

**CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)****UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 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 | | |
|---|-------------------------------|----------------|---------------------------------|
| | 3 months ended 30 June | | |
| | 2016 | 2015 | Increase/ (Decrease) |
| | S\$'000 | S\$'000 | % |
| Revenue | 93,403 | 82,862 | 13 |
| <u>Other items of income</u> | | | |
| Interest income | 11 | 8 | 41 |
| Other gains | 111 | 748 | -85 |
| <u>Other items of expenses</u> | | | |
| Changes in inventories of finished goods | (5,591) | 12,041 | N.M |
| Purchase of goods and consumables | (66,153) | (76,616) | -14 |
| Employee benefit expense | (4,915) | (4,942) | -1 |
| Rental expense | (7,242) | (6,310) | 15 |
| Depreciation expense | (1,218) | (1,173) | 4 |
| Other expenses | (3,521) | (4,617) | -24 |
| Finance costs | (563) | (667) | -16 |
| Share of profit/(loss) from equity-accounted associates | (9) | 3 | N.M |
| Profit before tax from continuing activities | 4,313 | 1,337 | >100 |
| Income tax expense | (896) | (369) | >100 |
| Profit from continuing activities, Net of tax | 3,417 | 968 | >100 |
| Profit attributable to : | | | |
| Owners of the parent, net of tax | 3,292 | 1,417 | >100 |
| Non-controlling interests, net of tax | 125 | (449) | N.M |
| Profit net of tax | 3,417 | 968 | >100 |
| <u>Statement of Comprehensive (Loss)/Income</u> | | | |
| Profit from continuing activities | 3,417 | 968 | >100 |
| Other Comprehensive Income/(Loss): | | | |
| Exchange difference on translating foreign operations, net of tax | (1,158) | (1,698) | -32 |
| Total comprehensive income/(loss) for the period | 2,259 | (730) | N.M |
| Total comprehensive income/(loss) attributable to : | | | |
| Owners of the parent | 2,245 | 23 | >100 |
| Non-controlling interests | 14 | (753) | N.M |
| | 2,259 | (730) | N.M |

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

| | 3 months ended 30 June | | |
|---|------------------------|----------------|-------------------------|
| | 2016 | 2015 | Increase/ (Decrease) |
| | <u>S\$'000</u> | <u>S\$'000</u> | % |
| Interest expenses | (563) | (667) | -16 |
| Depreciation of property, plant and equipment and investment properties | (1,218) | (1,173) | 4 |
| Net foreign exchange gains/(losses) | 90 | (1,051) | N.M |
| Gain/(Loss) on disposal of plant and equipment | 21 | (8) | N.M |
| Plant and equipment written off | (2) | (51) | -96 |
| Inventories written off | (9) | (2) | >100 |
| Allowance for inventories | (521) | (975) | -47 |
| Gains in disposal of investment properties | - | 748 | -100 |

Note : N.M - not meaningful

CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 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 30.06.2016 S\$'000 | As At 31.03.2016 S\$'000 | As At 30.06.2016 S\$'000 | As At 31.03.2016 S\$'000 |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and bank balances | 19,269 | 17,262 | 34 | 51 |
| Trade and other receivables, current | 11,877 | 8,198 | 3,645 | 2,566 |
| Inventories | 210,739 | 216,330 | - | - |
| Other assets, current | 3,459 | 2,967 | 12 | 14 |
| Total current assets | 245,344 | 244,757 | 3,691 | 2,631 |
| Non-Current Assets | | | | |
| Investments in associates | 2,509 | 2,518 | 1,000 | 1,000 |
| Investments in subsidiaries | - | - | 51,701 | 51,701 |
| Property, plant and equipment | 15,853 | 15,891 | 209 | 211 |
| Deferred tax assets | 710 | 724 | - | - |
| Other assets, non-current | 4,316 | 4,313 | - | - |
| Trade and other receivables, non-current | - | - | 5,573 | 5,403 |
| Total non-current assets | 23,388 | 23,446 | 58,483 | 58,315 |
| Total Assets | 268,732 | 268,203 | 62,174 | 60,946 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Trade and other payables, current | 14,020 | 14,319 | 16,268 | 14,100 |
| Income tax payables | 2,106 | 1,404 | 182 | 182 |
| Other liabilities, current | 6,276 | 3,445 | - | - |
| Other financial liabilities, current | 79,283 | 83,628 | 3,750 | 5,000 |
| Total current liabilities | 101,685 | 102,796 | 20,200 | 19,282 |
| Non-Current Liabilities | | | | |
| Other financial liabilities, non-current | 2,006 | 2,618 | - | - |
| Provisions, non-current | 1,309 | 1,316 | - | - |
| Deferred tax liabilities | - | - | - | - |
| Total non-current liabilities | 3,315 | 3,934 | - | - |
| Total Liabilities | 105,000 | 106,730 | 20,200 | 19,282 |
| Net Assets | 163,732 | 161,473 | 41,974 | 41,664 |
| EQUITY | | | | |
| Equity attributable to owners of parent | | | | |
| Share capital | 35,481 | 35,481 | 35,481 | 35,481 |
| Other reserves | (8,141) | (5,969) | - | - |
| Retained earnings | 128,342 | 124,165 | 6,493 | 6,183 |
| Total equity, attributable to owners of parent | 155,682 | 153,677 | 41,974 | 41,664 |
| Non-controlling interests | 8,050 | 7,796 | - | - |
| Total Equity | 163,732 | 161,473 | 41,974 | 41,664 |

CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 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 30.06.2016 | | As at 31.03.2016 | |
|-------------------------|-------------------|-------------------------|------------|
| Secured | Unsecured | Secured | Unsecured |
| 307,530 | 78,975,487 | 297,351 | 83,330,461 |

Amount repayable after one year

| As at 30.06.2016 | | As at 31.03.2016 | |
|-------------------------|------------------|-------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 450,515 | 1,555,563 | 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 FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 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

| | April to June 2016 S\$'000 | April to June 2015 S\$'000 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before tax | 4,313 | 1,337 |
| Depreciation expenses | 1,218 | 1,173 |
| Interest income | (11) | (8) |
| Interest expense | 563 | 667 |
| Share of the (profit)/loss from equity-accounted associates | 9 | (3) |
| (Gain)/Loss on disposal of plant and equipment | (21) | 8 |
| Provision, non-current | (7) | 114 |
| Gains on disposal of assets held for sale under FRS105 | - | (748) |
| Plant and equipment written off | 2 | 51 |
| Net effect of exchange rate changes in consolidating foreign operations | (937) | (998) |
| Operating cash flows before changes in working capital | 5,129 | 1,593 |
| Trade and other receivables | (3,679) | (2,009) |
| Inventories | 5,591 | (12,041) |
| Other assets | (495) | (1,119) |
| Trade and other payables | (299) | 5,440 |
| Other liabilities | 2,831 | (231) |
| Net cash flows from/(used in) operations | 9,078 | (8,367) |
| Income tax paid | (191) | (426) |
| Net cash flows from/(used in) operating activities | 8,887 | (8,793) |
| Cash flows from investing activities | | |
| Purchase of plant and equipment | (1,277) | (502) |
| Interest received | 11 | 8 |
| Proceeds from sale of plant and equipment | 22 | 3 |
| Proceeds from sale of assets held for sale | - | 5,351 |
| Net cash flows (used in)/from investing activities | (1,244) | 4,860 |
| Cash flows from financing activities | | |
| (Decrease)/Increase in other financial liabilities | (4,931) | (4,075) |
| Decrease in finance leases | (19) | (77) |
| Interest paid | (563) | (667) |
| Net cash flows used in financing activities | (5,513) | (4,819) |
| Net increase/(decrease) in cash and cash equivalents | 2,130 | (8,752) |
| Cash and cash equivalents, Statement of cash flows, beginning balance | 17,236 | 27,299 |
| Effects of foreign exchange rate adjustment | (116) | (304) |
| Cash and cash equivalents, statement of cash flows, ending balance (Note A) | 19,250 | 18,243 |
| Note A: | | |
| Cash and bank balances | 19,269 | 18,294 |
| Bank overdrafts | (19) | (51) |
| Cash and cash equivalents for statement of cashflow purposes at end of the period | 19,250 | 18,243 |

There were acquisitions of certain assets under property, plant and equipment with a total cost of S\$NIL (2016: S\$67,000) acquired by means of finance lease.

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UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 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 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 |
| <u>The Group</u> | | | | | | |
| Balance at 1 April 2016 | 161,473 | 153,677 | 35,481 | (5,969) | 124,165 | 7,796 |
| Total comprehensive income for the period | 2,259 | 2,245 | - | (1,047) | 3,292 | 14 |
| Acquisition of Non-Controlling Interests without a Change in Control - Note (a) | - | (240) | - | (1,125) | 885 | 240 |
| Balance at 30 June 2016 | 163,732 | 155,682 | 35,481 | (8,141) | 128,342 | 8,050 |
| Balance at 1 April 2015 | 161,257 | 152,563 | 35,481 | (3,662) | 120,744 | 8,694 |
| 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 |

The Company

Balance at 1 April 2016

Movements in equity:

Total comprehensive income for the period

Balance at 30 June 2016

Balance at 1 April 2015

Movements in equity:

Total comprehensive income for the period

Balance at 30 June 2015

| | Total S\$'000 | Share capital S\$'000 | earnings S\$'000 |
|--|------------------|--------------------------|---------------------|
| Balance at 1 April 2016 | 41,664 | 35,481 | 6,183 |
| Total comprehensive income for the period | 310 | - | 310 |
| Balance at 30 June 2016 | 41,974 | 35,481 | 6,493 |
| Balance at 1 April 2015 | 44,972 | 35,481 | 9,491 |
| Total comprehensive income for the period | 972 | - | 972 |
| Balance at 30 June 2015 | 45,944 | 35,481 | 10,463 |

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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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 2016.

The Company does not have outstanding convertible and treasury shares as at 30 June 2016 and 30 June 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 June 2016 and 31 March 2016 (excluding treasury shares) | <u>165,578,415</u> | <u>35,481,180</u> |

The Company does not have treasury shares as at 30 June 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 ("FRS"), including its consequential amendment and interpretations 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 three months period ended 30 June 2016.

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

Earnings per ordinary share (cents)

- Based on weighted average number of ordinary shares in issue

- On fully diluted basis (detailing any adjustments made to the earnings)

| Group | |
|------------|------------|
| 30.06.2016 | 30.06.2015 |
| 2.0 | 0.9 |
| 2.0 | 0.9 |

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

Net asset value per ordinary share based on the total number of issued shares - group (cents)

Net asset value per ordinary share based on the total number of issued shares - company (cents)

| 30.06.2016 | 31.03.2016 |
|------------|------------|
| 94.0 | 92.8 |
| 25.3 | 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\$3.4 million in the first quarter FY2017, an increase of \$2.4 million or 253% as compared to last year.

For the current quarter, revenue increased by 13% to S\$93.4 million, compared to the prior year quarter. This was mainly due to higher sales for the expanded outlets. Also, the negative impact when GST was first introduced in Malaysia last year has now worn off.

Sales margin for the quarter improved by 1.1% to 23.2%, from the corresponding quarter last year.

Operating expenses comprising staff costs, rental expenses, depreciation and other expenses, reduced marginally by S\$150,000. The higher operating expenses were mainly due to higher rental expenses and depreciation resulting from the opening and expansion of outlets in the region.

Finance cost of S\$563,000 was S\$104,000 lower than the prior year quarter due to lower average borrowings.

The Group's equity attributable to owners of the parent company was S\$155.7 million, an increase of S\$2.0 million from last year end. Cash and cash equivalents were at S\$19.3 million, represented mainly by short term cash balances. Inventories were about S\$5.6 million lower than last year end, resulting from management effort in controlling inventories. Trade and other receivables increased by S\$3.7 million and short term financial liabilities reduced by S\$4.3 million mainly due to repayment.

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 but nonetheless the Group continues to expand its outlets strategically, such as the addition of a new Rolex boutique at Marina Square, Singapore in the second quarter of the financial year.

Barring unforeseen circumstances, the Group expects to 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 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
11 August 2016