



Cortina watch

CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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		
	2019 <u>S\$'000</u>	2018 <u>S\$'000</u>	Increase/ (Decrease) %
Revenue	125,466	104,450	20
<u>Other items of income</u>			
Interest income	187	42	>100
Other gains	-	125	(100)
<u>Other items of expenses</u>			
Changes in inventories of finished goods	(5,728)	(8,015)	(29)
Purchase of goods and consumables	(86,373)	(70,887)	22
Employee benefit expense	(8,251)	(6,663)	24
Rental expense	(1,013)	(6,952)	(85)
Depreciation expense (Note 1)	(7,173)	(1,428)	>100
Other expenses	(4,623)	(3,369)	37
Finance costs (Note 1)	(642)	(333)	93
Share of profit/(loss) from equity-accounted associates	6	-	(100)
Profit before tax from continuing activities	11,856	6,970	70
Income tax expense	(2,323)	(1,340)	73
Profit from continuing activities, Net of tax	9,533	5,630	69
Profit attributable to :			
Owners of the parent, net of tax	8,916	5,284	69
Non-controlling interests, net of tax	617	346	78
Profit net of tax	9,533	5,630	69
<u>Statement of Comprehensive Income</u>			
Profit from continuing activities	9,533	5,630	69
Other Comprehensive Income:			
Exchange difference on translating foreign operations, net of tax	(151)	402	N.M.
Total comprehensive income for the period	9,382	6,032	56
Total comprehensive income attributable to :			
Owners of the parent	8,688	5,759	51
Non-controlling interests	694	273	154
	9,382	6,032	56

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

	3 months ended 30 June		
	2019 <u>S\$'000</u>	2018 <u>S\$'000</u>	Increase/ (Decrease) %
Interest expenses	(642)	(333)	93
Depreciation of property, plant and equipment and investment properties	(7,173)	(1,428)	>100
Net foreign exchange (losses)/gains	(92)	80	N.M
(Loss)/Gain on disposal of plant and equipment	(2)	45	(104)
Plant and equipment written off	-	(162)	-100
Inventories written off	(541)	(31)	>100
(Allowance)/Reversal for inventories	(969)	347	N.M.

Note : N.M - not meaningful

Note 1

With the adoption of SFRS (I) 16, operating rental expenses previously recognised in Statement of Comprehensive Income will be replaced with depreciation expense for right-of-use asset and finance costs for lease liabilities as follows:

Depreciation expense	S\$'000
Finance costs	5,812
	<u>392</u>
	<u>6,204</u>

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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 30.06.2019 S\$'000	As At 31.03.2019 S\$'000	As At 30.06.2019 S\$'000	As At 31.03.2019 S\$'000
ASSETS				
Current Assets				
Cash and bank balances	85,223	81,288	1,927	2,426
Trade and other receivables, current	19,516	10,263	5,970	9,228
Inventories	157,036	162,764	-	-
Other assets, current	1,894	1,727	59	67
Total current assets	263,669	256,042	7,956	11,721
Non-Current Assets				
Investments in associates	2,536	2,530	1,000	1,000
Investments in subsidiaries	-	-	56,492	56,492
Property, plant and equipment	14,416	15,345	536	557
Investment Property	4,328	4,350	4,328	4,350
Deferred tax assets	970	981	-	-
Other assets, non-current	5,919	5,040	-	-
Rights-of-use assets (Note 2)	55,634	-	-	-
Total non-current assets	83,803	28,246	62,356	62,399
Total Assets	347,472	284,288	70,312	74,120
LIABILITIES				
Current Liabilities				
Trade and other payables, current	28,243	31,375	2,313	6,577
Income tax payables	7,607	5,701	381	315
Other liabilities, current	11,466	13,179	-	-
Lease liabilities, current (Note 2)	17,943	-	-	-
Other financial liabilities, current	24,291	23,492	68	67
Total current liabilities	89,550	73,747	2,762	6,959
Non-Current Liabilities				
Other financial liabilities, non-current	506	491	89	106
Provisions, non-current	1,953	1,948	-	-
Other liabilities, non-current	651	655	-	-
Lease liabilities, non-current (Note 2)	37,982	-	-	-
Total non-current liabilities	41,092	3,094	89	106
Total Liabilities	130,642	76,841	2,851	7,065
Net Assets	216,830	207,447	67,461	67,055
EQUITY				
Equity attributable to owners of parent				
Share capital	35,481	35,481	35,481	35,481
Other reserves	752	980	-	-
Retained earnings	171,834	162,917	31,980	31,574
Total equity, attributable to owners of parent	208,067	199,378	67,461	67,055
Non-controlling interests	8,763	8,069	-	-
Total Equity	216,830	207,447	67,461	67,055

Note 2 - The Group has adopted SFRS (I)16 with effect from 1 April 2019 based on modified retrospective approach. Please refer to Paragraph 5 for further information.

CORTINA HOLDINGS LIMITED (Company Registration No. 197201771W)**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019****1(b)(ii) Aggregate amount of group's borrowings and debt securities****Amount repayable in one year or less, or on demand**

As at 30.06.2019		As at 31.03.2019	
Secured	Unsecured	Secured	Unsecured
221,407	24,069,622	228,859	23,262,998

Amount repayable after one year

As at 30.06.2019		As at 31.03.2019	
Secured	Unsecured	Secured	Unsecured
505,564	0	491,208	0

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 2019

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 2019 S\$'000	April to June 2018 S\$'000
Cash flows from operating activities		
Profit before tax	11,856	6,970
Adjustments for :		
Depreciation expenses	7,173	1,428
Interest income	(187)	(43)
Interest expense	642	333
Share of the profit from equity-accounted associates	(6)	-
Loss on disposal of plant and equipment	-	(45)
Provision, non-current	-	(50)
Amortisation on rights-of-use	-	-
Plant and equipment written off	2	161
Operating cash flows before changes in working capital	19,480	8,754
Trade and other receivables	(9,265)	(4,771)
Inventories	5,709	7,623
Other assets	(1,027)	(211)
Trade and other payables	(3,158)	5,211
Other liabilities	(1,446)	1,882
Net cash flows from operations	10,293	18,488
Income tax paid	(619)	(719)
Net cash flows from operating activities	9,674	17,769
Cash flows from investing activities		
Purchase of plant and equipment	(335)	(848)
Interest received	187	43
Proceeds from sale of plant and equipment	-	45
Net cash flows used in investing activities	(148)	(760)
Cash flows from financing activities		
Principal element of lease payments	(5,521)	-
Interest element of lease payments	(392)	-
Increase/(Decrease) in other financial liabilities	601	(8,403)
Decrease in finance leases	(88)	(60)
Interest paid	(250)	(333)
Net cash flows (used in)/from financing activities	(5,650)	(8,796)
Net increase/(decrease) in cash and cash equivalents	3,876	8,213
Cash and cash equivalents, statement of cash flows, beginning balance	81,288	35,491
Effects of foreign exchange rate adjustment	59	343
Cash and cash equivalents, statement of cash flows, ending balance (Note A)	85,223	44,047
Note A:		
Cash and bank balances	85,223	44,047
Bank overdrafts	-	-
Cash and cash equivalents for statement of cashflow purposes at end of the period	85,223	44,047

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UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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
<u>The Group</u>						
Balance at 1 April 2019	207,448	199,379	35,481	980	162,918	8,069
<u>Movements in equity:</u>						
Total comprehensive income for the period	9,382	8,688	-	(228)	8,916	694
Dividends paid	-	-	-	-	-	-
Balance at 30 June 2019	216,830	208,067	35,481	752	171,834	8,763
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
<u>Movements in equity:</u>						
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

The Company

Balance at 1 April 2019

Movements in equity:

Total comprehensive income for the period

Balance at 30 June 2019

Balance at 1 April 2018

Movements in equity:

Total comprehensive income for the period

Balance at 30 June 2018 (restated)

	Total S\$'000	Share capital S\$'000	Retained earnings S\$'000
Balance at 1 April 2019	67,055	35,481	31,574
Total comprehensive income for the period	406	-	406
Balance at 30 June 2019	67,461	35,481	31,980
Balance at 1 April 2018	61,046	35,481	25,565
Total comprehensive income for the period	362	-	362
Balance at 30 June 2018 (restated)	61,408	35,481	25,927

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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 2019.

The Company does not have outstanding convertible and treasury shares as at 30 June 2019 and 30 June 2018.

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 2019 and 31 March 2019 (excluding treasury shares)	165,578,415	35,481,180

The Company does not have treasury shares as at 30 June 2019 and 31 March 2019.

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 2019, 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 2019.

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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

On 1 April 2019, the Group adopted the new and revised Singapore Financial Accounting Standards (International) (SFRS(I)) and the related interpretations to SFRS(I)s ("SFRS (I) INT") that are relevant to its operations and mandatory for application from that date. Changes to the Group accounting policies have been made as required, in accordance with the relevant transitional provisions in respect of SFRS(I) and SFRS (I) INT.

The adoption of the new and revised SFRS (I) has no material effect on the financial statements, except for the adoption of SFRS(I) 16 - Leases. Under the new financial reporting standard, for the lessee, almost all leases, (except for leases less than 12 months and leases of low-value assets) will be brought onto the Statement of Financial Position by recognising right-of-use and a corresponding liability. For the lessor, the accounting remain largely unchanged.

The Group recognises its existing operating lease arrangements (except for leases less than 12 months and leases of low-value assets) where the Group is a lessee as right-of-use assets equal to its lease liabilities as at 1 April 2019 in accordance with SFRS (I) 16.

The nature of expenses in relation to leases will correspondingly change. Operating rental expenses previously recognised in the Statement of Comprehensive Income will be replaced with depreciation charge for right-of-use asset and finance costs for lease liabilities.

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

Earning 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	
30.06.2019	30.06.2018
5.4	3.2
5.4	3.2

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)

30.06.2019	31.03.2019
125.7	120.4
40.7	40.5

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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\$9.5 million in the first quarter FY2020, an increase of S\$3.9 million or 69.3% as compared to last year same period.

For the current quarter, revenue was S\$125.5 million, an increase of S\$21.0 million as compared to the prior year quarter. Sales margin increased to 26.6% compared to 24.5% compared to previous corresponding quarter.

Operating expenses comprising staff costs, rental expenses, depreciation and other expenses, increased by S\$2.6 million. The higher operating expenses resulted from higher staff costs and credit card commission as result of higher sales revenue and higher stock and accessories write off.

Finance costs of S\$642,000 was 92.8% higher than the prior year quarter due to interest element of lease liabilities as a result of adoption of SFRS (I) 16.

The Group's equity attributable to owners of the parent company was S\$208.1 million, an increase of S\$8.7 million from the last year end. Cash and cash equivalents were at S\$85.2 million, represented mainly by short term cash balances. Inventory was S\$5.7 million lower than last year end due to continuous inventory management. Trade and other receivables increased by S\$9.3 million. Short term financial liabilities decreased by S\$0.8 million mainly due to working capital requirement.

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 still 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 expects to remain profitable.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No dividend was 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 dividend has been declared or recommended for the quarter ended 30 June 2019 as it is not the practice of the Group to declare interim dividends.

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 2019 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 August 2019