



CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 December 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		
	2016 S\$'000	2015 S\$'000	Increase/ (Decrease) %	2016 S\$'000	2015 S\$'000	Increase/ (Decrease) %
Revenue	101,997	97,689	4	284,698	273,712	4
<u>Other items of income</u>						
Interest income	11	12	(8)	30	27	11
Other gains	99	-	N.M	508	748	(32)
<u>Other items of expenses</u>						
Changes in inventories of finished goods	1,030	2,400	(57)	(642)	13,599	N.M
Purchase of goods and consumables	(80,491)	(78,038)	3	(218,598)	(225,075)	(3)
Employee benefit expense	(5,338)	(5,014)	6	(15,495)	(15,242)	2
Rental expense	(7,784)	(7,242)	7	(22,476)	(20,304)	11
Depreciation expense	(1,371)	(1,254)	9	(3,876)	(3,679)	5
Other expenses	(4,107)	(4,295)	(4)	(11,575)	(13,068)	(11)
Finance costs	(666)	(736)	-	(1,937)	(2,114)	(8)
Share of profit from equity-accounted associates	1	(15)	N.M	5	(8)	N.M
Profit before tax from continuing activities	3,381	3,507	(4)	10,642	8,596	24
Income tax expense	(627)	(484)	30	(2,132)	(1,467)	45
Profit from continuing activities, net of tax	2,754	3,023	(9)	8,510	7,129	19
Profit attributable to :						
Owners of the parent, net of tax	2,539	2,757	(8)	7,973	6,985	14
Non-controlling interests, net of tax	215	266	(19)	537	144	>100
Profit net of tax	2,754	3,023	(9)	8,510	7,129	19
<u>Statement of Comprehensive Income</u>						
Profit from continuing activities	2,754	3,023	(9)	8,510	7,129	19
Other Comprehensive Income:						
Exchange difference on translating foreign operations, net of tax	810	398	(9)	(311)	(3,725)	(92)
Total comprehensive income for the period	3,564	3,421	4	8,199	3,404	>100
Total comprehensive income attributable to :						
Owners of the parent	3,320	3,100	7	7,694	4,319	78
Non-controlling interests	244	321	(24)	505	(915)	N.M.
	3,564	3,421	4	8,199	3,404	>100

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

	3 months ended 31 Dec			9 months ended 31 Dec		
	2016 S\$'000	2015 S\$'000	Increase/ (Decrease) %	2016 S\$'000	2015 S\$'000	Increase/ (Decrease) %
Interest expense	(666)	(736)	(10)	(1,937)	(2,114)	(8)
Depreciation of property, plant and equipment	(1,371)	(1,254)	9	(3,876)	(3,679)	5
Net foreign exchange adjustment gain/(loss)	87	89	(2)	473	(1,233)	N.M.
Gain/(loss) on disposal of plant and equipment	12	-	N.M.	35	(8)	N.M.
Plant and equipment written off	(206)	(2)	>100	(215)	(199)	8
Inventories written off	9	-	N.M.	(9)	-	N.M.
Allowance for inventories	(295)	(1,073)	(72)	(545)	(2,615)	(79)
Gains on disposal of investment properties	-	-	-	-	748	(100)

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 31.12.2016 S\$'000	As At 31.03.2016 S\$'000	As At 31.12.2016 S\$'000	As At 31.03.2016 S\$'000
ASSETS				
Current Assets				
Cash and bank balances	20,616	17,262	101	51
Trade and other receivables	21,651	8,198	5,240	2,566
Inventories	215,688	216,330	-	-
Other assets, current	2,709	2,967	9	14
Total current assets	260,664	244,757	5,350	2,631
Non-Current Assets				
Investments in associates	2,523	2,518	1,000	1,000
Investments in subsidiaries	-	-	54,554	51,701
Property, plant and equipment	16,540	15,891	206	211
Deferred tax assets	697	724	-	-
Other assets, non-current	4,987	4,313	-	-
Trade and other receivables, non-current	-	-	5,453	5,403
Total non-current assets	24,747	23,446	61,213	58,315
Total Assets	285,411	268,203	66,563	60,946
LIABILITIES				
Current Liabilities				
Trade and other payables	21,716	14,319	26,039	14,100
Income tax payables	1,689	1,404	28	182
Other liabilities, current	3,181	3,445	-	-
Other financial liabilities, current	83,263	83,628	1,250	5,000
Total current liabilities	109,849	102,796	27,317	19,282
Non-Current Liabilities				
Other financial liabilities, non-current	10,697	2,618	-	-
Provisions, non-current	1,358	1,316	-	-
Total non-current liabilities	12,055	3,934	-	-
Total Liabilities	121,904	106,730	27,317	19,282
Net Assets	163,507	161,473	39,246	41,664
EQUITY				
Equity attributable to owners of parent				
Share capital	35,481	35,481	35,481	35,481
Other reserves	(7,451)	(5,969)	-	-
Retained earnings	129,030	124,165	3,765	6,183
Total equity, attributable to owners of the parent	157,060	153,677	39,246	41,664
Non-controlling interests	6,447	7,796	-	-
Total Equity	163,507	161,473	39,246	41,664

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

Amount repayable in one year or less, or on demand

As at 31.12.2016		As at 31.03.2016	
Secured	Unsecured	Secured	Unsecured
295,507	82,967,259	297,351	83,330,461

Amount repayable after one year

As at 31.12.2016		As at 31.03.2016	
Secured	Unsecured	Secured	Unsecured
307,774	10,388,899	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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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		9 months ended	
	31.12.2016 S\$'000	31.12.2015 S\$'000	31.12.2016 S\$'000	31.12.2015 S\$'000
Cash flows from operating activities				
Profit before tax	3,381	3,507	10,642	8,596
Adjustments for :				
Depreciation expense	1,371	1,254	3,876	3,679
Plant and equipment written off	206	2	215	199
Interest income	(11)	(12)	(30)	(27)
Interest expense	666	736	1,937	2,114
(Gain)/Loss on disposal of plant and equipment	(13)	-	(35)	8
Gain on disposal of assets held for sale under FRS105	-	-	-	(748)
Share of (gain)/loss from equity-accounted associates	(1)	15	(5)	8
Provisions, non-current	(2)	(20)	42	129
Net effect of exchange rate changes in consolidating foreign operations	635	371	(477)	(2,541)
Operating cash flows before changes in working capital	6,232	5,853	16,165	11,417
Trade and other receivables	(5,574)	(1,194)	(13,453)	(7,445)
Inventories	(1,030)	(2,401)	642	(13,600)
Other assets	97	796	(416)	140
Trade and other payables	1,309	(1,668)	7,397	2,159
Other liabilities	234	3,750	(264)	3,699
Net cash flows (used in)/from operations	1,268	5,136	10,071	(3,630)
Income tax paid	(900)	(1,009)	(2,006)	(2,662)
Net cash flows (used in)/from operating activities	368	4,127	8,065	(6,292)
Cash flows from investing activities				
Purchase of plant and equipment	(893)	(922)	(4,612)	(4,073)
Acquisition of Non-Controlling Interests without change in control	(2,853)	-	(2,853)	-
Interest received	11	12	30	27
Proceeds from sale of assets held for sale	-	-	-	5,351
Proceeds from sale of plant and equipment	17	-	39	3
Net cash flows (used in)/from investing activities	(3,718)	(910)	(7,396)	1,308
Cash flows from financing activities				
Increase from new borrowings	15,000	-	15,000	-
(Decrease)/Increase in other financial liabilities	(10,755)	(2,165)	(7,128)	3,572
Decrease in finance leases	(76)	(141)	(173)	(289)
Interest paid	(666)	(736)	(1,937)	(2,114)
Dividends paid	-	-	(3,312)	(4,967)
Net cash flows from financing activities	3,503	(3,042)	2,450	(3,798)
Net increase/(decrease) in cash and cash equivalents	153	175	3,119	(8,782)
Cash and cash equivalents, beginning balance	20,198	17,853	17,236	27,299
Effects of foreign exchange rate adjustment	224	(64)	220	(553)
Cash and cash equivalents, ending balance (Note A)	20,575	17,964	20,575	17,964

Note A:

Cash and bank balances	20,616	17,989
Bank overdrafts	(41)	(25)
Cash and cash equivalents at end of the period	<u>20,575</u>	<u>17,964</u>

Certain assets under property, plant and equipment with a total cost of NIL (2016: S\$203,000) were acquired by means of finance lease.

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UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 December 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
The Group						
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	8,199	7,694	-	(279)	7,973	505
Acquisition of Non-controlling Interests without a change in control - Note	(2,853)	(999)	-	(1,203)	204	(1,854)
Dividends paid	(3,312)	(3,312)	-	-	(3,312)	-
Balance at 31 December 2016	163,507	157,060	35,481	(7,451)	129,030	6,447
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	3,404	4,319	-	(2,666)	6,985	(915)
Dividends paid	(4,967)	(4,967)	-	-	(4,967)	-
Balance at 31 December 2015	159,694	151,915	35,481	(6,328)	122,762	7,779

The Company

Balance at 1 April 2016

Movements in equity:

Total comprehensive income for the period

Dividends paid

Balance at 31 December 2016

	Total S\$'000	Share capital S\$'000	Retained earnings S\$'000
Balance at 1 April 2016	41,664	35,481	6,183
Total comprehensive income for the period	894	-	894
Dividends paid	(3,312)	-	(3,312)
Balance at 31 December 2016	39,246	35,481	3,765
Balance at 1 April 2015	44,972	35,481	9,491
Total comprehensive income for the period	1,571	-	1,571
Dividends paid	(4,967)	-	(4,967)
Balance at 31 December 2015	41,576	35,481	6,095

Note : In October 2016, the company acquired, from the non-controlling interests, the remaining 25% and 40% of the paid up and issued share capital of Cortina Watch Co., Ltd and Pacific Time Co., Ltd., both in Taiwan, for a total consideration of \$2,853,000. Subsequent to the acquisition, the company holds 100% in both the subsidiaries.

Note: 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 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 31 December 2016 and 31 December 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 31 December 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 31 December 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 nine months period ended 31 December 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	3 months ended	9 months ended	9 months ended
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Earning per ordinary share (cents)				
- Based on weighted average number of ordinary shares in issue	1.5	1.7	4.8	4.2
- On fully diluted basis (detailing any adjustments made to the earnings)	1.5	1.7	4.8	4.2
Weighted average number of ordinary shares in issue	<u>165,578,415</u>	<u>165,578,415</u>	<u>165,578,415</u>	<u>165,578,415</u>

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

	31.12.2016	31.03.2016
Net asset value per ordinary share based on the total number of issued shares - group (cents)	94.9	92.8
Net asset value per ordinary share based on the total number of issued shares - company (cents)	23.7	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\$2.8 million in the third quarter of FY2017, a decrease of \$0.2 million or 9% as compared to last corresponding quarter. For the 9 months, profit net of tax increased 19% to \$8.5 million.

For the current quarter, revenue increased by 4% to S\$102.0 million, compared to the previous year quarter. The revenue for the current 9 months was at S\$284.7 million, or 4% higher than last year.

Operating expense, comprising staff cost, rental expense, depreciation and other expenses, increased marginally by S\$795,000 or 4.5% over last corresponding quarter. For the 9 months, the operating expense increased marginally by 2.2% to S\$53.4 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\$666,000 for the current quarter was marginally less as compared with the last corresponding quarter S\$736,000. For the 9 months, total finance cost was at S\$1.9 million, 8% lower than the last corresponding period.

The Group's equity attributable to owners of the parent company was S\$157.1 million, an increase of S\$3.4 million from the last year end. Cash and cash equivalents were at S\$20.6 million, represented mainly by short term cash balances. Inventories were S\$642,000 lower than last year end, resulting from tighter inventory control. Trade and other receivables increased by S\$13.5 million and short term financial liabilities decreased by S\$365,000.

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 and regional economies will continue to have a bearing on the Group's performance. With the growing affluence in the regional countries, it may help to spur growth for the group.

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.

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

No interim dividend has been declared or recommended for the nine months period ended 31 December 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 nine months ended 31 December 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
14 February 2017