A)	15,179	12,613
Note A:		
Cash and bank balances	15,179	13,179
Bank overdrafts	-	(566)
Cash and cash equivalents for statement of cashflow purposes at end of the period	15,179	12,613

CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2014

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
The Group						
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	3,994	3,677	-	(97)	3,774	317
Acquisition of Non-Controlling Interests without a Change in Control - Note (a)	(575)	(242)	-	-	(242)	(333)
Balance at 30 June 2014	150,939	143,936	35,481	(5,815)	114,270	7,003
Balance at 1 April 2013	134,507	127,600	35,481	(5,218)	97,337	6,907
<u>Movements in equity:</u>						
Total comprehensive income for the period	4,579	4,686	-	165	4,521	(107)
Balance at 30 June 2013	139,086	132,286	35,481	(5,053)	101,858	6,800

The Company

Balance at 1 April 2014

Movements in equity:

Total comprehensive income for the period

Balance at 30 June 2014

Balance at 1 April 2013

Movements in equity:

Total comprehensive income for the period

Balance at 30 June 2013

	Total S\$'000	Share capital S\$'000	Retained earnings S\$'000
Balance at 1 April 2014	46,335	35,481	10,854
Total comprehensive income for the period	1,242	-	1,242
Balance at 30 June 2014	47,577	35,481	12,096
Balance at 1 April 2013	36,324	35,481	843
Total comprehensive income for the period	1,449	-	1,449
Balance at 30 June 2013	37,773	35,481	2,292

CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2014

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.

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 change in the issued and paid up share capital of the Company since 31 March 2014.

The Company does not have outstanding convertible and treasury shares as at 30 June 2014 and 30 June 2013.

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 June 2014 and 31 March 2014 (excluding treasury shares)	165,578,415	35,481,180

The Company does not have treasury shares as at 30 June 2014 and 31 March 2014.

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 2014, except for the adoption of the new and revised Financial Reporting Standards ("FRS"), including its consequential amendment and interpretations which became effective for financial years beginning on or after 1 April 2014.

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 three months period ended 30 June 2014.

CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 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.

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	
	30.06.2014	30.06.2013
Earning per ordinary share (cents)		
- Based on weighted average number of ordinary shares in issue	2.3	2.7
- On fully diluted basis (detailing and adjustments made to the earnings)	2.3	2.7
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

	30.06.2014	31.03.2014
Net asset value per ordinary share based on the total number of issued shares - group (cents)	86.9	84.9
Net asset value per ordinary share based on the total number of issued shares - company (cents)	28.7	28.0

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\$4.1 million in the first quarter FY2015 as compared to S\$4.5 million in the same corresponding quarter last year, a decrease of S\$0.4 million or 8.4%.

For the current quarter, revenue reduced by 4.8% to S\$92.1m, compared to the prior year quarter mainly due to lower tourist arrival and more competitive environment.

Other credits comprised mainly of gains from disposal of investment properties of S\$1.1 million and exchange gain of S\$0.2 million.

Operating expenses, comprising staff costs, rental expenses, depreciation and other expenses, decreased by S\$512,000 or 3.3% over the prior year quarter. The reduction resulted mainly from the lower net rental expenses and depreciation as a result of closure of an outlet in Singapore.

Finance costs of S\$689,000 was S\$23,000 less than the prior year quarter due to lower average borrowings.

The Group's equity of S\$151.0 million was higher than last year end's S\$147.5 million. Cash and cash equivalents were at S\$15.2 million, represented mainly by short term cash balances. Inventory was S\$9.1 million higher than previous financial year due to the expansion of an AP boutique in Central Embassy, Bangkok, a Longines boutique in KLCC, Kuala Lumpur and a Gucci kiosk in Pavillion, Kuala Lumpur. Trade and other receivables increased by S\$4.5 million, largely due to further accrual of trade rebates receivable. Short term financial liabilities increased by S\$7.7 million mainly to finance increased inventory due to expansion.

CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2014

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 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

Not applicable.

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 a shareholders' mandate for interested person transactions.

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 three months ended 30 June 2014 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
11 August 2014