



Cortina watch

Cortina Holdings Limited (Company Registration No. 197201771W)

Half Year Financial Statements and Dividend Announcement (Unaudited)

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

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

**Consolidated Income Statement for the Group
For Six Months Ended 30 September 2004**

	Latest Half Year 30.09.2004 S\$'000	Previous Half Year 30.09.2003 S\$'000	Increase (Decrease) %
Sales	64,263	70,275	(8.55)
Other operating income	3,095	2,316	33.64
Changes in inventories of finished goods	3,502	(782)	NM
Inventories consumed	(59,599)	(62,370)	(4.44)
Staff costs	(3,878)	(3,159)	22.76
Rental expenses	(2,080)	(2,009)	3.53
Depreciation	(642)	(523)	22.75
Other operation expenses	(2,596)	(1,652)	57.14
Profit from operations	2,065	2,096	(1.48)
Finance cost, net	(718)	(605)	18.68
	1,347	1,491	(9.66)
Share of results of associated companies before tax	112	137	(18.25)
Profit before tax	1,459	1,628	(10.38)
Income tax expense	(352)	(509)	(30.84)
Profit from ordinary activities after tax	1,107	1,119	(1.07)
Minority interest	(55)	(7)	NM
Profit after tax attributable to members of the Company	1,052	1,112	(5.40)
	Latest Half Year 30.09.2004 S\$'000	Previous Half Year 30.09.2003 S\$'000	Increase (Decrease) %
Profit before tax after charging (crediting) the following :			
Other income including interest income	(2,314)	(2,260)	2.39
Interest on borrowings	718	606	18.48
Depreciation and amortisation	642	523	22.75
Amortisation of deferred income	(47)	(140)	(66.43)
Foreign exchange (gain) loss	(299)	82	NM
Adjustments for over provision of tax in respect of prior years	(113)	-	NM
(Profit) loss on sale of investments, properties, and / or plant and equipment	(435)	1	NM
			-

NM : Not meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

**Consolidated Balance Sheet of the Group and Balance Sheet of the Company
As at 30 September 2004**

	Group		Company	
	As At 30.09.2004 S\$'000	As At 31.03.2004 S\$'000	As At 30.09.2004 S\$'000	As At 31.03.2004 S\$'000
Current Assets				
Cash and cash equivalents	3,245	2,048	56	66
Trade and other receivables	12,015	11,397	26,601	31,013
Inventories	102,588	98,947	-	-
Other current assets	3,084	4,426	14	10
	120,932	116,818	26,671	31,089
Non-Current Assets				
Investments in associated companies	4,389	4,290	1,000	1,000
Investments in subsidiaries	-	-	9,373	8,606
Property, plant & equipment	8,102	5,219	1,605	1,657
Deferred tax assets	1,364	1,387	581	735
	13,855	10,896	12,559	11,998
Total Assets	134,787	127,714	39,230	43,087
Current Liabilities				
Trade and other payables	23,771	30,757	620	2,950
Current tax liabilities	1,650	2,199	316	316
Borrowings	42,000	31,153	167	199
	67,421	64,109	1,103	3,465
Non-Current Liabilities				
Borrowings	3,155	1,322	450	525
Deferred income	98	161	-	-
	3,253	1,483	450	525
Total Liabilities	70,674	65,592	1,553	3,990
Net Assets	64,113	62,122	37,677	39,097
Shareholders' Equity				
Share capital	30,116	30,116	30,116	30,116
Foreign currency translation reserve	(565)	(577)	-	-
Retained earnings	31,870	32,504	7,561	8,981
Total Shareholders' Equity	61,421	62,043	37,677	39,097
Minority interests	2,692	79	-	-
	64,113	62,122	37,677	39,097

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

As at 30.09.2004		As at 31.03.2004	
Secured	Unsecured	Secured	Unsecured
441,026	41,558,854	272,096	30,881,338

Amount repayable after one year

As at 30.09.2004		As at 31.03.2004	
Secured	Unsecured	Secured	Unsecured
2,594,947	560,378	614,364	707,770

Details of any collateral

Borrowings from financial institutions are secured on property, plant and equipment

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**Consolidated Cash Flow Statement
For the financial period ended 30 September 2004**

	April to September 2004 S\$'000	April to September 2003 S\$'000
Cash flows from operating activities		
Profit before tax and after share of results of associated companies	1,459	1,628
Adjustments for :		
Depreciation	642	523
Property, plant and equipment written off	5	17
Interest income	-	(1)
Interest expense	718	606
(Gain) loss on disposal of property, plant & equipment	(62)	1
Amortisation of deferred income	(47)	(140)
Gain on disposal of 30% equity stake of a subsidiary	(373)	-
Share of results of associated companies	(112)	(137)
Operating cash flow before working capital change	2,230	2,497
Change in operating assets and liabilities		
Trade and other receivables	49	1,734
Inventories	(3,630)	1,187
Other current assets	1,343	25
Trade & other payables	(6,984)	(1,246)
Cash (used in) generated from operations	(6,992)	4,197
Income tax paid	(862)	(467)
Interest paid	(561)	(558)
Net cash (outflow) / inflow from operating activities (A)	(8,415)	3,172
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,640)	(1,654)
Interest received	-	1

Proceeds from disposal of property, plant & equipment	151	1
Proceeds from disposal of 30% equity stake of a subsidiary	1,601	-
Net cash outflow from investing activities (B)	(1,888)	(1,652)
Cash flows from financing activities		
Proceeds from issues of shares	665	-
Net proceeds from borrowings	3,749	5,858
Finance lease liabilities and hire purchase obligations	146	(216)
Interest paid	(157)	(48)
Dividends paid	(1,686)	(1,505)
Net cash inflow from financing activities [C]	2,717	4,089
Net (decrease) increase in cash & cash equivalents held (A) + (B) + [C]	(7,586)	5,609
Cash & cash equivalents at the beginning of the financial period	(2,432)	(12,996)
Cash & cash equivalents at the end of the financial period	(10,018)	(7,387)

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 corresponding period of the immediately preceding financial year

Statements of changes in equity

	Share Capital S\$'000	Share Premium S\$'000	Capital Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000
<u>The Group</u>						
Balance at 1 April 2003	30,116	-	-	252	27,966	58,334
Net loss not recognised in income statement - currency translation adjustments	-	-	-	(266)	-	(266)
Net profit	-	-	-	-	1,112	1,112
Total recognised gains and losses for the financial period	-	-	-	(266)	1,112	846
Dividends	-	-	-	-	(1,505)	(1,505)
Balance at 30 September 2003	30,116	-	-	(14)	27,573	57,675
Balance at 1 April 2004	30,116	-	-	(577)	32,504	62,043
Net loss not recognised in income statement - currency translation adjustments	-	-	-	12	-	12
Net profit	-	-	-	-	1,052	1,052
Total recognised gains and losses for the financial period	-	-	-	12	1,052	1,064
Dividends	-	-	-	-	(1,686)	(1,686)
Balance at 30 September 2004	30,116	-	-	(565)	31,870	61,421
<u>The Company</u>						
Balance at 1 April 2003	30,116	-	-	-	10,434	40,550

Total recognised losses for the financial period - Net loss	-	-	-	-	(253)	(253)
Dividends	-	-	-	-	(1,505)	(1,505)
Balance at 30 September 2003	30,116	-	-	-	8,676	38,792
Balance at 1 April 2004	30,116	-	-	-	8,981	39,097
Total recognised gains for the financial period - Net profit	-	-	-	-	266	266
Dividends	-	-	-	-	(1,686)	(1,686)
Balance at 30 September 2004	30,116	-	-	-	7,561	37,677

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for 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 shares that may be issued on conversion of all the outstanding convertibles 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 was no movement on the share capital during the period under review and the Company has not issued any options or warrants.

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 has adopted the same accounting policies and methods of computation in these financial statements as those used in preparing the audited annual financial statements for the financial year ended 31 March 2004

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

Profit per share (cents)	30.09.2004	30.09.2003
- Based on weighted average number of ordinary shares in issue	0.7	0.7
- On fully diluted basis (detailing and adjustments made to the earnings)	0.7	0.7
Weighted average number of ordinary shares in issue	150,578,415	150,578,415

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

	30.09.2004	31.03.2004

Net asset value per ordinary share - group (cents)	42.6	41.3
Net asset value per ordinary share - company (cents)	25.0	26.0

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

Income Statement

The Group's sales from retail sector, mainly in South-East Asia region where market and consumers sentiments continue to improve with good economic prospect, recorded an increase of S\$7 million in the first six months of FY 2005 compared to the previous corresponding period. However, sales from the distribution sector decreased S\$13 million as a result of lower demand for our products from East Asia region. The Group therefore, had an overall reduction of S\$6 million of sales in the first half year of FY 2005 compared to the first half year of FY 2004.

Despite the reduction of sales, the Group's gross profit margin improved by approximately S\$1 million (3%) compared to the previous corresponding period.

The other operating income increased S\$0.8 million mainly due to the gain from disposal of shares of a Malaysian subsidiary and foreign exchange gain.

In line with our expansion strategies, more promotional events and exhibitions were organised locally and regionally. For this reason, the Group's total operating expenses increased S\$2 million in the first half of FY 2005.

Staff cost increased S\$0.8 million mainly due to more management staff hired, salary adjustments and additional variable bonuses paid for good financial results achieved in previous financial year.

With the improving economic climate, the rental rate for our boutiques increased compared to previous financial year and rental rebate given in first half of FY 2004 was no longer available. With these factors, our Group's rental incurred in first half year of FY 2005 rose S\$0.08 million from S\$2 million to S\$2.08 million.

The Group's depreciation increased S\$0.12 million mainly caused by an acquisition of a shop lot in Malaysia and refurbishment of boutiques in Singapore where an exclusive pleasant environment and memorable shopping experience can be provided to our customers.

Other operating expenses increased S\$0.9 million to S\$2.6 million for the first half year of FY 2005. This was mainly due to increase in traveling for overseas expansion projects and business opportunities. During the first six months of FY 2005, the Group engaged more advertising and promotional activities mainly for the prestigious exhibition 'Jewellery Time', launching of our house brand in Hong Kong and an established brand in Singapore and joint marketing campaigns with principals via various medias.

The Group continues negotiating with bankers for better terms and conditions for the banking facilities. Nevertheless, the finance cost increased S\$0.1 million largely due to increase in stock financing cost as a result of increase in stock cost and additional stock were purchased for expansion and meeting customers' demand purposes.

The lower share of results of associated companies in first six months of FY 2005 was mainly due to lower sales which resulted in lower profit achieved by the associated companies.

After accounting for the above operating expenses and lower profits from associated companies, the Group achieved a net profit before tax of S\$1.5 million for the first half year of FY 2005.

Balance Sheet

Current Assets

The Group's current assets stood at S\$120.9 million as of 30 September 2004. There was a net increase of S\$4.1 million, compared to last financial year ended 31 March 2004, largely due to increase in stock cost and additional stock were purchased for expansion and meeting customers' demand purposes.

Other current assets, comprising of deposit and prepayment, decreased S\$1.3 million mainly due to the capitalisation of prepayment of S\$2.3 million made by a Malaysian subsidiary for purchase of a shop lot in Kuala Lumpur upon approval was granted by the relevant Authority and additional deposit and prepayment made by few subsidiaries for office and boutiques renovation as well as advertising and marketing activities.

Non-Current Assets

The Group's non-current assets increased S\$3 million largely due to the capitalisation of shop lot purchased by a Malaysian subsidiary and other assets acquired by other subsidiaries.

Current Liabilities

The Group's current liabilities increased S\$3.3 million mainly due to increase in bank borrowings as a result of increase in stock cost and additional stock were purchased for expansion and meeting customers' demand purposes as well as capital injection into our Thailand's subsidiary.

Non-Current Liabilities

The increase of S\$1.8 million in non-current liabilities was mainly due to long term loan taken up by a Malaysian subsidiary to finance the acquisition of a shop lot in Kuala Lumpur.

Minority Interests

The increase of S\$2.6 million in Minority Interests was mainly due to disposal of 30% equity stake in a Malaysian subsidiary and acquisition of 60% equity stake of a Thailand company in the first half of FY 2005.

9. Where a forecast, or a 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

Keen competition amongst the major players of the luxury watch retailing industry in the region is expected to continue in the next twelve months. The competition may be intensified if the market and consumers sentiments and purchasing power decline as a result of unfavorable external factors such as high oil prices and threat of terrorism attack. However, the Group's main business presence is strategically located in the South-East Asia region where there is positive economic outlook with good market and consumer sentiment.

In line with the Group's overseas expansion strategies, the Group's newest boutique located at Times Square, Kuala Lumpur has commenced operation in September 2004 while the Espace boutique located at StarHill, Kuala Lumpur will be expanded to occupy a total retail space of 7,000 square feet upon completion in first half of 2005. To further strengthen the Group's presence in the luxury watch retail sector in the region, the Group has acquired 60% equity stake in Cortina Watch (Thailand) Co., Ltd in Thailand where the Group's next Espace boutique located at Erawan Bangkok will open for business in November 2004. We expect these boutiques will contribute to the Group's sales performance in the second half of FY 2005.

The performance of the Group's distribution sales is expected to remain weak in the second half of FY 2005. However, this weak performance is expected to be offset by the Group's retail sales since the second half of our financial year is a peak season traditionally, with celebration of festivals like Christmas, New Year and Lunar New Year.

The Group will continue to seek for good opportunities to grow the business locally and regionally while aggressive sales and marketing strategies, promotion of brand awareness and improving customers' service standard are continuously implemented and promoted across all operating subsidiaries in the Group so to ensure the Group's presence will be further strengthened.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported No

Name of Dividend

Dividend Type
Dividend Rate
Par value of shares
Tax Rate

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year: None

Name of Dividend
Dividend Type
Dividend Rate
Par value of shares
Tax Rate

(c) Date payable

Not applicable as no dividend has been declared for the present financial period

(d) Books closure date

Not applicable as no dividend has been declared for the present financial period

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

No dividend was recommended for the present financial period

Part II - Additional information required for the full year announcement (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Not applicable

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable

15. A breakdown of sales

Not applicable

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Total Annual Dividend (Refer to Para 16 of Appendix 7.2 for the required details)

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	0	0
Preference	0	0
Total	0	0

BY ORDER OF THE BOARD

LIM KEEN BAN
CHAIRMAN & MANAGING DIRECTOR
12/11/2004