

THE HOUR GLASS

THE HOUR GLASS LIMITED

Co. Registration No: 197901972D

Unaudited First Quarter Financial Statement For The Period Ended 30 June 2017

1(a)(i) An income statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group			
First Quarter ended			
Note	30 Jun 17 \$'000	30 Jun 16 \$'000	Change %
Revenue	164,373	148,189	11%
Other income	1,494	1,236	21%
Total revenue and other income	165,867	149,425	11%
Cost of goods sold	129,580	114,235	13%
Salaries and employees benefits	9,803	9,548	3%
Depreciation of property, plant and equipment	1,865	1,759	6%
Selling and promotion expenses	4,399	3,867	14%
Rental expenses	7,261	7,056	3%
Finance costs	344	430	-20%
Foreign exchange loss	180	296	-39%
Other operating expenses	3,960	2,365	67%
Total costs and expenses	157,392	139,556	13%
Share of results of associates	517	870	-41%
Profit before taxation	8,992	10,739	-16%
Taxation	1,876	2,437	-23%
Profit for the period	7,116	8,302	-14%
Profit attributable to:			
Owners of the Company	6,977	8,188	-15%
Non-controlling interests	139	114	22%
	7,116	8,302	-14%

Note:

(i) Other income

Group			
First Quarter ended			
	30 Jun 17 \$'000	30 Jun 16 \$'000	Change %
Rental income	334	574	-42%
Interest income	188	146	29%
Management fee	168	154	9%
Others	804	362	122%
	1,494	1,236	21%

1(a)(ii) Amount of any adjustment for under or overprovision of tax in respect of prior years

No adjustment for under or overprovision of income tax in respect of prior years was made for the periods ended 30 June 2017 and 30 June 2016.

1(a)(iii) Statement of comprehensive income

	Group		
	First Quarter ended		
	30 Jun 17 \$'000	30 Jun 16 \$'000	Change %
Profit for the period	7,116	8,302	-14%
Other comprehensive income:			
<u>Item that may be reclassified subsequently to profit or loss:</u>			
Foreign currency translation	(1,323)	(2,511)	-47%
Other comprehensive loss for the period, net of tax	(1,323)	(2,511)	-47%
Total comprehensive income for the period	5,793	5,791	-
Total comprehensive income attributable to:			
Owners of the Company	5,743	5,710	1%
Non-controlling interests	50	81	-38%
	5,793	5,791	-

1(b)(i) A statement of financial position (for the Company and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 Jun 17	31 Mar 17	30 Jun 17	31 Mar 17
	\$'000	\$'000	\$'000	\$'000
Assets				
Non-current assets				
Property, plant and equipment	35,525	37,109	11,448	12,212
Investment properties	70,916	71,825	12,137	12,137
Intangible assets	4,403	4,446	55	75
Investment in subsidiaries	-	-	52,074	52,074
Investment in associates	25,476	24,753	-	-
Loan to subsidiaries	-	-	815	809
Loan to an associate	2,242	2,224	-	-
Other receivables	7,242	7,341	3,512	3,535
Deferred tax assets	585	582	469	469
	146,389	148,280	80,510	81,311
Current assets				
Stocks	316,233	307,354	177,088	176,878
Trade and other receivables	18,024	17,704	6,971	5,779
Prepaid operating expenses	933	747	506	275
Amount due from associates	67	70	-	-
Amount due from subsidiaries	-	-	5,655	7,247
Cash and cash equivalents	112,219	124,849	52,468	52,626
	447,476	450,724	242,688	242,805
Total assets	593,865	599,004	323,198	324,116
Equity and liabilities				
Current liabilities				
Loans and borrowings	52,157	51,160	26,000	26,000
Trade and other payables	35,183	46,534	16,144	19,640
Amount due to subsidiaries	-	-	4,545	6,012
Provision for taxation	7,029	6,726	4,778	4,210
	94,369	104,420	51,467	55,862
Net current assets	353,107	346,304	191,221	186,943
Non-current liabilities				
Provisions	240	229	-	-
Deferred tax liabilities	910	1,386	-	-
Other non-current liabilities	1,255	1,171	1,255	1,171
	2,405	2,786	1,255	1,171
Total liabilities	96,774	107,206	52,722	57,033
Net assets	497,091	491,798	270,476	267,083
Equity attributable to owners of the Company				
Share capital	67,638	67,638	67,638	67,638
Reserves	416,582	410,839	202,838	199,445
	484,220	478,477	270,476	267,083
Non-controlling interests	12,871	13,321	-	-
Total equity	497,091	491,798	270,476	267,083
Total equity and liabilities	593,865	599,004	323,198	324,116

1(b)(ii) Aggregate amount of Group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

Amount repayable in one year or less, or on demand

As at 30 Jun 17		As at 31 Mar 17	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
24,771	27,386	25,160	26,000

Amount repayable after one year

As at 30 Jun 17		As at 31 Mar 17	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

Details of any collateral

The unsecured term loans of subsidiaries are covered by corporate guarantees given by the Company. Loans of \$24,771,000 (31 March 2017: \$25,160,000) are secured on certain properties of a subsidiary and corporate guarantees given by the Company.

1(c) A statement of cash flow (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	First Quarter ended	
	30 Jun 17	30 Jun 16
	\$'000	\$'000
Operating activities		
Profit before taxation	8,992	10,739
Adjustments for:		
Finance costs	344	430
Interest income	(188)	(146)
Depreciation of property, plant and equipment	1,865	1,759
Amortisation of intangible assets	43	43
Foreign currency translation adjustment	24	121
Net loss on disposal of property, plant and equipment	-	61
Share of results of associates	(517)	(870)
Operating cash flows before changes in working capital	10,563	12,137
Increase in stocks	(9,166)	(12,817)
(Increase)/decrease in receivables	(694)	2,077
Increase in prepaid operating expenses	(193)	(179)
Decrease in amount due from associates	4	11
Decrease in payables	(11,062)	(8,594)
Cash flows used in operations	(10,548)	(7,365)
Income taxes paid	(1,661)	(2,318)
Interest paid	(344)	(430)
Interest received	188	146
Net cash flows used in operating activities	(12,365)	(9,967)
Investing activities		
Purchase of property, plant and equipment	(519)	(4,450)
Net cash flows used in investing activities	(519)	(4,450)
Financing activities		
Proceeds from loans and borrowings	6,386	2,019
Repayment of loans and borrowings	(5,000)	(664)
Dividends paid to non-controlling interests	(500)	(188)
Net cash flows from financing activities	886	1,167
Net decrease in cash and cash equivalents	(11,998)	(13,250)
Effects of exchange rate changes on cash and cash equivalents	(632)	46
Cash and cash equivalents at 1 April	124,849	93,898
Cash and cash equivalents at 30 June	112,219	80,694

Cash and cash equivalents at the end of the period comprise the following:

	Group	
	30 Jun 17	30 Jun 16
	\$'000	\$'000
Cash and bank balances	86,492	57,309
Fixed deposits with banks	25,727	23,385
	112,219	80,694

1(d)(i) A statement (for the Company and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital \$'000	Foreign currency translation reserve \$'000	Capital Reserve \$'000	Asset revaluation reserve \$'000	Revenue reserve \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Group								
Balance at 1 April 2016	67,638	(13,872)	(142)	3,372	382,876	439,872	12,374	452,246
Total comprehensive income								
Profit for the period	-	-	-	-	8,188	8,188	114	8,302
Other comprehensive income								
Foreign currency translation	-	(2,478)	-	-	-	(2,478)	(33)	(2,511)
Total other comprehensive loss	-	(2,478)	-	-	-	(2,478)	(33)	(2,511)
Total comprehensive (loss)/income	-	(2,478)	-	-	8,188	5,710	81	5,791
Contributions by and distributions to owners								
Dividends paid to non-controlling interests	-	-	-	-	-	-	(188)	(188)
Total transactions with owners	-	-	-	-	-	-	(188)	(188)
Balance at 30 June 2016	67,638	(16,350)	(142)	3,372	391,064	445,582	12,267	457,849

Balance at 1 April 2017	67,638	(9,865)	(142)	3,372	417,474	478,477	13,321	491,798
Total comprehensive income								
Profit for the period	-	-	-	-	6,977	6,977	139	7,116
Other comprehensive income								
Foreign currency translation	-	(1,234)	-	-	-	(1,234)	(89)	(1,323)
Total other comprehensive loss	-	(1,234)	-	-	-	(1,234)	(89)	(1,323)
Total comprehensive (loss)/income	-	(1,234)	-	-	6,977	5,743	50	5,793
Contributions by and distributions to owners								
Dividends paid to non-controlling interests	-	-	-	-	-	-	(500)	(500)
Total transactions with owners	-	-	-	-	-	-	(500)	(500)
Balance at 30 June 2017	67,638	(11,099)	(142)	3,372	424,451	484,220	12,871	497,091

1(d)(i) Statement of Changes in equity (Cont'd)

<u>Company</u>	Share capital \$'000	Revenue reserve \$'000	Total equity \$'000
Balance at 1 April 2016	67,638	185,937	253,575
Total comprehensive income			
Profit for the period	-	2,644	2,644
Total comprehensive income for the period	-	2,644	2,644
Balance at 30 June 2016	67,638	188,581	256,219

Balance at 1 April 2017	67,638	199,445	267,083
Total comprehensive income			
Profit for the period	-	3,393	3,393
Total comprehensive income for the period	-	3,393	3,393
Balance at 30 June 2017	67,638	202,838	270,476

1(d)(ii) Details of any changes in the Company's share capital arising from rights 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 number of issued shares in the capital of the Company since the end of the previous period reported on.

The Company does not have any outstanding share convertibles and treasury shares at the end of the period under review.

None of the Company's subsidiaries hold any shares in the Company at the end of the period under review.

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

30 Jun 17	31 Mar 17
705,011,880	705,011,880

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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 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 Company's most recently audited annual financial statements have been applied

The Group has applied accounting policies and methods of computation in the financial statements for the current reporting year consistent with those of the audited financial statements for the year ended 31 March 2017, except as disclosed in paragraph 5 below.

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 effect of, the change

In the current financial year, the Group has adopted all the new and revised Financial Reporting Standards ("FRSs") and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on 1 April 2017. The adoption of these new/revised "FRSs" and "INT FRSs" does not result in substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

(a) Weighted average number of ordinary shares for calculation of basic and diluted earnings per share

(b) Basic and diluted earnings per share (cents)

Group	
First Quarter ended	
30 Jun 17	30 Jun 16
705,011,880	705,011,880
0.99	1.16

EPS is calculated by dividing the Group's profit attributable to owners of the Company with the weighted average number of ordinary shares during the period. The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period.

There is no dilutive effect for EPS as the Company does not have any outstanding share convertibles as at 30 June 2017.

7. Net asset value (for the Company and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the Company at the end of the

(a) current financial period reported on; and

(b) immediately preceding financial year

	Group		Company	
	30 Jun 17	31 Mar 17	30 Jun 17	31 Mar 17
Number of issued shares	705,011,880	705,011,880	705,011,880	705,011,880
Net asset value per ordinary share (in \$)	0.69	0.68	0.38	0.38

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

Revenue for the quarter ended 30 June 2017 ("1Q FY2018") increased by 11% to \$164.4 million compared to \$148.2 million achieved in the same period last year ("1Q FY2017"). It reflected improved consumer sentiment in selective markets in the region.

Gross margin was 21.2% (1Q FY2017: 22.9%). Operating expenses were higher as it included a one-time relocation expense of \$1.5 million incurred by The Hour Glass Australia. As a result, profit after tax was \$7.1 million.

As at 30 June 2017, group inventory was \$316.2 million. Cash and cash equivalents stood at \$112.2 million. Consolidated net assets were \$484.2 million or \$0.69 per share.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The Group's performance for the period under review is in line with the prospect statement in the results announcement for the year ended 31 March 2017.

10. A commentary at the date of 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

The global watch sector continues to remain challenging. Barring any unforeseen circumstances, the Group expects to be profitable for the financial year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None.

11. Dividend (Cont'd)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date Payable

Not applicable.

(d) Books Closure Date

Not applicable.

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

No dividend is declared or recommended in respect of the current financial period reported on.

13. If the Company has obtained a general mandate from shareholders for interested person 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. Statement Pursuant to Rule 705(5) of the Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company (comprising the statements of financial position, statements of changes in equity, consolidated income statement, consolidated statement of comprehensive income, and consolidated statement of cash flow together with their accompanying notes) for the three months ended 30 June 2017 to be false or misleading in any material respect.

Signed by Dr Kenny Chan Swee Kheng and Mr Michael Tay Wee Jin on behalf of the Board of Directors.

15. Confirmation that the Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Hour Glass Limited confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX-ST Listing Manual.

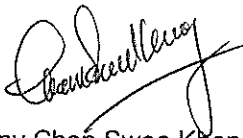
BY ORDER OF THE BOARD

Christine Chan
Company Secretary
14 August 2017

Statement Pursuant to Rule 705(5) of the Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company (comprising the statements of financial position, statements of changes in equity, consolidated income statement, consolidated statement of comprehensive income, and consolidated statement of cash flow together with their accompanying notes) for the three months ended 30 June 2017 to be false or misleading in any material respect.

On behalf of the Board of Directors



Kenny Chan Swee Kheng
Group Managing Director



Michael Tay Wee Jin
Group Managing Director

Singapore
14 August 2017