



Cortina watch

CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2018

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		
	2018	2017	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	104,450	93,501	12
<u>Other items of income</u>			
Interest income	42	18	>100
Other gains	125	121	3
<u>Other items of expenses</u>			
Changes in inventories of finished goods	(8,015)	(1,465)	447
Purchase of goods and consumables	(70,887)	(70,468)	1
Employee benefit expense	(6,663)	(5,765)	16
Rental expense	(6,952)	(7,316)	(5)
Depreciation expense	(1,428)	(1,328)	8
Other expenses	(3,369)	(3,075)	10
Finance costs	(333)	(520)	(36)
Share of profit from equity-accounted associates	-	13	(100)
Profit before tax from continuing activities	6,970	3,716	88
Income tax expense	(1,340)	(678)	98
Profit from continuing activities, Net of tax	5,630	3,038	85
Profit attributable to :			
Owners of the parent, net of tax	5,284	2,990	77
Non-controlling interests, net of tax	346	48	>100
Profit net of tax	5,630	3,038	85
<u>Statement of Comprehensive Income</u>			
Profit from continuing activities	5,630	3,038	85
Other Comprehensive Income:			
Exchange difference on translating foreign operations, net of tax	402	39	>100
Total comprehensive income for the period	6,032	3,077	96
Total comprehensive income attributable to :			
Owners of the parent	5,759	2,972	94
Non-controlling interests	273	105	>100
	6,032	3,077	96

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

	3 months ended 30 June		
	2018 S\$'000	2017 S\$'000	Increase/ (Decrease) %
Interest expenses	(333)	(520)	(36)
Depreciation of property, plant and equipment and investment properties	(1,428)	(1,328)	8
Net foreign exchange gains	80	87	(8)
Gain on disposal of plant and equipment	45	34	32
Plant and equipment written off	(162)	(80)	>100
Inventories written off	(31)	-	100
Reversal/(Allowance) for inventories	347	(362)	N.M.

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 30.06.2018 S\$'000 (restated)	As At 31.03.2018 S\$'000 (restated)	As At 30.06.2018 S\$'000	As At 31.03.2018 S\$'000
ASSETS				
Current Assets				
Cash and bank balances	44,047	35,491	157	504
Trade and other receivables, current	17,504	12,774	5,355	8,394
Inventories	173,168	181,183	-	-
Other assets, current	2,800	2,860	372	13
Total current assets	237,519	232,308	5,884	8,911
Non-Current Assets				
Investments in associates	2,521	2,521	1,000	1,000
Investments in subsidiaries	-	-	56,065	56,065
Property, plant and equipment	16,891	17,716	198	199
Deferred tax assets	1,001	1,002	-	-
Other assets, non-current	5,535	5,265	-	-
Trade and other receivables, non-current	-	-	-	-
Total non-current assets	25,948	26,504	57,263	57,264
Total Assets	263,467	258,812	63,147	66,175
LIABILITIES				
Current Liabilities				
Trade and other payables, current	22,677	17,634	1,449	4,839
Income tax payables	4,731	4,100	290	290
Other liabilities, current	7,103	5,223	-	-
Other financial liabilities, current	32,436	40,003	-	-
Total current liabilities	66,947	66,960	1,739	5,129
Non-Current Liabilities				
Other financial liabilities, non-current	2,820	4,116	-	-
Provisions, non-current	1,725	1,792	-	-
Deferred tax liabilities	36	37	-	-
Total non-current liabilities	4,581	5,945	-	-
Total Liabilities	71,528	72,905	1,739	5,129
Net Assets	191,939	185,907	61,408	61,046
EQUITY				
Equity attributable to owners of parent				
Share capital	35,481	35,481	35,481	35,481
Other reserves (Note 1)	1,847	1,372	-	-
Retained earnings (Note 1)	146,686	141,402	25,927	25,565
Total equity, attributable to owners of parent	184,014	178,255	61,408	61,046
Non-controlling interests	7,925	7,652	-	-
Total Equity	191,939	185,907	61,408	61,046

Note 1 - The Group has adopted SFRS (I)1 on 1 April 2018 and have elected the optional exemption to reset its cumulative translation reserve to nil at the date of transition on 1 April 2017. Please refer to paragraph 4 for further detail.

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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 30.06.2018		As at 31.03.2018	
Secured	Unsecured	Secured	Unsecured
212,318	32,223,657	226,463	39,776,216

Amount repayable after one year

As at 30.06.2018		As at 31.03.2018	
Secured	Unsecured	Secured	Unsecured
319,889	2,500,000	365,722	3,750,000

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

	April to June 2018 S\$'000	April to June 2017 S\$'000
Cash flows from operating activities		
Profit before tax	6,970	3,716
Adjustments for :		
Depreciation expenses	1,428	1,328
Interest income	(43)	(18)
Interest expense	333	520
Share of the profit from equity-accounted associates	-	(13)
Gain on disposal of plant and equipment	(45)	(34)
Provision, non-current	(50)	-
Plant and equipment written off	161	80
Operating cash flows before changes in working capital	8,754	5,579
Trade and other receivables	(4,771)	(4,262)
Inventories	7,623	1,336
Other assets	(211)	(755)
Trade and other payables	5,211	(1,466)
Other liabilities	1,882	(86)
Net cash flows from operations	18,488	346
Income tax paid	(719)	(221)
Net cash flows from operating activities	17,769	125
Cash flows from investing activities		
Purchase of plant and equipment	(848)	(349)
Interest received	43	18
Proceeds from sale of plant and equipment	45	34
Net cash flows used in investing activities	(760)	(297)
Cash flows from financing activities		
(Decrease)/Increase in other financial liabilities	(8,403)	3,596
Decrease in finance leases	(60)	(59)
Interest paid	(333)	(520)
Net cash flows (used in)/from financing activities	(8,796)	3,017
Net increase in cash and cash equivalents	8,213	2,845
Cash and cash equivalents, Statement of cash flows, beginning balance	35,491	21,761
Effects of foreign exchange rate adjustment	343	78
Cash and cash equivalents, statement of cash flows, ending balance (Note A)	44,047	24,684
Note A:		
Cash and bank balances	44,047	24,710
Bank overdrafts	-	(26)
Cash and cash equivalents for statement of cashflow purposes at end of the period	44,047	24,684

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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 2018	185,907	178,255	35,481	(7,460)	150,234	7,652
Reclassification on adoption of SFRS (I) 1	-	-	-	8,832	(8,832)	-
Balance at 1 April 2018 (restated)	185,907	178,255	35,481	1,372	141,402	7,652
Movements in equity:						
Total comprehensive income for the period	6,032	5,759	-	475	5,284	273
Balance at 30 June 2018 (restated)	191,939	184,014	35,481	1,847	146,686	7,925
Balance at 1 April 2017	166,004	159,503	35,481	(8,832)	132,854	6,501
Reclassification on adoption of SFRS (I) 1	-	-	-	8,832	(8,832)	-
Balance at 1 April 2017 (restated)	166,004	159,503	35,481	-	124,022	6,501
Movements in equity:						
Total comprehensive income for the period	3,077	2,972	-	(18)	2,990	105
Balance at 30 June 2017 (restated)	169,081	162,475	35,481	(18)	127,012	6,606

The Company

Balance at 1 April 2018

Movements in equity:

Total comprehensive income for the period

Dividends paid

Balance at 30 June 2018 (restated)

Balance at 1 April 2017

Movements in equity:

Total comprehensive income for the period

Dividends paid

Balance at 30 June 2017 (restated)

Total S\$'000	Share capital S\$'000	Retained earnings S\$'000
61,046	35,481	25,565
362	-	362
-	-	-
61,408	35,481	25,927
39,549	35,481	4,068
363	-	363
-	-	-
39,912	35,481	4,431

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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 2018.

The Company does not have outstanding convertible and treasury shares as at 30 June 2018 and 30 June 2017.

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 2018 and 31 March 2018 (excluding treasury shares)	165,578,415	35,481,180

The Company does not have treasury shares as at 30 June 2018 and 31 March 2018.

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 2018, except for the adoption of all applicable new and revised Singapore Financial Reporting Standards (International), ("SFRS (I)") and Interpretation of SFRS (I) ("INT SFRS (I)") which becomes effective from annual periods beginning on or after 1 January 2018.

The Group has elected for the optional exemption to reset its foreign currency translation differences for all foreign operation to nil at the date of transition on 1 April 2017. As a result, a cumulative translation loss of S\$8.8 million was reclassified from foreign currency translation reserve to accumulated profit as at 1 April 2017. After the date of transition, any gain or loss on disposal of any foreign operation will exclude translation differences arose before date of translation.

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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	
	30.06.2018	30.06.2017
Earning per ordinary share (cents)		
- Based on weighted average number of ordinary shares in issue	3.2	1.8
- On fully diluted basis (detailing any adjustments made to the earnings)	3.2	1.8
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

	30.06.2018	31.03.2018
Net asset value per ordinary share based on the total number of issued shares - group (cents)	111.1	107.7
Net asset value per ordinary share based on the total number of issued shares - company (cents)	37.1	36.9

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\$5.6 million in the first quarter FY2019, an increase of S\$2.6 million or 85% as compared to last year same period.

For the current quarter, revenue was S\$104.5 million, an increase of S\$11.0 million as compared to the prior year quarter. Sales margin increased to 24.5% compared to 23.1% of the previous corresponding quarter.

Operating expenses comprising staff costs, rental expenses, depreciation and other expenses, increased by S\$0.9 million. The higher operating expenses resulted from higher staff costs and credit card commission as a result of higher sales revenue and fixed assets write off due to renovation and closure of two outlets in Singapore.

Finance costs of S\$333,000 was 36% lower than the prior year quarter due to lower average borrowings.

The Group's equity attributable to owners of the parent company was S\$184.0 million, an increase of S\$5.8 million from the last year end. Cash and cash equivalents stood at S\$44.0 million, representing mainly short term cash balances. Inventory was S\$8.0 million lower than last year end due to continuous inventory control and prudent management. Trade and other receivables increased by S\$4.7 million and short term financial liabilities decreased by S\$7.6 million mainly due to working capital requirements.

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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

Market condition is expected to be positive for the rest of the financial year. However, there will still be competition in the market that we operate in and the state of the global economy may have impact on the Group if it deteriorate.

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 2018 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
10 August 2018