



Cortina watch

CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015

Part 1 - Information required for announcements of quarterly (Q1, Q2 & Q3), half-year and full year results

1(a) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Comprehensive Income

	GROUP		
	3 months ended 30 June		
	2015	2014	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	82,862	92,118	(10.05)
<u>Other items of income</u>			
Interest income	8	8	-
Other gains	748	1,296	(42.28)
<u>Other items of expenses</u>			
Changes in inventories of finished goods	12,041	(9,063)	N.M
Purchase of goods and consumables	(76,616)	(64,168)	19.40
Employee benefit expense	(4,942)	(4,993)	(1.02)
Rental expense	(6,310)	(5,468)	15.40
Depreciation expense	(1,173)	(893)	31.35
Other expenses	(4,617)	(3,235)	42.72
Finance costs	(667)	(689)	(3.19)
Share of profit/(loss) from equity-accounted associates	3	(18)	N.M
Profit before tax from continuing activities	1,337	4,895	(72.69)
Income tax expense	(369)	(828)	(55.43)
Profit from continuing activities, Net of tax	968	4,067	(76.20)
Profit attributable to :			
Owners of the parent, net of tax	1,417	3,774	(62.45)
Non-controlling interests, net of tax	(449)	293	N.M
Profit net of tax	968	4,067	(76.20)
<u>Statement of Comprehensive (Loss)/Income</u>			
Profit from continuing activities	968	4,067	(76.20)
Other Comprehensive (Loss)/Income:			
Exchange difference on translating foreign operations, net of tax	(1,698)	(73)	>100
Total comprehensive (loss)/income for the period	(730)	3,994	(118.29)
Total comprehensive (loss)/income attributable to :			
Owners of the parent	23	3,677	(99.37)
Non-controlling interests	(753)	317	N.M
	(730)	3,994	(118.29)

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

	3 months ended 30 June		
	<u>2015</u> <u>S\$'000</u>	<u>2014</u> <u>S\$'000</u>	Increase/ (Decrease) %
Interest expenses	(667)	(689)	(3.19)
Depreciation of property, plant and equipment and investment properties	(1,173)	(893)	31.35
Net foreign exchange (losses)/gains	(1,051)	223	N.M
(Loss)/Gain on disposal of plant and equipment	(8)	80	N.M
Plant and equipment written off	(51)	-	100.00
Inventories (written off)/back	(2)	1	N.M
Allowance for inventories	(975)	(368)	>100
Gains in disposal of investment properties	748	992	(24.60)

Note : N.M - not meaningful

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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	
	As At 30.06.2015 S\$'000	As At 31.03.2015 S\$'000	As At 30.06.2015 S\$'000	As At 31.03.2015 S\$'000
ASSETS				
Current Assets				
Cash and bank balances	18,294	27,336	179	1,121
Trade and other receivables	13,764	11,755	19,128	16,774
Inventories	227,391	215,350	-	-
Other assets, current	3,813	2,969	12	13
Assets held for sale under FRS105	-	4,603	-	4,603
Total current assets	263,262	262,013	19,319	22,511
Non-Current Assets				
Investments in associates	2,530	2,527	1,000	1,000
Investments in subsidiaries	-	-	24,928	24,928
Property, plant and equipment	14,364	15,413	215	216
Deferred tax assets	981	1,006	-	-
Other assets, non-current	4,770	4,495	-	-
Trade and other receivables, non-current	-	-	10,841	10,593
Total non-current assets	22,645	23,441	36,984	36,737
Total Assets	285,907	285,454	56,303	59,248
LIABILITIES				
Current Liabilities				
Trade and other payables	25,430	19,990	1,323	4,036
Income tax payables	2,158	2,227	286	240
Other liabilities, current	791	1,022	-	-
Other financial liabilities, current	87,496	89,607	5,000	5,000
Total current liabilities	115,875	112,846	6,609	9,276
Non-Current Liabilities				
Other financial liabilities, non-current	8,385	10,345	3,750	5,000
Provisions, non-current	1,068	954	-	-
Deferred tax liabilities	52	52	-	-
Total non-current liabilities	9,505	11,351	3,750	5,000
Total Liabilities	125,380	124,197	10,359	14,276
Net Assets	160,527	161,257	45,944	44,972
EQUITY				
Equity attributable to owners of parent				
Share capital	35,481	35,481	35,481	35,481
Other reserves	(5,056)	(3,662)	-	-
Retained earnings	122,161	120,744	10,463	9,491
Total equity, attributable to owners of parent	152,586	152,563	45,944	44,972
Non-controlling interests	7,941	8,694	-	-
Total Equity	160,527	161,257	45,944	44,972

CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015****1(b)(ii) Aggregate amount of group's borrowings and debt securities****Amount repayable in one year or less, or on demand**

As at 30.06.2015		As at 31.03.2015	
Secured	Unsecured	Secured	Unsecured
279,133	87,216,463	273,691	89,332,976

Amount repayable after one year

As at 30.06.2015		As at 31.03.2015	
Secured	Unsecured	Secured	Unsecured
646,851	7,738,391	661,875	9,683,223

CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015**

1(c)(i) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	April to June 2015 S\$'000	April to June 2014 S\$'000
Cash flows from operating activities		
Profit before tax	1,337	4,895
Adjustments for :		
Depreciation expenses	1,173	893
Interest income	(8)	(8)
Interest expense	667	689
Share of the (profit)/loss from equity-accounted associates	(3)	18
Loss/(Gain) on disposal of plant and equipment	8	(80)
Provision, non-current	114	-
Gains on disposal of assets held for sale under FRS105	(748)	(992)
Plant and equipment written off	51	-
Net effect of exchange rate changes in consolidating foreign operations	(998)	(163)
Operating cash flows before changes in working capital	1,593	5,252
Trade and other receivables	(2,009)	(5,234)
Inventories	(12,041)	(9,063)
Other assets	(1,119)	(880)
Trade and other payables	5,440	379
Other liabilities	(231)	39
Net cash flows used in operations	(8,367)	(9,507)
Income tax paid	(426)	(766)
Net cash flows used in operating activities	(8,793)	(10,273)
Cash flows from investing activities		
Purchase of plant and equipment	(502)	(696)
Interest received	8	8
Proceeds from sale of plant and equipment	3	192
Proceeds from sale of assets held for sale	5,351	6,528
Net cash flows from investing activities	4,860	6,032
Cash flows from financing activities		
Acquisition of Non-Controlling Interests without Change in Control	-	(575)
(Decrease)/Increase in other financial liabilities	(4,075)	6,484
Decrease in finance leases	(77)	(171)
Interest paid	(667)	(689)
Net cash flows used in financing activities	(4,819)	5,049
Net (decrease)/increase in cash and cash equivalents	(8,752)	808
Cash and cash equivalents, Statement of cash flows, beginning balance	27,299	14,405
Effects of foreign exchange rate adjustment	(304)	(34)
Cash and cash equivalents, statement of cash flows, ending balance (Note A)	18,243	15,179
Note A:		
Cash and bank balances	18,294	15,179
Bank overdrafts	(51)	-
Cash and cash equivalents for statement of cashflow purposes at end of the period	18,243	15,179

There were acquisitions of certain assets under property, plant and equipment with a total cost of S\$67,000 (2015: S\$240,000) acquired by means of finance lease.

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UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalising issues and distributions to shareholders, together with a comparative statement for the correspond period of the immediately preceding financial year

	Total equity S\$'000	Attributable to Parent			Non-controlling interests S\$'000	
		Sub-total S\$'000	Share capital S\$'000	Translation reserve S\$'000		Retained earnings S\$'000
The Group						
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	(730)	23	-	(1,394)	1,417	(753)
Balance at 30 June 2015	160,527	152,586	35,481	(5,056)	122,161	7,941
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

The Company

Balance at 1 April 2015

Movements in equity:

Total comprehensive income for the period

Dividends paid

Balance at 30 June 2015

Balance at 1 April 2014

Movements in equity:

Total comprehensive income for the period

Balance at 30 June 2014

	Total S\$'000	Share capital S\$'000	Retained earnings S\$'000
Balance at 1 April 2015	44,972	35,481	9,491
Total comprehensive income for the period	972	-	972
Dividends paid	-	-	-
Balance at 30 June 2015	45,944	35,481	10,463
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

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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 2015.

The Company does not have outstanding convertible and treasury shares as at 30 June 2015 and 30 June 2014.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	Number of Ordinary Shares	S\$
Balance as at 30 June 2015 and 31 March 2015 (excluding treasury shares)	<u>165,578,415</u>	<u>35,481,180</u>

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

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period, which are consistent with those described in the Audited Financial Statements for the year ended 31 March 2015, except for the adoption of the new and revised Financial Reporting Standards ("FRS"), including its consequential amendment and interpretations which became effective for financial years beginning on or after 1 April 2015.

The adoption of the new and revised FRS does not have any material impact to the financial statements for the Group and Company for the three months period ended 30 June 2015.

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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	
	30.06.2015	30.06.2014
Earning per ordinary share (cents)		
- Based on weighted average number of ordinary shares in issue	0.9	2.3
- On fully diluted basis (detailing any adjustments made to the earnings)	0.9	2.3
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

	30.06.2015	31.03.2015
Net asset value per ordinary share based on the total number of issued shares - group (cents)	92.2	92.1
Net asset value per ordinary share based on the total number of issued shares - company (cents)	27.7	27.2

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

The Group recorded a profit net of tax of S\$1.0 million in the first quarter FY2016 as compared to S\$4.1 million in the same quarter last year, a decrease of S\$3.1 million or 76.2%.

For the current quarter, revenue reduced by 10.1% to S\$82.9m, compared to the prior year quarter, mainly due to China's slowing economy resulting in lower tourist to Hong Kong and South East Asia. In addition, the introduction of Goods and Service Tax in Malaysia on 1 April 2015 has an adverse impact on business, at least for the first few months.

Other gains comprised mainly gains of S\$0.7 million from the disposal of an investment property.

Operating expenses, comprising staff costs, rental expenses, depreciation and other expenses, increased by S\$2.5 million over the prior year quarter. The higher operating expenses were due mainly to higher rental expenses and depreciation in Malaysia, Hong Kong, Taiwan and Thailand, as well as exchange losses arising from the weakening of regional currencies against the Singapore Dollar.

Finance costs of S\$667,000 was S\$22,000 less than the prior year quarter due to lower average borrowings.

The Group's equity attributable to owners of the parent company of S\$152.6 million was no change from the last year end. Cash and cash equivalents were at S\$18.3 million, represented mainly by short term cash balances. Inventory was S\$12.0 million higher than last year end, due to the expansion of operations in Singapore and Malaysia. Trade and other receivables increased by S\$2.0 million. Short term financial liabilities reduced by S\$2.1 million mainly due to repayment.

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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

The slowing of the Chinese economy had impacted our business.

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 party 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 2015 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 August 2015