THE HOUR GLASS

ANNUAL REPORT 2015

To see a world in a grain of sand,
And a heaven in a wild flower,
Hold infinity in the palm of your hand,
And eternity in an hour.

Contents

CORPORATE DIRECTORY

DIRECTORS

Dr Henry Tay Yun Chwan	Executive Chairman
Dato' Dr Jannie Chan Siew Lee	Executive Vice Chairman
Dr Kenny Chan Swee Kheng	Group Managing Director
Mr Michael Tay Wee Jin	Group Managing Director
Mr Robert Tan Kah Boh	Independent Non-Executive Director
Mr Philip Eng Heng Nee	Independent Non-Executive Director
Mr Kuah Boon Wee	Independent Non-Executive Director
Mr Pascal Guy Demierre Chung Wei	Independent Non-Executive Director
Ms Saw Phaik Hwa	Independent Non-Executive Director

AUDIT COMMITTEE

Mr Philip Eng Heng Nee	Chairman
Mr Kuah Boon Wee	
Ms Saw Phaik Hwa	

REMUNERATION COMMITTEE

Mr Robert Tan Kah Boh	Chairman
Mr Philip Eng Heng Nee	
Mr Pascal Guy Demierre Chung Wei	

NOMINATING COMMITTEE

Mr Kuah Boon Wee	Chairman
Mr Robert Tan Kah Boh	
Mr Pascal Guy Demierre Chung Wei	
Dato' Dr Jannie Chan Siew Lee	
Dr Kenny Chan Swee Kheng	

COMPANY SECRETARY

Ms Christine Chan Meng Yook

REGISTERED OFFICE

302 Orchard Road #11-01
Tong Building
Singapore 238862
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Facsimile: (65) 6732 8683
Email address: info@thehourglass.com
Website address: www.thehourglass.com
Co. Registration: 197901972D

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

AUDITOR

Ernst & Young LLP
Public Accountants and Chartered Accountants Singapore
Partner in charge (since financial year ended 31 March 2015):
Mrs Lim Siew Koon

PRINCIPAL BANKERS

DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

SOLICITORS

Allen & Gledhill LLP
Rodyk & Davidson LLP

BOARD OF DIRECTORS

Seated:
Dr Henry Tay

Standing from left:
Mr Pascal Demierre, Ms Saw Phaik Hwa, Mr Philip Eng, Mr Kuah Boon Wee, Mr Michael Tay, Dr Kenny Chan, Dato' Dr Jannie Chan, Mr Robert Tan

BOARD OF DIRECTORS

DR HENRY TAY YUN CHWAN
EXECUTIVE CHAIRMAN

Dr Henry Tay was appointed Executive Chairman of The Hour Glass Limited in October 1987, having served as an Executive Director since 11 August 1979.

Dr Tay graduated with a MBBS (Honours) from Monash University, Melbourne and prior to founding The Hour Glass in 1979, was both a Medical Practitioner as well as partner in Lee Chay & Co., one of Singapore's earliest watch retail companies.

From 1986 to 2001, Dr Tay was Executive Chairman of a group of companies whose businesses were in the distribution and retail of Burberry in the Asia Pacific region.

Dr Tay is an Independent Director and Chairman of the audit committee of UOB Kay Hian Holdings Limited. He also holds directorships in several private companies focused on investments, real estate development, food and beverage and entertainment businesses.

Dr Tay served as a Committee Member of the Community Chest from 1992 and was appointed Vice Chairman from 1994 to 2004. An active fundraiser for various charitable organisations, Dr Tay has received many public service awards including the Friends of MCDS (Ministry of Community Development and Sports) Award in 2002 and the President's Social Service Award in August 2005.

Dr Tay was the Founder President of the Hong Kong - Singapore Business Association from 1994 to 2000 and is presently its Honorary President. He has also served as a board member of the Singapore Tourism Board, and Patron of the Singapore Kennel Club.

DATO' DR JANNIE CHAN SIEW LEE
EXECUTIVE VICE CHAIRMAN

Dato' Dr Jannie Chan was appointed to the Board of The Hour Glass Limited and served as its Managing Director since founding it on 11 August 1979, up till 31 March 2004. She was appointed Executive Vice Chairman on 1 April 2004 and continues to play an active role in the development of the Company.

In recognition of her outstanding professional achievements, Dato' Dr Chan was the recipient of the 2004 Monash University Distinguished Alumni Award, an institution from which she obtained both a Bachelor of Science degree in Physiology (Honours) and a Masters of Science degree in Pharmacology. She was conferred the Darjah Sultan Ahmad Shah Pahang (DSAP) which carries the title Dato' in 2003.

Dato' Dr Chan was the Chairman of the Federation of Asia-Pacific Retailers Association, President of the Singapore Retailers Associations, Chairman of The Retail Academy of Singapore and former Chairman of the Retail Industry Skills and Training Council. She served as the President of the Asean Business Forum, Chairman of the Commonwealth Business Women Leaders Network, the first female Executive Board Member of the Commonwealth Business Council and Founder President of the International Women's Forum in Singapore.

She is also the Founder and current President of the Women's Business Connection. She was appointed First Co-Chair of the Business Advisory Council of the United Nations Economic and Social Commission for Asia and the Pacific ("UNESCAP") in 2004. UNESCAP's mandate is to foster cooperation between its members in order to promote economic and social development in the Asia Pacific region. Having previously served on the Women's Leadership Board of the John F. Kennedy School of Government, Harvard University and the United Nations Office for Project Services, she was named as one of the 50 Leading Women Entrepreneurs of the World in 1997. In 2009, Dato' Dr Chan was the first woman to receive Enterprise Asia's APEA Woman Entrepreneur of The Year Award. She received the Lifetime Achievement for Outstanding Contribution to Tourism Award in 2011 from the Singapore Tourism Board, and was conferred the World Chinese Economic Forum Lifetime Achievement Award in 2012.

A tireless worker for charitable causes and the Arts, she has raised significant sums for the Community Chest of Singapore, the Autism Resource Centre, the Canossian School for the Hearing Impaired, the Ong Teng Cheong Music Fund and the Timor-Leste Foundation.

BOARD OF DIRECTORS

DR KENNY CHAN SWEE KHENG
GROUP MANAGING DIRECTOR

Dr Kenny Chan became a member of the Board of The Hour Glass Limited on 1 April 2004. He joined as the Group Chief Operating Officer in 2002 and was appointed as Managing Director of the Company on 1 April 2004. In June 2009, he was re-designated to Group Managing Director of The Hour Glass Limited.

A graduate of Monash University with a MBBS (Honours), Dr Chan has over 25 years of experience in the luxury goods industry. Prior to his joining The Hour Glass, he was the Managing Director of Burberry Singapore and Burberry Australia, companies that formed part of a group that was the exclusive distributor and agent of Burberry, covering a territory that stretched from Korea to New Zealand.

Dr Chan also served as a Council Member for the Singapore Retailers Association from 2000 to 2002.

MR MICHAEL TAY WEE JIN
GROUP MANAGING DIRECTOR

Mr Michael Tay was appointed as Group Managing Director of The Hour Glass Limited on 1 April 2015, having joined the Company in January 1999 as its Business Re-Engineering Manager.

Mr Tay has developed extensive watch industry experience having headed multiple facets of The Hour Glass' businesses from specialty watch manufacturing, global marketing and distribution to greenfield retail development, group marketing and merchandising, corporate communications and investor relations. He is a member of the governing Cultural Committee of the Fondation de la Haute Horlogerie and a member of the jury for the Fondation du Grand Prix d' Horlogerie de Genève. Mr Tay also serves on the boards of the National Heritage Board, the Singapore Tyler Print Institute and Platform Projects Ltd, all non-profit organisations engaged in the heritage and visual arts sector. He is also the Chairman of Mercy Relief, an international humanitarian disaster and relief NGO located in Singapore.

Mr Tay graduated from Oxford Brookes University, United Kingdom with a First Class (Honours) in Business and International Management.

MR ROBERT TAN KAH BOH
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Robert Tan was appointed to the Board of The Hour Glass Limited on 18 November 1999 as an independent Director. Mr Tan is the Chairman of the Company's Remuneration Committee and a member of its Nominating Committee.

Mr Tan was with an international public accounting firm for 28 years serving as a senior partner before his retirement. Mr Tan was a member of the Institute of Singapore Chartered Accountants and was a Fellow of the Institute of Chartered Accountants in England and Wales.

BOARD OF DIRECTORS

MR PHILIP ENG HENG NEE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Philip Eng joined the Board of The Hour Glass Limited on 1 October 2009 as an independent Director. Mr Eng is the Chairman of the Company's Audit Committee and a member of its Remuneration Committee.

He is the Non-Executive Chairman of mDR Limited, Frasers Centrepoint Asset Management Ltd and is also a Non-Executive Director of Frasers Centrepoint Limited. In addition, he is Singapore's High Commissioner to Canada. Prior to this, Mr Eng spent 23 years with the Jardine Cycle & Carriage Group before retiring in February 2005 as Group Managing Director.

Mr Eng graduated from the University of New South Wales with a Bachelor of Commerce in Accountancy and is an Associate Member of the Institute of Chartered Accountants in Australia.

MR PASCAL GUY DEMIERRE CHUNG WEI
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Demierre joined the Board of The Hour Glass Limited on 1 April 2011 as an independent Director and serves as a member of the Company's Nominating and Remuneration Committees.

Mr Demierre is the Executive Director of Halcyon Agri Corporation Limited. He also sits on the Board of Council Members at the Alliance Francaise de Singapour. Mr Demierre graduated from King's College, London with an Upper Second Class (Honours) in Law and obtained a Graduate Diploma in Law from the National University of Singapore.

MR KUAH BOON WEE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Kuah was appointed to the Board of The Hour Glass Limited on 1 April 2011 as an independent Director and serves as a Chairman of the Company's Nominating Committee and a member of its Audit Committee.

Mr Kuah is the Group Chief Executive Officer of MTQ Corporation Limited. He had served as CEO for South East Asia and Singapore Terminals as well as Chief Financial Officer of PSA International Pte Ltd and ST Engineering Ltd. Mr Kuah is a qualified chartered accountant from the ICAEW and graduated with a Bachelor of Engineering degree from the Imperial College of Science and Technology.

MS SAW PHAIK HWA
INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms Saw joined the Board of The Hour Glass Limited on 1 September 2012 as an independent Director and serves as a member of the Company's Audit Committee.

Ms Saw is a Director of Globe Telecom Inc., and serves as a Board Member of The Esplanade Co. Ltd, Singapore Management University and Tan Tock Seng Hospital Community Charity Fund. She is also the First Vice Chairman of Singapore Wushu Dragon and Lion Dance Federation and President of the Singapore Jian Chuan Tai Chi Chuan Physical Culture Association. She was formerly the Group Chief Executive Officer of Auric Pacific Group Limited, Chief Executive Officer of SMRT Corporation Limited and President for DFS South East Asia.

Ms Saw Phaik Hwa graduated with an Honours degree in Biochemistry from the University of Singapore and attended an Advanced Management Programme at the University of Hawaii.

KEY EXECUTIVES

SINGAPORE
THE HOUR GLASS LIMITED

MR NG SIAK YONG
CHIEF FINANCIAL OFFICER

Mr Ng joined the Company in October 2004 and is responsible for the Group's financial and accounting functions including statutory and regulatory compliance. Mr Ng holds a Bachelor in Accountancy (Honours) from Nanyang Technological University, a Master of Business Administration from the University of Strathclyde, Scotland and is a member of the Institute of Singapore Chartered Accountants.

THE HOUR GLASS LIMITED

MS WONG MEI LING
MANAGING DIRECTOR (SINGAPORE)

Ms Wong joined the Company in October 2009 and is responsible for leading the growth and development of The Hour Glass' Singapore business unit. Ms Wong holds a Bachelor of Arts in Economics and Psychology from the University of Sydney, Australia.

THE HOUR GLASS LIMITED

MS LIM JEE YAH
MANAGING DIRECTOR
LUXURY ENTERPRISES

Ms Lim joined The Hour Glass Limited in February 2014 and is responsible for leading the growth and development of Luxury Enterprises, a division within The Hour Glass Limited. Ms Lim graduated with a Bachelor of Arts from the University of Singapore.

AUSTRALIA
THE HOUR GLASS (AUSTRALIA) PTY LTD

MS LIDIA EMMI
GENERAL MANAGER

Ms Emmi joined The Hour Glass (Australia) Pty Ltd in March 1994 and is responsible for the day-to-day operations of The Hour Glass' Australia business unit. Ms Emmi holds a Bachelor degree in Commerce from James Cook University, Australia and is a member of the Institute of Certified Practicing Accountants in Australia.

HONG KONG
THE HOUR GLASS (HK) LIMITED

MR CHUNG WAI YANG
MANAGING DIRECTOR

Mr Chung joined The Hour Glass (HK) Limited in August 1994 and is responsible for the development and management of The Hour Glass' Hong Kong business unit. Mr Chung holds a Master of Business Administration from the Ageno School of Business at Golden Gate University, San Francisco, USA.

KEY EXECUTIVES

JAPAN
THE HOUR GLASS JAPAN LTD

MR ATSUSHI MOMOI
DIRECTOR & GENERAL MANAGER

Mr Momoi joined The Hour Glass (Australia) Pty Ltd in November 1988 and was subsequently relocated to Japan to establish The Hour Glass Japan Ltd in July 1996. With more than 30 years of experience in the retail and wholesale distribution of luxury and specialty watches, he is responsible for the strategic planning, business development and sales and marketing of the company.

SINGAPORE
GLAJZ-THG PTE LTD

MR JOHN GLAJZ
MANAGING DIRECTOR

Mr Glajz joined the Company in January 1980 and has more than 30 years of practical experience in the retail and wholesale of fine jewellery. His partnership with The Hour Glass Limited commenced in 1990 through Mondial Jewellers and after the successful sale of the Mondial brand and business in 2004, established a new joint venture vehicle Glajz-THG Pte Ltd. Mr Glajz graduated with a Bachelor of Arts degree from The Australian National University.

MALAYSIA
THE HOUR GLASS SDN BHD

MR TEH SOON KHENG
GENERAL MANAGER

Mr Teh joined The Hour Glass Sdn Bhd in January 2015. He has overall responsibility for the management of the Malaysia operations. Mr Teh graduated with a Master of Business Administration from University of Ballarat, Australia.

FINANCIAL HIGHLIGHTS

	FY2015	FY2014	FY2013	FY2012	FY2011
FINANCIAL RESULTS	$'000	$'000	$'000	$'000	$'000
Revenue	734,938	682,797	601,936	607,009	517,617
Operating profit [1]	74,010	67,760	64,710	68,890	52,913
Profit before taxation	75,404	70,828	65,879	69,338	54,283
Profit after tax	59,715	56,366	54,331	56,209	43,181
EBITDA [1]	81,994	74,045	70,122	74,172	57,488

FINANCIAL POSITIONS	$'000	$'000	$'000	$'000	$'000
Net asset value	408,730	365,860	330,636	294,739	249,580
Stocks	297,940	263,280	265,742	230,954	190,742
Cash and cash equivalents	98,332	116,379	79,536	53,701	50,708
Loans and borrowings	61,187	39,738	41,198	3,069	14,292
Free cash flow [2]	(13,026)	53,066	1,505	24,949	8,549

FINANCIAL RATIOS					
Gross margin (%)	22.6	23.0	23.9	24.1	22.4
Operating margin (%) [1]	10.1	9.9	10.8	11.3	10.2
Net margin (%) [3]	8.1	8.3	9.0	9.4	8.3
Stock turn ratio	1.9	2.0	1.7	2.0	2.1
Debt / equity ratio (%)	15.0	10.9	12.5	1.0	5.7
Earnings per share (cents) [4]	8.22	7.79	7.50	7.78	6.03
Net asset value per ordinary share ($) [5]	0.58	0.52	0.47	0.42	0.36

1. Excluding impairment loss on investment securities and fair value adjustment on investment properties.

2. Free cash flow refers to net cash flow from operating activities less purchase of property, plant and equipment and investment property in the statement of cash flow.

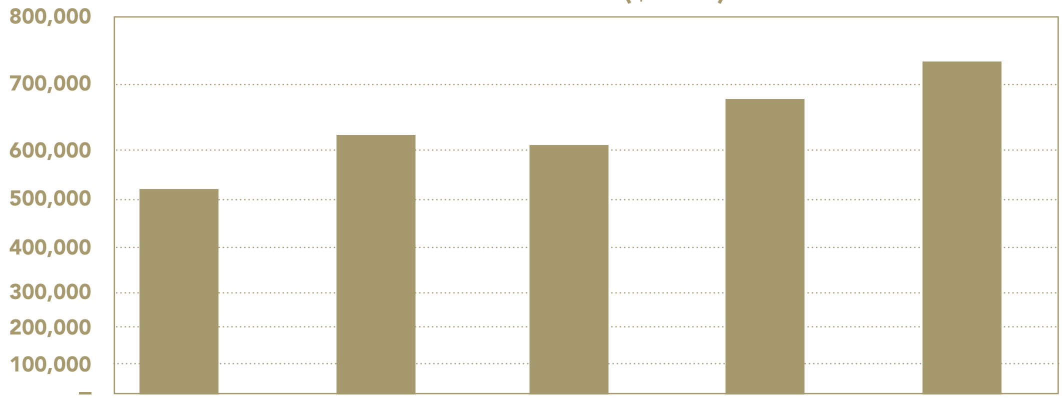
3. Excluding impairment loss on investment securities.

4. For the purpose of comparison, earnings per share for prior corresponding years are adjusted retrospectively pursuant to the sub-division of every one existing ordinary share into three ordinary shares on 28 November 2014.

5. For the purpose of comparison, net asset value per ordinary share for prior corresponding years are adjusted retrospectively pursuant to the sub-division of every one existing ordinary share into three ordinary shares on 28 November 2014.

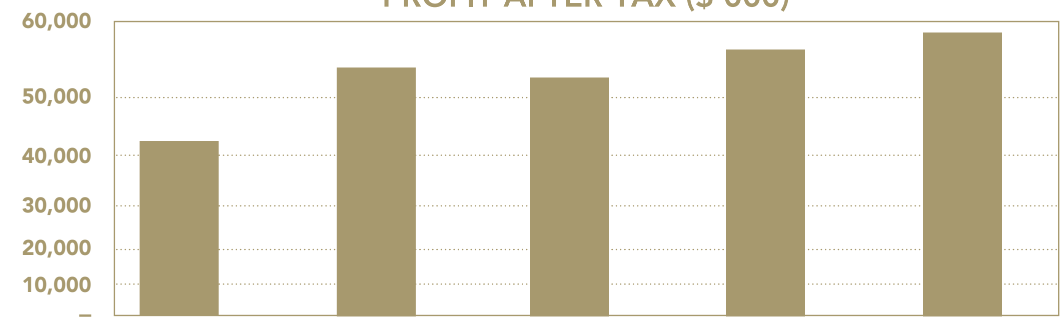
FINANCIAL HIGHLIGHTS

REVENUE ($'000)



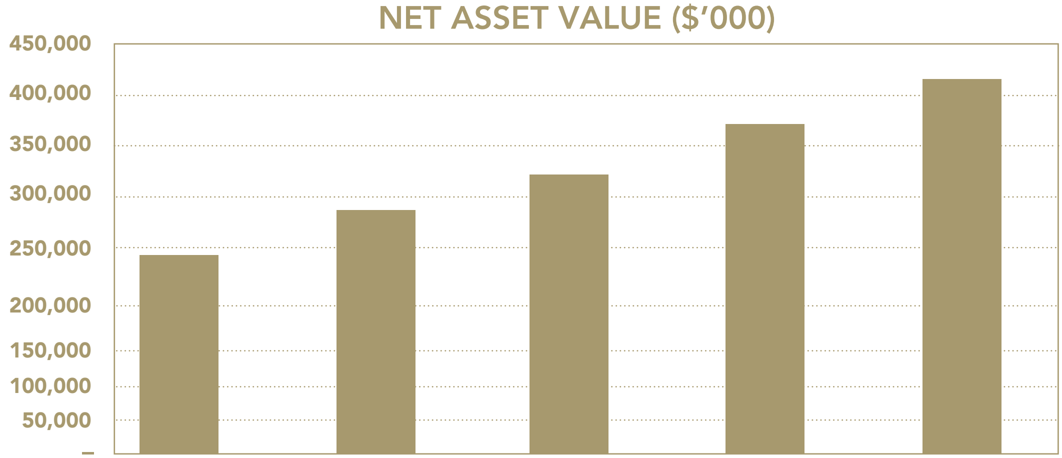
FY2011	FY2012	FY2013	FY2014	FY2015
517,617	607,009	601,936	682,797	734,938

PROFIT AFTER TAX ($'000)



FY2011	FY2012	FY2013	FY2014	FY2015
43,181	56,209	54,331	56,366	59,715

NET ASSET VALUE ($'000)



FY2011	FY2012	FY2013	FY2014	FY2015
249,580	294,739	330,636	365,860	408,730

VISION

Advancing the culture of watch collecting throughout the world

ENTERPRISE MISSION

To be the watch world's leading cultural retail enterprise, making it the primary port of call for all enthusiasts and collectors alike

BUSINESS MISSION

To be an enduring, profitable business organisation that assumes a moderate risk profile, generating sustainable long term cashflows and returns by continually engaging in the practice of retail marketing, merchandising and operational excellence

CHAIRMAN'S STATEMENT

DEAR FELLOW SHAREHOLDERS,

I am pleased to report that for the financial year ended 31 March 2015, The Hour Glass maintained its forward momentum, surpassing the performance benchmarks we established in the last financial year. Revenues over the period grew by $52.1 million, or 8%, to $734.9 million whilst net profit after-tax increased 6% to $59.7 million. Notably, these results were attained at a time when the majority in the Asian specialty luxury watch retail industry faced sharp declines in both sales and profitability.

During the year, we deployed $87.2 million of capital adding to both our property portfolio and expanding our working capital base. Investments made include enhancing our retail store network and along with that, widened our inventory pool. We concluded a bolt-on acquisition of Watches of Switzerland - a 50 year-old strategic peer based in Singapore for $13.3 million and purchased two Australian properties - 192 Pitt Street, an 11,000 square feet heritage-listed retail and commercial property in Sydney sitting on one of the world's most important retail intersections for $37.2 million and 201 Elizabeth street, an 8,000 square feet retail property in Brisbane's prime luxury retail precinct for $6.3 million.

Principally, we pursed this aggressive but calculated capital investment strategy because despite the uncertainty that shrouds the global economy, we continue to keep a keen eye on the future. We believe that with these business and asset acquisitions, we have laid the building blocks for growth for the next decade and beyond. And even though the Group increased its borrowings to $61.2 million, we have maintained a conservative debt profile with a debt to equity ratio of 15% whilst preserving our net cash position with cash on hand on a consolidated basis at $98.3 million.

For some time now, the Board has been identifying means by which to enhance the liquidity of our company's shares in the market. One such measure that was proposed, and subsequently approved by shareholders during the financial year was the sub-division of each ordinary share in the issued share capital of the company into three shares; raising the number of outstanding shares in the company from 235 million shares to 705 million shares. I take pleasure in reporting that this action has demonstrably produced a positive outcome for all shareholders.

On a consolidated net asset basis, our corporate net worth increased by $42.9 million to $408.7 million or $0.58 per share on a post sub-division basis. In view of our robust operating performance and modestly enhanced earnings, the Board of Directors is pleased to recommend a first and final dividend of 2.2 cents per share amounting to $15.5 million.

GENERAL COMMENTARY

We are presently experiencing a world in rapid transition. A world in which shifting geopolitical realities and new operative norms have to be considered. Where volatility and the velocity of change are establishing themselves as the baseline for market activity. And where widely held assumptions about people and place have to be re-evaluated and strategies for our business' sustainability and growth refined.

In mature Asian countries such as Hong Kong and Singapore, hot button issues such as rapid asset inflation, widening income disparity and rising domestic friction between their citizens and foreigners had dominated the public sphere; prompting these governments to introduce policies aimed at addressing those concerns. Many of these measures have had a dampening effect on business confidence, consumer sentiment and spending.

CHAIRMAN'S STATEMENT

In Singapore for instance, the move towards a reduction in the perceivable presence and participation of foreigners in our society and a push to strengthen the Singaporean core led to a tightening in the growth of foreign worker quotas. This is an important policy pivot for Singapore and the positive results will only be realised in the medium to long term. For now though, it has crimped capacity, increased the cost of doing business and subsequently decelerated the growth of the economy. It is also most disappointing when in the case of Hong Kong, fuelled by multiple public protests, Mainland Chinese shoppers have been made to feel unwelcome. And the consequence of that? This group of visitors simply take their business elsewhere evidenced by the near doubling of Mainlanders to destinations such as Japan and Korea.

On a lighter note, the state of affairs for broader Asia is not quite as dire. Even with its multitude of domestic challenges, in 2015, China displaced the United States as the world's largest economy. Additionally, the combined wealth of Asian high-net-worth individuals will for the first time in modernity, exceed those HNWIs in America. By 2022, China's middle class will have grown to 630 million, half its population, and by 2030, Asia will account for two thirds of the world's middle class. Five years from now, the number of Mainland Chinese travellers will double to reach 200 million per annum, increasing the absolute quantum of the travel retail spend. Such tectonic shifts in the centre of the world's economic power and gravity of wealth pose an incredible opportunity for luxury businesses such as ours. But that does not mean that our journey will not be fraught with multiple speed bumps.

The Hour Glass too is at an inflection point. Our management teams have matured and most have over two decades of experience under their belts. All our subsidiary businesses are profitable and things are beginning to feel uncomfortably comfortable. We have reached that critical juncture where for us to take The Hour Glass to the next level, we will have to tackle incumbent mentality, outsmart our biases, broaden our thinking and resurrect that pioneering, entrepreneurial spirit. We will have to choose not to cling to the old adage and will need to once more finesse our methods to the new rules of the game.

What will The Hour Glass' brand symmetry be a decade from now? How will the new architecture for watch retail distribution in Asia transform itself? Will bricks and mortar retail still be a viable business model in ten, twenty years? What of omni-channel retailing? Which are the key partners we should be aligning ourselves with? Where are the most valuable customers going to come from in the next 20 years? Who are they? What do they desire? How do we engage in a conversation with them? We do not have definitive answers to all these questions but we are currently processing and I'm certain in due time, we will have greater clarity.

Pricing Dislocations

The past year had been particularly turbulent with two significant factors negatively impacting the state of the Swiss watch industry. The first being the Swiss Central Bank's decision to abandon the Swiss Franc peg to the Euro in January 2015; a policy that had been in place for a little over three years and secondly, Mainland Chinese consumers who have retreated from overt displays of wealth and their conspicuous consumption of luxury goods. Disconnected events but associated in that they both have heavily influenced the demand equation, triggering acute remedial action by brand owners. One such measure - global pricing resets.

Post de-pegging of the Swiss Franc, a wave of price realignments were set in motion with an objective to equilibrate the global parity of retail prices. This retail price dislocation between Europe and Asia

CHAIRMAN'S STATEMENT

was initially distorted with the strengthening of Asian currencies against the Euro over the last five years. It created imbalances in prices between markets and especially so in South-East Asia and Hong Kong. In April 2015, eleven of Hong Kong and Macau's leading watch retailers jointly signed a letter petitioning for all watch brands to reduce retail prices in these two Greater Chinese territories. The reasoning they put forward was that sales had dropped by at least 40% in Hong Kong in the first quarter of 2015 as PRC shoppers bought less due to price imbalances against other desired shopping destinations such as Europe and Dubai. For the most part, their requests were accommodated.

Every brand will have their own set of circumstances that dictate a particular course of marketing action. We do not believe that there was a multilateral consensus amongst the key actors in the luxury watch world reducing retail prices in Asia only because growth has tapered. With that said, a softening of the market had been a key consideration for many and our overarching view is that the contraction in the absolute number of PRC buyers purchasing luxury goods have hurt both brand owners and their partners.

The PRCs today are also no longer prepared to pay what we term as 'The Chinese Premium'. This premium existed in all forms of goods consumed by the Chinese Mainlanders, but the luxury market amplified this notion. Premiums levied could be as much as 15% to 35% in many cases and could continue so long as buoyant Chinese demand outstripped the ability to supply; and the PRCs were buying from all over the world. But today, they have transformed into sophisticated world travellers and shoppers and are no longer prepared to pay those premiums. What is more, the rest of the world's luxury consumers have definitely been irked by it as they are also similarly taxed. This is not the first time we have witnessed this premium. To a lesser degree, in the early 2000s, there too was a Russian premium on high valued luxury watches but that dissipated when the Russian economy fell on hard times in the mid-2000s.

The action of the Swiss Central Bank and the rightsizing of demand to the world's new consumption reality was an opportunity for many brands to 'reset' their global retail prices, bringing markets closer in line with one another. My opinion is that this action signals a recognition that the world has become one gigantic shopping centre. That the consumer's access to technology and hence global pricing information is readily available and most important is that regardless of nationality, they demand honesty and equity in how they are treated as global shoppers.

Leadership and Management Succession

Leadership succession and management transition in a family enterprise continue to be a priority for our executive management teams. We are bound by aligning our different interests around our values, culture and vision for the company. We focus on building sustainability for the next decade, for the next generation. We think long term because we think hard about the legacy we will leave behind. Therefore, every one of our senior executives and line managers have been selected on the basis of a strong cultural fit with The Hour Glass.

Over the past five years, I have been reinforcing the need to build successive layers of management bench strength and never before has that direction been clearer than when we experienced the sudden passing of our General Manager for Malaysia Mr Yon Shee Guan. Yon, as he was affectionately known to his colleagues, epitomised The Hour Glass lifer. He joined The Hour Glass Sdn Bhd twenty three years ago first as an Admin and Finance Manager before rising through the ranks to become country head for Malaysia. His jovial, can do attitude was infectious and he will be dearly

CHAIRMAN'S STATEMENT

missed by us all. We were fortunate that we were able to swiftly on-board an experienced individual with over a decade of specialty luxury watch retail experience into his seat. But we may never always be so fortunate and so, will be intensifying our organisational development efforts in this area.

One Hundred and Seventy Five Years

On behalf of The Hour Glass, I wish to congratulate the Stern family - Philippe, Gerdi, Thierry and Sandrine for guiding the House of Patek Philippe to its 175th anniversary. Many industry pundits claim that Philippe's greatest achievement is to have brought Patek Philippe into the modern era of watchmaking and in a span of some forty years, cement its position as the platinum standard in high horology. I agree. But I also believe he has accomplished something even more significant. Philippe has successfully orchestrated the seamless transition of the leadership of Patek Philippe to the hands of its fourth generation owner – his son Thierry. In researching succession in family businesses, the Harvard Business Review concluded that only 3% of companies ever make it to this degree of transition. So what Philippe has done is definitively remarkable.

The genesis of our relationship with Patek Philippe began 60 years ago between my father and Philippe's father and hence, this partnership we struck with the Sterns has now transcended business. It is the bonding of 2 families over 3 generations. A bond which began as a business relationship, and that over decades, has transformed into one of friendship. A friendship built on the bedrock of trust and shared values. Our companies and management teams are also built around a values based system. The first and most important principal is that of integrity. Where our word, when given, is our bond. Secondly, we construct long term goals, thinking and planning in decade long trajectories. Both pursuing our aim of providing quality to our clients. To be nothing less than the best-in-class. This trust and mutual respect for each other can only be developed through the test of time, through actions and deeds. We have been through multiple global economic challenges together. Each time, emerging from them closer and in a stronger position. Lastly, we believe in commitment. And at The Hour Glass, we have vowed that we will do whatever is necessary to always positively project the brand of Patek Philippe and protect the interest of the house. With these time-tested principles in mind, we look forward to a continued and meaningful partnership for the generations to come.

ROUNDING OFF

High performance organisations share a common trait. They build cultures of introspection and trust, never losing sight of their organisation's purpose. At The Hour Glass, I believe we have a team that is self-aware and with the resolve, stamina, vitality and industry to continue baking a layer cake of success.

We realise that it is not our size that defines who we are but our people. From our client facing goodwill ambassadors to those who support quietly in the background. By extension, this also applies to my fellow independent Board members who continue to demonstrate incredible patience in the management of board affairs, offering incisive strategic guidance and lifting the standards of governance in the company. Thank you all for contributing to our Group's development as we proceed forward, upward, onward.

HENRY TAY YUN CHWAN
Executive Chairman
2 June 2015

CORPORATE GOVERNANCE

The Hour Glass Limited is committed to ensuring a high standard of corporate governance within the Company, its subsidiaries and significant associates. This report describes the corporate governance practices and activities of the Company and its subsidiaries ***("Group")*** for the financial year ended 31 March 2015 ***("FY2015")***.

The Company's corporate governance practices and activities in relation to each of the principles of the Code of Corporate Governance 2012 ***("Code")*** are set out in the following segments, and deviations from the Code are explained. Unless otherwise stated, the corporate governance processes were in place during the financial year.

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: *Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.*

The Board is entrusted with the overall management of the business affairs of Company, and sets the overall strategy and policies on the Group's business direction and long-term sustainability. It reviews significant investment and divestment proposals, funding decisions, financial performance and key operational initiatives, and oversees the implementation of appropriate systems to manage the Group's business risks. Other functions include considering and approving nominations and re-nominations to the Board, reviewing management performance and reviewing and endorsing the recommended framework of remuneration for the Board and key executives. The Board also assumes responsibility for corporate governance.

The Board has put in place financial authorisation limits for operating and capital budgets, procurement of goods and services, and cheque signatory arrangements. Approval sub-limits are also provided at management level to facilitate operational efficiency. Matters that are specifically reserved for the Board's decision include interested person transactions, material acquisitions and disposals of assets, corporate or financial restructuring, share issuances and dividend payments to shareholders, and other transactions of a material nature requiring announcement under the listing rules of the Singapore Exchange Securities Trading Limited ***("SGX-ST")***. The Board also approves the periodic and full-year financial results for release to the SGX-ST.

The Board meets at least four times a year. In addition to scheduled Board meetings, *ad hoc* meetings are convened as and when circumstances require. The Board met five times during the financial year. To facilitate the Board's decision-making process, the Company's Articles of Association provides for directors to participate in Board meetings by conference telephone and similar communications equipment, and for Board resolutions to be passed in writing, including by electronic means.

Directors and senior executives are briefed on the Group's operations and furnished with information on the Group's corporate governance practices at the time of appointment, and are routinely updated on developments and changes in the operating environment, including revisions to accounting standards, and laws and regulations affecting the Company and/or the Group. A newly appointed director will be provided with a formal letter of appointment, setting out the director's duties and obligations.

At the request of directors, the Company will fund directors' participation at industry conferences, seminars or any training programme in connection with their duties as directors of the Company. The Company brings to the directors' attention, information on seminars that may be of relevance or use to them.

The Board is accountable to shareholders while management is accountable to the Board. Each director is expected to act in good faith and in the best interests of the Company at all times in the exercise of his or her duties and powers as a director. In the discharge of its functions, the Board is supported by specialty Board committees that provide independent oversight of management, and which also serve to ensure that there are appropriate checks and balances. These key committees are the Audit Committee ***("AC")***, the Remuneration Committee ***("RC")*** and the Nominating Committee ***("NC")***. The AC and RC are made up entirely of independent non-executive directors, and the NC comprises a majority of independent non-executive directors.

CORPORATE GOVERNANCE

BOARD COMPOSITION AND GUIDANCE

***Principle 2:** There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders#. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

Independent non-executive directors make up more than half of the Board. During the financial year, the Board had nine members, consisting of five independent non-executive directors, and four executive directors.

The Board has adopted the definition in the Code of what constitutes an independent director. The independent non-executive members of the Board comprise seasoned professionals with management, financial, accounting, investment, private equity, retail and commercial backgrounds. This enables the executive directors and management to benefit from their external and objective perspectives of issues that are brought before the Board. It also provides a broad spectrum of business acumen and skill sets to help shape the strategic process, monitor the performance of management and operate as an appropriate check and balance.

The independence of each independent member of the Board is reviewed annually and is subject to particularly rigorous review where such person has served on the Board beyond nine years. The NC assists the Board with such reviews. There are no material relationships (including immediate family relationships) between each independent non-executive Director and the other Directors or the Company or its 10% shareholders. Except for Mr Robert Tan, each of the independent non-executive directors has served on the Board for less than nine years as at 31 March 2015. The Board believes that a person's independence should not be circumscribed by an arbitrarily set period. The Board has determined, after a rigorous review by the NC, that Mr Robert Tan is independent as he has continued to demonstrate independence in character and judgment in the manner in which he has discharged his responsibilities, and there are no relationships or circumstances which affect or would be likely to affect his judgement and ability to discharge his responsibilities as an independent member of the Board and to contribute to the Board in such capacity.

The Board is of the view that its current composition comprises persons who, as a group, provide the appropriate balance and diversity of skills, experience, gender and knowledge of the Company, as well as necessary core competencies including in finance, management experience, industry knowledge, strategic planning experience and customer-based experience. The Board also considers the current Board size is appropriate, taking into consideration the nature and scope of the Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and/or Board Committees.

The profiles of the directors are set out under the section "Board of Directors" in the Annual Report. Additional information on the Board members is set out below:

NAME OF DIRECTOR	AGE*	DATE FIRST APPOINTED AS DIRECTOR	DATE LAST RE-ELECTED AS DIRECTOR
Dr Henry Tay Yun Chwan	71	11 Aug 1979	15 Jul 2011
Dato' Dr Jannie Chan Siew Lee	70	11 Aug 1979	23 Jul 2014
Dr Kenny Chan Swee Kheng	61	1 Apr 2004	23 Jul 2014
Mr Michael Tay Wee Jin	39	15 Aug 2005	17 Jul 2013
Mr Robert Tan Kah Boh	69	18 Nov 1999	18 Jul 2012
Mr Philip Eng Heng Nee	68	1 Oct 2009	17 Jul 2013
Mr Kuah Boon Wee	48	1 Apr 2011	23 Jul 2014
Mr Pascal Guy Demierre Chung Wei	41	1 Apr 2011	17 Jul 2013
Ms Saw Phaik Hwa	60	1 Sep 2012	17 Jul 2013

* *As at the Company's Annual General Meeting on 15 July 2015.*

\# *The term "10% shareholders" is defined in the Code to refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% if the total votes attached to all the voting shares in the company. "Voting shares" excludes treasury shares.*

CORPORATE GOVERNANCE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

***Principle 3:** There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.*

Dr Henry Tay and Dato' Dr Jannie Chan are the founders of The Hour Glass. Dr Henry Tay and Dato' Dr Jannie Chan are regarded as controlling shareholders of the Company. Dr Henry Tay is the Executive Chairman, and Dato' Dr Jannie Chan is the Executive Vice Chairman. Dr Kenny Chan and Mr Michael Tay are the Group Managing Directors of the Company. Mr Michael Tay was appointed a co-Group Managing Director on 1 April 2015, having been Executive Director since 2005. Mr Michael Tay is the son of Dr Henry Tay and Dato' Dr Jannie Chan, and Dr Kenny Chan is the brother of Dato' Dr Jannie Chan. The executive directors take an active role in management and overseeing of the Group's operations, providing a division of executive responsibility and authority in the Company.

The Company believes that it has effective independent non-executive directors to provide balance within the workings of the Board and oversight for minority shareholders' interests. Individually and as a group, the independent non-executive directors express individual viewpoints, debate issues and objectively scrutinise and challenge management. In addition, Mr Kuah Boon Wee is the lead independent director since 17 July 2013. He is the chairman of the NC. The role of the lead independent director is to be available to shareholders where they have concerns and for which contact through normal channels of the Executive Chairman or other members of senior management has failed to provide satisfactory resolution, or when such contact is inappropriate. The lead independent director will meet with the other independent members of the Board without the presence of the executive directors as and when necessary, and provide any relevant feedback to the Executive Chairman. At the operational level, during the financial year the senior management team, which includes the Executive Chairman, Executive Vice Chairman, the Group Managing Director and the Executive Director, provides decisiveness and clarity in the implementation of corporate policies and objectives, and serves to align the interests of the majority stakeholder with those of minority shareholders in the Company's goals for enhancing shareholder value. It is hence felt that it is not necessary, in the circumstances, for an independent non-executive chairman, or to separate the role of chairman and chief executive officer, as recommended by the Code.

As part of his administrative duties, the Executive Chairman ensures that Board meetings are held when necessary, sets the Board meeting agenda in consultation with, among others, the Group Managing Director and Chief Financial Officer and ensures that there is adequate time available for discussion of all agenda items. The Executive Chairman promotes a culture of openness and debate at meetings of the Board, encourages constructive relations among members of the Board and between the Board and management, fosters effective communication with shareholders at the general meetings of the Company and facilitates contributions of the non-executive directors. He also reviews Board papers on significant issues before they are presented to the Board and ensures that Board members are provided with complete, adequate and timely information, and that formalities and procedures are observed. The Board, together with management, are responsible for ensuring compliance with applicable laws and regulations.

BOARD MEMBERSHIP AND PERFORMANCE

***Principle 4:** There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.*

***Principle 5:** There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.*

The NC is chaired by Mr Kuah Boon Wee, and comprises Dato' Dr Jannie Chan, Dr Kenny Chan, Mr Robert Tan and Mr Pascal Demierre. The majority of the NC members, including the Chairman, are independent non-executive directors.

The NC's scope of authority is formalised in its terms of reference. The principal functions of the NC are to make recommendations to the Board on appointments including re-nominations, and oversee the Company's succession and leadership development plans.

CORPORATE GOVERNANCE

The NC is responsible for reviewing the independence of Board members who are independent directors upon appointment, and thereafter annually or whenever circumstances require. Independent directors are required to notify the NC promptly of any relationships or circumstances which arise that are likely to affect, or could appear to affect, the director's independence.

The NC is also responsible for reviewing the structure, size and composition of the Board and Board Committees. The selection of candidates for new appointments to the Board as part of the Board's renewal process are evaluated taking into account various factors including the current and mid-term needs and goals of the Company, as well as the relevant expertise of the candidates and their potential contributions to the Board, having due regard for the benefits of diversity on the Board. Candidates may be put forward or sought through contacts and recommendations. The criteria for appointment of a new Board member will be underscored by the need to shape the Board in line with the medium-term needs of the Company and its strategic goals and business direction for the Group.

Factors which are taken into consideration for the re-nomination of the directors for the ensuing year include not only the directors' attendance and participation at Board meetings and Board committee meetings in the financial year under review, but also whether the Board and management have benefited from an open and healthy exchange of views and ideas. The renewal of a director's Board membership recognises the value of that individual to the Board and the Company, and his or her continued contribution to the on-going needs of the Company and its business. A director's calibre, experience, stature and skills as well as his or her ability to contribute to the proper governance and stewardship of the Company and its operations are important qualities, albeit not capable of precise valuation or measurement, nor need such contributions necessarily be confined to the boardroom. Contributions by a director can take many forms, including providing objective perspectives of issues, facilitating business opportunities and strategic relationships, and accessibility to management outside of a formal environment of Board and/or Board committee meetings. The Board has set as a maximum number, seven other listed company board representations which a director may concurrently hold. A director with multiple board representations is expected to ensure that sufficient time and attention is given to the affairs of the Company. The NC takes this into consideration when evaluating whether the individual is able to or has been adequately discharging his or her duties as a director of the Company.

The NC administers annually, the formal process adopted by the Board for evaluation of the Board's performance as a whole, including Board Committees and the contributions of individual directors to the effectiveness of the Board. The performance criteria include assessment of the Board's size and composition, access to information, processes and accountability and Board Committees' performance in relation to discharging their responsibilities set out in their respective terms of reference, while individual directors are assessed on the director's attendance record, preparedness for meetings, participation level and contribution at meetings, analytical skills, knowledge as well as overall contribution to the Board and the Board Committees, as appropriate. Each member of the Board is required to complete an evaluation form. The NC collates the completed forms and compiles a consolidated report for the Board, in consultation with the Executive Chairman. The Board would act on the results of the performance evaluation where appropriate. The Board is of the view that the financial indicators such as share price performance are inappropriate for measuring the Board's performance. Such financial indicators also may not necessarily fully measure the long-term success and value creation of the Company. The Board believes that its performance and that of individual Board members is reflected in, and evidenced by, proper guidance, diligent oversight and able leadership of the Company, and the support that it lends to management in steering the Company and the Group in the appropriate direction. Having regard to its composition and mix, the Board has endeavoured through each director's unique contributions and diversity of experience, to ensure that balanced and well-considered decisions are made in the best interests of the Company.

The matrix of Board members' participation and attendance record at meetings of the Board and the specialty Board committees during the financial year is provided at the end of this report. This also reflects a Board member's additional responsibilities and special focus on the respective Board Committees of the Company.

CORPORATE GOVERNANCE

ACCESS TO INFORMATION

***Principle 6:** In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

Non-executive directors have access to the executive directors, management and the company secretary, and vice versa. In general, board papers which set out, amongst other things, management information such as financial performance, budgets, financial position, capital expenditure and operational statistics, are sent to all directors at least five days in advance of the Board meeting. Senior managers who have prepared the papers, or who can provide additional insight in the matters to be discussed, are normally invited to present the paper or attend during the Board meeting. Additional information is provided to directors, as and when needed, to enable them to make informed decisions.

The company secretary's duties include assisting the Chairman in ensuring that Board procedures are followed and communicating changes in listing rules or other regulations affecting corporate governance and compliance were appropriate. The company secretary also attends Board meetings to take minutes. The Company's Articles of Association provide for the appointment and removal of company secretary by the Board.

Where necessary, the Company will, upon the request of directors (whether as a group or individually), provide them with independent professional advice, at the Company's expense, to enable them to discharge their duties. The Chief Financial Officer assists the directors in obtaining such advice.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

***Principle 7:** There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

LEVEL AND MIX OF REMUNERATION

***Principle 8:** The level of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

DISCLOSURE ON REMUNERATION

***Principle 9:** Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remunerative policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.*

The RC comprises Mr Robert Tan, Mr Philip Eng and Mr Pascal Demierre. All of the RC members are independent non-executive directors. The RC is chaired by Mr Robert Tan. The RC met 3 times during the financial year.

The RC's scope of authority is formalised in its terms of reference. The RC's role primarily is to review, determine and recommend to the Board, the framework of remuneration, terms of engagement, compensation and benefits for senior executives, including the executive directors of the Company and key management personnel. Its functions include review of senior executive development and succession, compensation plans and recruitment strategies, and evaluation of executives' performance. The RC, in carrying out its functions, has access to professional advice on human resource matters whenever there is a need to consult externally.

The RC's terms of reference do not include the annual review and recommendation of the fees for non-executive directors of the Company (to be put to shareholders in annual general meeting for approval), which is a Board

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reserved matter. Such fees are set in accordance with a remuneration framework comprising basic fees, attendance fees and additional fees for serving on Board committees. Executive directors do not receive directors' fees.

The Company adopts an overall remuneration policy for staff comprising a fixed component in the form of a base salary. The variable component is in the form of a bonus that is linked to the Company's and the individual's performance. The employment terms of executive directors and certain senior key management personnel include provisions which entitle the Board to recompute the incentive component of their remuneration in the event of an adjustment made to, or restatement of, the audited consolidated financial statements of the Group for the relevant financial year (other than due to a change in applicable accounting standards or interpretation). The Company's executive directors are under service contracts. Their contract renewals and any revisions are subject to the review and approval of the RC. There are no termination, retirement and post-employment benefits granted to directors and key management personnel save for the provision of retirement gratuities for the Executive Chairman and the Executive Vice Chairman as disclosed in the notes to the financial statements. The Company does not presently operate an employee share option or share-based incentive scheme.

The Company is of the view that disclosure of the remuneration details of each director and key management personnel (who are not directors) in the manner recommended by the Code will be detrimental to the Company's interests, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment in which the Group operates. Instead, the level and mix of the annual remuneration of the directors in remuneration bands of $250,000 and the level of remuneration of the Group's top 8 key management personnel (who are not directors), are disclosed at the end of this report. The aggregate remuneration of the executive directors and of the top 8 key management personnel (who are not directors) for the financial year was $8,353,424 and $3,995,626, respectively. The aggregate directors' fees of $319,000 paid to the non-executive directors for the financial year was within the amount of up to $335,000 approved at the Extraordinary General Meeting on 13 November 2014. During the year, Mrs Choy Siew Sen (an employee in an Australia subsidiary of the Company) who is the sister of Dato' Dr Jannie Chan and Dr Kenny Chan, received an annual remuneration above $250,000 but below $300,000.

An annual remuneration report is not included in this report as the matters required to be disclosed therein have been disclosed at the end of this report, the Directors' Report and the notes to the financial statements. The Board responds to queries from shareholders at AGMs on matters pertaining to remuneration policies and directors' remuneration.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

***Principle 10:** The Board should present a balanced and understandable assessment of the company's performance, position and prospects.*

The Company is committed to providing a balanced and clear assessment of the Group's performance, financial position and prospect through timely reporting of its quarterly and full year results. The Company has in place a system of reporting to maintain compliance with statutory and regulatory reporting requirements. Negative assurance statements were issued by the Board with each quarterly financial report to confirm that to the best of its knowledge, nothing had come to its attention which would render the Company's quarterly results false or misleading in any material respect.

RISK MANAGEMENT AND INTERNAL CONTROLS

***Principle 11:** The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.*

The Board recognises that it is responsible for risk governance and ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets. The Board appreciates that risk management is an on-going

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process in which senior management and the operational managers continuously participate to evaluate, monitor and report to the AC and the Board on significant risks.

The Company has developed and implemented a Board Assurance Framework which includes an Enterprise Risk Management Framework to identify the significant risks facing the Group, the potential impact and likelihood of those risks occurring, the control effectiveness and action plans being taken to mitigate those risks. The Company has also developed a risk governance structure, which provides details on the roles and responsibilities for the Board and management in risk monitoring, escalation, mitigation and reporting.

The Company has established risk appetite statements and tolerance limits to monitor shifts in its significant risks and to proactively manage them within acceptable levels.

The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets. Relevant procedures are in place to identify significant risks, including financial, operational, compliance and information technology risks and evaluate potential impact of these risks on the Group. There are also procedures for the authorisation of capital expenditures and investments. Comprehensive budgeting systems are in place to develop annual budgets covering key aspects of the business. The annual budgets are submitted to the Board for review and actual performance is compared with budgets periodically to monitor the Group's performance. All directors are provided with quarterly management accounts.

The Company's approach to risk management focuses on ensuring that appropriate controls are in place to effectively manage those risks. Measures are adopted to manage such risks, and risk management policies are monitored by management, and periodically reviewed and approved by the Board. The internal audit plan is developed in conjunction with the Company's Enterprise Risk Management Framework and covers those areas which are considered to pose significant risks to the Company.

During the financial year, the AC and the Board reviewed the adequacy and effectiveness of the Group's internal controls in relation to the significant risks, including financial, operational, compliance and information technology controls, and risk management systems.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 31 March 2015 to address financial, operational, information technology and compliance risks, which the Group considers relevant to its operations. However, the Board is also aware that such a system can only provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls and risk management can provide a complete assurance against human error, poor judgement in decision making, losses, fraud or other irregularities.

In addition, the Board has received assurance from the Group Managing Director and Chief Financial Officer that the financial records for the financial year ended 31 March 2015 have been properly maintained, give a true and fair view of the Group's operations and finances and that the Group's risk management and internal controls systems are adequate and effective.

AUDIT COMMITTEE

Principle 12: *The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.*

The AC comprises three members, all of whom are independent non-executive directors. The AC is chaired by Mr Philip Eng, and the other members are Mr Kuah Boon Wee and Ms Saw Phaik Hwa. The Board is of the view that the AC members have the relevant expertise to discharge the functions of an AC. The AC's scope of authority are formalised in its terms of reference, which include the statutory functions of an audit committee as prescribed under the Companies Act of Singapore and applicable listing rules of the SGX-ST. In addition, the AC, under its terms of reference as delegated by the Board, has

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the responsibility to oversee the Group's risk management framework and policies. The AC has explicit authority to investigate any matter within its terms of reference.

During the financial year, the AC met 4 times. The activities of the AC include reviewing with the external auditors their (i) annual audit plan, findings, and recommendations to management as well as management's response; (ii) evaluation of the system of internal accounting controls; and (iii) audit report. The AC also reviews the assistance given by management to the external auditors, the scope and results of the internal audit procedures, the statements of financial position of the Company and Group, and consolidated income statement of the Group, significant financial reporting issues and judgments as well as the quarterly and full-year results prior to their submission to the Board, and (where applicable) interested person transactions. If a firm other than the external auditors is appointed as auditors of any unlisted Singapore-incorporated subsidiary or significant associate, the AC together with the Board would have to be satisfied that it would not compromise the standard and effectiveness of the Company's audit by the external auditors. The AC also recommends the appointment or re-appointment of the external auditors, and takes into consideration the scope and results of the audit and its cost effectiveness (including remuneration and terms of engagement) and the independence of the external auditors.

The AC has undertaken a review of all non-audit services provided by the external auditors during the financial year, and is of the view that they would not affect the independence of the external auditors. The aggregate amount of audit and non-audit fees paid to the external auditors in the year under review can be found at note [8] to the financial statements, at page [61] of the Annual Report. The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to its auditing firms.

The AC members take steps to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements through attendance at briefings by the external auditors or other professionals. The AC has full access to and co-operation of the Company's management and the internal auditors and has full discretion to invite any executive director or officer to attend its meetings. The auditors, both internal and external, have unrestricted access to the AC. Reasonable resources have been made available to the AC to enable it to discharge its duties. The AC will meet the external auditors, and with the internal auditors, without the presence of management, at least annually.

The Company's external auditors carry out, in the course of their annual statutory audit, a review of the Company's internal controls relevant to the Company's preparation of the consolidated financial statements, and risk management to the extent of the scope of audit as laid out in their audit plan. Material non-compliance and internal control weaknesses noted during the audit and the auditors' recommendations to address such non-compliance and weakness are reported to the AC. Management follows up and implements the external auditors' recommendations.

The Company has in place a "whistle blowing" policy for staff and others. The AC oversees this policy, including procedures for follow up action and independent investigations.

INTERNAL AUDIT

***Principle 13:** The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.*

The Company's internal audit function is headed by a senior manager, who reports directly to the AC on audit matters, and to the Group Managing Directors on administrative matters. The AC reviews the internal audit reports and activities at least annually. The AC also reviews and approves the annual internal audit plan.

The AC participates in the hiring, evaluation and compensation of the head of the internal audit function. The internal audit department has unfettered access to all company documents, records, properties and personnel, including access to the AC. The AC is of the view that the internal audit department is adequately resourced to perform its functions and have, to the best of its ability, maintained its independence from the activities that it audits.

The internal audit department applies the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors in carrying out its functions.

CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS AND COMMUNICATION WITH SHAREHOLDERS

Principle 14: *Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.*

Principle 15: *Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.*

Principle 16: *Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.*

The Company communicates information to shareholders and the investing community through announcements that are released to the SGX-ST via SGXNET. Such announcements include the quarterly and full-year results, material transactions, and other developments relating to the Group requiring disclosure under the corporate disclosure policy of the SGX-ST.

All shareholders of the Company are sent a copy of the Annual Report and notice of the AGM. The notice of AGM which sets out all items of business to be transacted at the AGM, is also advertised in the newspapers. The Company also maintains a website www.thehourglass.com where the public can access information on the Group.

The Company's main forum for dialogue with shareholders takes place at its AGMs, whereat members of the Board, senior management and the external auditors are in attendance. At the AGM, shareholders are given the opportunity to air their views and ask questions regarding the Company. In addition, the Company also attends to enquiries from shareholders, analysts and the press. Such enquiries are handled by specifically designated members of senior management in lieu of a dedicated investor relations team. Resolutions put to the general meetings are separate unless they are interdependent and linked, and the reasons and material implications are explained. For transparency, the Company discloses proxies received by the Company directing the Chairman to vote (as proxy for members) for or against the motions at the general meetings. Resolutions are passed at general meetings by hand, and by poll if required. The Company will implement poll voting when it is made mandatory under the SGX-ST Listing Manual. The Company's Articles of Association allow a shareholder to appoint one or two proxies to attend and vote at general meetings in his/her stead and (pending legislative reform in this area) does not differentiate between the number of proxies which may be appointed by individual shareholders and nominee by companies.

The Company prepares minutes of general meetings, which include relevant comments and queries from shareholders, and makes these minutes available to shareholders upon their request.

The Company does not have a stated policy of distributing a fixed percentage of earnings by way of dividend in any financial year. Rather, in fixing a dividend for any year, the Board considers a number of factors, including current and forecast earnings, capital expenditure requirements, growth options and the Company's debt/equity position.

CORPORATE GOVERNANCE

DISCLOSURE OF REMUNERATION

Directors' fees are paid to non-executive directors on a current year basis, subject to approval by shareholders at the AGM. Executive directors do not receive any directors' fees.

The fees proposed for payment to non-executive directors for FY2015 was determined based on the following formula, which is substantially the same as that applied in the previous year:

	FY2015 FEE QUANTUM $
BOARD DIRECTORS	
Basic fee	30,000
Attendance fee for each Board Meeting	2,000
Attendance fee for each non-scheduled meeting	1,000
AUDIT COMMITTEE	
Chairman	40,000
Member	15,000
REMUNERATION COMMITTEE	
Chairman	15,000
Member	5,000
NOMINATING COMMITTEE	
Chairman	10,000
Member	5,000

SUMMARY REMUNERATION TABLES – FY2015

(I) DIRECTORS

Name	Position	Salary* %	Bonus# %	Fees %	Other benefits %	Total %
$2,750,000 to below $3,000,000						
Dr Kenny Chan Swee Kheng	*Group Managing Director*	17%	80%	0%	3%	100%
$2,500,000 to below $2,750,000						
Mr Michael Tay Wee Jin	*Executive Director (Appointed co-Group Managing Director with effect from 1 April 2015)*	17%	80%	0%	3%	100%
$1,250,000 to below $1,500,000						
Dr Henry Tay Yun Chwan	*Executive Chairman*	21%	71%	0%	8%	100%
Dato' Dr Jannie Chan Siew Lee	*Executive Vice Chairman*	21%	70%	0%	9%	100%
Below $250,000						
Mr Robert Tan Kah Boh	*Independent Director*	0%	0%	100%	0%	100%
Mr Philip Eng Heng Nee	*Independent Director*	0%	0%	100%	0%	100%
Mr Kuah Boon Wee	*Independent Director*	0%	0%	100%	0%	100%
Mr Pascal Guy Demierre Chung Wei	*Independent Director*	0%	0%	100%	0%	100%
Ms Saw Phaik Hwa	*Independent Director*	0%	0%	100%	0%	100%

* *Salary includes employer's CPF contribution.*
\# *Accrued for FY2015*

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(II) KEY MANAGEMENT OF THE GROUP

Name of Company	Name	Position
The Hour Glass Limited	Mr Ng Siak Yong	Chief Financial Officer
The Hour Glass Limited	Ms Wong Mei Ling	Managing Director (Singapore)
The Hour Glass Limited	Ms Lim Jee Yah	Managing Director, Luxury Enterprises
The Hour Glass (Australia) Pty Ltd	Ms Lidia Emmi	General Manager
The Hour Glass (HK) Limited	Mr Chung Wai Yang	Managing Director (Hong Kong)
The Hour Glass Japan Ltd	Mr Atsushi Momoi	Director & General Manager
The Hour Glass Sdn Bhd	Mr Teh Soon Kheng*	General Manager
Glajz-THG Pte Ltd	Mr John Glajz	Managing Director

* *Mr Teh Soon Kheng joined The Hour Glass Sdn Bhd on 12 January 2015. The late Mr Yon Shee Guan was the General Manager until 25 November 2014.*

No. of key executives in remuneration bands	FY2015
Above $750,000 to below $1,000,000	2
$500,000 to below $750,000	1
$250,000 to below $500,000	4
Below $250,000	2

CORPORATE GOVERNANCE

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS IN FY2015

Board composition & Committees	Board	AC	RC	NC
No. of meetings held	**5**	**4**	**3**	**2**
	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended
Dr Henry Tay Yun Chwan	5	NA	NA	NA
Dato' Dr Jannie Chan Siew Lee	5	NA	NA	1
Dr Kenny Chan Swee Kheng	4	NA	NA	2
Mr Michael Tay Wee Jin	5	NA	NA	NA
Mr Robert Tan Kah Boh	5	NA	3	2
Mr Philip Eng Heng Nee	5	4	3	NA
Mr Kuah Boon Wee	5	4	NA	2
Mr Pascal Guy Demierre Chung Wei	4	NA	3	2
Ms Saw Phaik Hwa	5	4	NA	NA

NA means not applicable.

CORPORATE GOVERNANCE

ADDITIONAL INFORMATION

ETHICAL STANDARDS AND BUSINESS CONDUCT

The Company has developed a code of ethics and business conduct to be observed by all employees of the Group. The code of conduct also deals with subjects such as confidential information and conflict of interest. The code, which is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism, requires that all personnel act with utmost integrity, objectivity and in compliance with both the letter and spirit of the law as well as with company policies and procedures.

DEALING IN SECURITIES

The Company has adopted an internal policy with respect to dealings in securities modelled on the SGX-ST's best practices recommendations. Directors and staff are to refrain from dealing in the securities of the Company during the periods commencing two weeks before the release of the Company's results for each of the first three quarters of its financial year and one month before and up to the date of announcement of the Company's full year results. Staff are cautioned against dealing while in possession of material price sensitive non-public information. They are also encouraged not to deal on considerations of a short-term nature.

INTERESTED PERSON TRANSACTIONS

Transactions with the Company's interested persons (as that term is defined in the Listing Manual of the SGX-ST) are subject to review and approval by the Board comprising those directors who do not have an interest in the transaction. Where required by the relevant listing rules of the SGX-ST, the AC reviews the transaction to determine that it is on normal commercial terms and hence, not prejudicial to the interests of the Company and shareholders, before making its recommendation to the Board for endorsement. During the financial year, no transaction was conducted with any interested person which amounted to $100,000 or more in value, and the Company did not have a shareholders' mandate pursuant to Rule 920 of the Listing Manual of the SGX-ST.

Financial Statements

DIRECTORS' REPORT

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of The Hour Glass Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 March 2015 and the statement of financial position and statement of changes in equity of the Company as at 31 March 2015.

Directors

The Directors of the Company in office at the date of this report are:
Dr Henry Tay Yun Chwan
Dato' Dr Jannie Chan Siew Lee
Dr Kenny Chan Swee Kheng
Mr Michael Tay Wee Jin
Mr Robert Tan Kah Boh
Mr Philip Eng Heng Nee
Mr Kuah Boon Wee
Mr Pascal Guy Demierre Chung Wei
Ms Saw Phaik Hwa

Arrangements to enable directors to acquire shares and debentures

Neither at the end of the financial year nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
Henry Tay Yun Chwan	15,315,246	91,687,668	123,535,707	324,865,191
Jannie Chan Siew Lee	7,441,826	22,506,478	108,288,397	324,865,191
Kenny Chan Swee Kheng	908,499	2,725,497	149,626	448,878
Michael Tay Wee Jin	601,366	1,804,098	–	–

Note: Every one share in the capital of the Company was sub-divided into three shares on 28 November 2014.

As at 21 April 2015, Henry Tay Yun Chwan's direct and deemed shareholding interests in the Company were 56,687,668 shares and 359,865,191 shares respectively.

As at 21 April 2015, Jannie Chan Siew Lee's direct and deemed shareholding interests in the Company were 23,026,478 shares and 324,865,191 shares respectively.

Except as disclosed above, there was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2015.

By virtue of Section 4 of the Singapore Securities and Futures Act, Chapter 289, Henry Tay Yun Chwan and Jannie Chan Siew Lee are deemed to have interests in the shares of the subsidiaries held by the Company.

Except as disclosed in this report, no other Director who held office at the end of the financial year had an interest in shares, or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Share options

(i) No options to take up unissued shares in the Company or its subsidiaries have been granted during the financial year.

(ii) No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

(iii) As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit Committee

The Audit Committee comprises three independent non-executive directors. The members of the Audit Committee at the date of this report are:

Mr Philip Eng Heng Nee (Chairman)
Mr Kuah Boon Wee
Ms Saw Phaik Hwa

The Audit Committee held four meetings during the financial year. The Audit Committee has full access to and co-operation from management. The external and internal auditors have unrestricted access to the Audit Committee. The Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, and reviewed the following, where relevant, with the executive directors and the internal and external auditors:

(a) the evaluation of the Group's system of internal accounting controls;

(b) the Group's financial and operating results;

(c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors;

(d) the audit plan of the external auditors, including the nature and scope of the audit before the audit commenced;

(e) the audit report submitted by external auditors;

(f) the scope and results of internal audit procedures;

(g) the co-operation given by management to the external and internal auditors;

(h) the independence and objectivity of the external auditors; and

(i) the nature and extent of non-audit services provided by external auditors.

The Audit Committee, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The Audit Committee has also conducted a review of interested person transactions.

The Audit Committee has recommended to the Board of Directors the reappointment of Ernst & Young LLP, Chartered Accountants, as external auditors of the Company at the forthcoming Annual General Meeting.

Further details regarding the Audit Committee are disclosed in the report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors,

Henry Tay Yun Chwan
Executive Chairman

Kenny Chan Swee Kheng
Group Managing Director

Singapore
2 June 2015

STATEMENT BY DIRECTORS

We, Henry Tay Yun Chwan and Kenny Chan Swee Kheng, being two of the Directors of The Hour Glass Limited, do hereby state that, in the opinion of the Directors:

(i) the accompanying statements of financial position, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flow together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and the results of the business, changes in equity and cash flow of the Group and the changes in equity of the Company for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Henry Tay Yun Chwan
Executive Chairman

Kenny Chan Swee Kheng
Group Managing Director

Singapore
2 June 2015

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2015
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOUR GLASS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of The Hour Glass Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 37 to 96, which comprise the statements of financial position of the Group and the Company as at 31 March 2015, the statements of changes in equity of the Group and the Company, and the consolidated income statement, consolidated statement of comprehensive income, and consolidated statement of cash flow of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore
2 June 2015

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 $'000	2014 $'000
Revenue	4	734,938	682,797
Other income	5	5,866	6,146
Total revenue and other income		740,804	688,943
Cost of goods sold		569,011	526,051
Salaries and employees benefits		42,365	40,260
Depreciation of property, plant and equipment	12	7,646	6,601
Selling and promotion expenses		17,698	16,271
Rental expenses		24,930	22,174
Finance costs	6	901	489
Foreign exchange (gain)/loss		(551)	531
Other operating expenses	7	9,135	8,697
Total costs and expenses		(671,135)	(621,074)
Share of results of associates		5,735	2,959
Profit before taxation	8	75,404	70,828
Taxation	9	(15,689)	(14,462)
Profit for the year		59,715	56,366
Profit attributable to:			
Owners of the Company		57,946	54,936
Non-controlling interests		1,769	1,430
		59,715	56,366
Earnings per share (cents)			
Basic and diluted	11	8.22	7.79

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	2015 $'000	2014 $'000
Profit for the year	59,715	56,366
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	(96)	(6,725)
Other comprehensive loss for the year, net of tax	(96)	(6,725)
Total comprehensive income for the year	59,619	49,641
Total comprehensive income attributable to:		
Owners of the Company	56,970	48,149
Non-controlling interests	2,649	1,492
	59,619	49,641

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Assets					
Non-current assets					
Property, plant and equipment	12	31,504	33,072	11,986	13,536
Investment properties	13	65,442	21,786	13,576	13,278
Intangible assets	14	4,796	318	237	318
Investment in subsidiaries	15	–	–	50,459	20,459
Investment in associates	16	15,110	8,354	–	–
Loan to subsidiaries	17	–	–	836	770
Loan to an associate	18	2,297	2,118	–	–
Investment securities		–	24	–	–
Other receivables	19	5,486	6,009	2,846	2,299
Deferred tax assets	20	1,133	1,024	274	–
		125,768	72,705	80,214	50,660
Current assets					
Stocks	21	297,940	263,280	175,158	155,695
Trade and other receivables	19	15,718	20,220	3,800	10,081
Prepaid operating expenses		615	493	198	157
Amount due from associates	22	49	33	–	–
Amounts due from subsidiaries	23	–	–	5,386	5,708
Cash and cash equivalents	24	98,332	116,379	34,109	48,318
		412,654	400,405	218,651	219,959
Total assets		538,422	473,110	298,865	270,619
Equity and liabilities					
Current liabilities					
Loans and borrowings	25	36,265	39,738	31,000	38,000
Trade and other payables	26	44,445	47,620	22,029	23,184
Provision for taxation		9,872	8,752	5,086	5,004
		90,582	96,110	58,115	66,188
Net current assets		322,072	304,295	160,536	153,771
Non-current liabilities					
Loans and borrowings	25	24,922	–	–	–
Provisions		232	240	–	–
Deferred tax liabilities	20	730	23	–	23
		25,884	263	–	23
Total liabilities		116,466	96,373	58,115	66,211
Net assets		421,956	376,737	240,750	204,408
Equity attributable to owners of the Company					
Share capital	27	67,638	67,638	67,638	67,638
Reserves	28	341,092	298,222	173,112	136,770
		408,730	365,860	240,750	204,408
Non-controlling interests		13,226	10,877	–	–
Total equity		421,956	376,737	240,750	204,408
Total equity and liabilities		538,422	473,110	298,865	270,619

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Attributable to owners of the Company						
	Share capital $'000	Foreign currency translation 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 2013	67,638	(308)	3,101	260,205	330,636	9,639	340,275
Profit for the year	–	–	–	54,936	54,936	1,430	56,366
Other comprehensive income	–	(6,787)	–	–	(6,787)	62	(6,725)
Total comprehensive income for the year	–	(6,787)	–	54,936	48,149	1,492	49,641
Contributions by and distributions to owners							
Dividends on ordinary shares (Note 10)	–	–	–	(12,925)	(12,925)	–	(12,925)
Dividends paid to non-controlling interests	–	–	–	–	–	(254)	(254)
Total transactions with owners	–	–	–	(12,925)	(12,925)	(254)	(13,179)
Balance at 31 March 2014 and 1 April 2014	67,638	(7,095)	3,101	302,216	365,860	10,877	376,737
Profit for the year	–	–	–	57,946	57,946	1,769	59,715
Other comprehensive income	–	(976)	–	–	(976)	880	(96)
Total comprehensive income for the year	–	(976)	–	57,946	56,970	2,649	59,619
Contributions by and distributions to owners							
Dividends on ordinary shares (Note 10)	–	–	–	(14,100)	(14,100)	–	(14,100)
Dividends paid to non-controlling interests	–	–	–	–	–	(300)	(300)
Total transactions with owners	–	–	–	(14,100)	(14,100)	(300)	(14,400)
Balance at 31 March 2015	67,638	(8,071)	3,101	346,062	408,730	13,226	421,956

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Share capital $'000	Revenue reserve $'000	Total equity $'000
Company			
Balance at 1 April 2013	67,638	127,463	195,101
Profit for the year, representing total comprehensive income for the year	–	22,232	22,232
Contributions by and distributions to owners			
Dividends on ordinary shares (Note 10)	–	(12,925)	(12,925)
Total transactions with owners	–	(12,925)	(12,925)
Balance at 31 March 2014 and 1 April 2014	67,638	136,770	204,408
Profit for the year, representing total comprehensive income for the year	–	50,442	50,442
Contributions by and distributions to owners			
Dividends on ordinary shares (Note 10)	–	(14,100)	(14,100)
Total transactions with owners	–	(14,100)	(14,100)
Balance at 31 March 2015	67,638	173,112	240,750

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 $'000	2014 $'000
Operating activities			
Profit before taxation		75,404	70,828
Adjustments for:			
Finance costs		901	489
Interest income		(679)	(886)
Depreciation of property, plant and equipment		7,646	6,601
Amortisation of intangible assets		116	81
Foreign currency translation adjustment		(2,304)	(62)
Net gain on disposal of property, plant and equipment		–	(88)
Fair value gain on investment properties		(1,394)	(3,068)
Gain on disposal of investment in quoted shares		(168)	–
Share of results of associates		(5,735)	(2,959)
Operating cash flows before changes in working capital		73,787	70,936
Increase in stocks		(23,726)	(1,300)
Decrease/(increase) in receivables		5,679	(380)
Increase in prepaid operating expenses		(137)	(7)
(Increase)/decrease in amount due from associates		(13)	411
(Decrease)/increase in payables		(3,478)	7,953
Cash flows from operations		52,112	77,613
Income taxes paid		(14,745)	(13,673)
Interest paid		(901)	(489)
Interest received		679	886
Net cash flows from operating activities		37,145	64,337
Investing activities			
Acquisition of subsidiary, net of cash acquired		(12,828)	–
Additions to intangible assets		–	(399)
Proceeds from disposal of property, plant and equipment		95	136
Purchase of investment properties		(43,567)	–
Proceeds on disposal of investment of quoted shares		192	–
Purchase of property, plant and equipment		(6,604)	(11,271)
Net cash flows used in investing activities		(62,712)	(11,534)
Financing activities			
Proceeds from loans and borrowings		55,787	22,350
Repayment of loans and borrowings		(35,762)	(23,702)
Dividends paid to non-controlling interests		(300)	(254)
Dividends paid on ordinary shares		(14,100)	(12,925)
Net cash flows from/(used in) financing activities		5,625	(14,531)
Net (decrease)/increase in cash and cash equivalents		(19,942)	38,272
Effect of exchange rate changes on cash and cash equivalents		1,895	(1,429)
Cash and cash equivalents at 1 April		116,379	79,536
Cash and cash equivalents at 31 March	24	98,332	116,379

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2015

1. Corporate information

The Hour Glass Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 302 Orchard Road, #11-01 Tong Building, Singapore 238862.

The principal activities of the Company and its subsidiaries (collectively, the "Group") are those of investment holding companies, retailing and distribution of watches, jewellery and other luxury products, and investment in properties.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ($'000) as indicated, unless otherwise stated. They are prepared on the historical cost basis except as disclosed in the accounting policies below.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 19 Defined Benefit Plans: Employee Contributions	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 Share Based Payment	1 July 2014
(b) Amendments to FRS 103 Business Combinations	1 July 2014
(c) Amendments to FRS 108 Operating Segments	1 July 2014
(d) Amendments to FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets	1 July 2014
(e) Amendments to FRS 24 Related Party Disclosures	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 Business Combinations	1 July 2014
(b) Amendments to FRS 113 Fair Value Measurement	1 July 2014
(c) Amendments to FRS 40 Investment Property	1 July 2014

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Improvements to FRSs (November 2014)	1 January 2016
(a) Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
(b) Amendments to FRS 19 Employee Benefits	1 January 2016
Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 1 Disclosure Initiative	1 January 2016
FRS 115 Revenue from Contracts with Customers	1 January 2017
FRS 109 Financial Instruments	1 January 2018

As FRS 115 and FRS 109 have only been issued recently, management has only started reviewing the financial implications of these FRSs.

Except for the above, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2.4 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit and loss are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in the income statement. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to income statement.

2. Summary of significant accounting policies (cont'd)

2.5 Basis of consolidation and business combinations

(a) Basis of consolidation

Basis of consolidation from 1 April 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 April 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 April 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying values of such investments as at 1 April 2010 have not been restated.

2. Summary of significant accounting policies (cont'd)

2.5 Basis of consolidation and business combinations (cont'd)

(b) Business combinations

Business combinations from 1 April 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless other measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations prior to 1 April 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2. Summary of significant accounting policies (cont'd)

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Premises held on 999-year lease are regarded as equivalent to freehold and are included with freehold premises under property, plant and equipment.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold and leasehold premises	– 50 years
Furniture and equipment	– 2 to 5 years
Motor vehicles	– 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.8 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property that will be carried at fair value, the entity shall treat any difference at that date between the carrying amount of the property in accordance with FRS 16 and its fair value in the same way as a revaluation in accordance with FRS 16.

2.9 Subsidiaries

Subsidiaries are those entities that are controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.10 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life of the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2. Summary of significant accounting policies (cont'd)

2.10 Intangible assets (cont'd)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Intangible assets of the Group comprised:

(a) Brand

The brand was acquired in a business combination. The useful life of the brand is estimated to be 50 years.

(b) Franchise fees

Franchise fees paid are amortised over the estimated useful lives based on the expected pattern of consumption of future economic benefits.

2.11 Associates

Associates are those entities in which the Group has significant influence, but not control or joint control over the financial and operating policies of those entities. These associates are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associates.

The Group's investment in associates is accounted for using the equity method. Under the equity method, the investment in associate is carried in the statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit and loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in the income statement.

2. Summary of significant accounting policies (cont'd)

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through the income statement, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

The Group classifies the following financial assets as loans and receivables:

- Cash and cash equivalents
- Trade and other receivables, including amounts due from subsidiaries and associates.

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Derecognition

A financial asset is derecognised where the contractual right to receive cash flow from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in other comprehensive income is recognised in the income statement.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through income statement, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in income statement.

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

(b) Financial assets carried at cost

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. Summary of significant accounting policies (cont'd)

2.15 Inventories

Inventories are stated at the lower of cost (specific identification method) and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as purchase costs.

Where necessary, allowance is provided for obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and fixed deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.19 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to end of the reporting period.

(c) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflow.

2.20 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

As lessee

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(b). Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (cont'd)

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from the sale of goods is recognised upon transfer of significant risk and rewards of ownership of the goods to the customer which, generally coincides with their delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Investment income

Investment income is recognised when the Group's right to receive dividend payment is established.

2. Summary of significant accounting policies (cont'd)

2.22 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in the income statement except that tax relates to items recognised outside the income statement, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associate where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(b) Deferred tax (cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside the income statement is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers' report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. Summary of significant accounting policies (cont'd)

2.24 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.25 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the statement of financial position of the Group.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group's and the Company's income tax and deferred tax provisions are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Deferred tax assets	1,133	1,024	274	–
Provision for taxation	9,872	8,752	5,086	5,004
Deferred tax liabilities	730	23	–	23

3. *Significant accounting judgements and estimates (cont'd)*

3.1 *Judgements made in applying accounting policies (cont'd)*

(b) Classification between leasehold land element from leasehold land and building

The Group determines the carrying value of the land element of the leasehold land and buildings held in relation to the value of the entire lease is insignificant and cannot be reliably allocated. Accordingly, the leasehold land and buildings held was treated as a single unit.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 5 years, except for freehold and leasehold premises which are depreciated over 50 years. The carrying amount of the Group's property, plant and equipment at 31 March 2015 was $31,504,000 (2014: $33,072,000). Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 19 to the financial statements.

(c) Allowances for inventories

Management reviews the inventory ageing listing on a periodic basis. This review involves comparison of the carrying values of the aged inventory items with the respective net realisable values. The purpose is to ascertain whether any allowance is required to be made in the financial statements for slow-moving items. Management is satisfied that adequate allowance for inventory has been made in the financial statements. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 21 to the financial statements.

(d) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value of its investment properties as at 31 March 2015. The fair values of investment properties are determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise both the Yield Method and the Discounted Cash Flow Method. The determination of the fair value of the investment properties require the use of estimates such as future cash flows from assets (such as letting, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of each reporting date. The key assumptions used to determine the fair value of the investment properties are further explained in Note 13.

4. Revenue

Revenue represents sale of goods after deducting allowances for goods returned and trade discounts.

5. Other income

	Group	
	2015	**2014**
	$'000	$'000
Rental income	1,459	976
Interest income from:		
- Loan to associates	146	162
- Cash at banks and short-term deposits	533	724
Management fee from associates	632	453
Net gain on disposal of property, plant and equipment	–	88
Fair value gain on investment properties	1,394	3,068
Others	1,702	675
	5,866	6,146

6. Finance costs

	Group	
	2015	**2014**
	$'000	$'000
Interest on bank term loans	897	483
Interest on bank overdrafts	4	6
	901	489

7. Other operating expenses

	Group	
	2015	**2014**
	$'000	$'000
Facilities cost	3,834	3,354
Professional fees	1,231	1,204
General administrative expenses	4,070	4,139
	9,135	8,697

8. Profit before taxation

The following items have been included in arriving at profit before taxation:

	Group 2015 $'000	Group 2014 $'000
Salaries and employees benefits (including executive directors):		
- salaries, bonuses and other costs	39,392	37,418
- provident fund contributions	2,922	2,792
- provision for retirement gratuity	50	50
Directors' fees	379	365
Audit fees:		
- auditors of the Company	219	173
- other auditors	191	167
Non-audit fees:		
- auditors of the Company	119	131
- other auditors	119	201
Writeback of allowance for doubtful debts	(17)	(27)

9. Taxation

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2015 and 2014 are:

	Group 2015 $'000	Group 2014 $'000
Consolidated income statement:		
Current income tax		
- Current income taxation	16,070	14,455
- (Over)/underprovision in respect of previous years	(82)	40
	15,988	14,495
Deferred income tax		
- Origination and reversal of temporary differences (Note 20)	(299)	(33)
Income tax expense recognised in profit or loss	15,689	14,462

9. Taxation (cont'd)

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2015 and 2014 are as follow:

	Group	
	2015	**2014**
	$'000	$'000
Profit before taxation	75,404	70,828
Tax calculated using Singapore corporate tax rate of 17% (2014: 17%)	12,819	12,041
Adjustments:		
Non-deductible expenses	83	77
Effect of different tax rates in other countries	4,225	3,412
Deferred tax assets not recognised	290	101
Benefits from previously unrecognised tax losses	–	(111)
Non-taxable income	(80)	(229)
Effect of partial tax exemption and tax relief	(133)	(161)
(Over)/underprovision in respect of previous years	(82)	40
Share of results of associates	(1,451)	(715)
Others	18	7
Taxation for the year	15,689	14,462

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

10. Dividends

	Group and Company 2015	2014
	$'000	$'000
Declared and paid during the year		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend in respect of the year ended 31 March 2014: 6.00 cents (31 March 2013: 5.50 cents)	14,100	12,925
Proposed but not recognised as a liability at 31 March		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
- Final exempt (one-tier) dividend in respect of the year ended 31 March 2015: 2.20 cents (31 March 2014: 2.00 cents – based on enlarged share capital per sub-division on 28 November 2014)	15,510	14,100

11. Earnings per share

The following table reflects the profit for the year and share data used in the computation of earnings per share for the years ended 31 March:

	Group 2015	2014
	$'000	$'000
Profit for the year attributable to owners of the Company	57,946	54,936
	'000	'000
Weighted average number of ordinary shares for calculation of basic and diluted earnings per share	705,012	705,012

For the purpose of comparison, earnings per share for year ended 31 March 2014 have been adjusted retrospectively pursuant to the sub-division of every one existing ordinary share into three ordinary shares on 28 November 2014.

12. Property, plant and equipment

	Freehold premises $'000	Leasehold premises $'000	Furniture and equipment $'000	Motor vehicles $'000	Total $'000
Group					
Cost:					
At 1 April 2013	14,115	6,557	29,715	1,312	51,699
Additions	6,628	–	3,767	876	11,271
Disposals/write-offs	–	–	(1,754)	(349)	(2,103)
Foreign currency translation adjustment	(656)	70	(889)	2	(1,473)
At 31 March 2014 and 1 April 2014	20,087	6,627	30,839	1,841	59,394
Additions	–	–	6,604	–	6,604
Disposals/write-offs	–	–	(1,520)	(235)	(1,755)
Foreign currency translation adjustment	(1,053)	448	(674)	24	(1,255)
Acquisition of a subsidiary	–	–	1,147	235	1,382
At 31 March 2015	19,034	7,075	36,396	1,865	64,370
Accumulated depreciation:					
At 1 April 2013	4,757	25	17,113	586	22,481
Depreciation charge for the year	325	169	5,859	248	6,601
Disposals/write-offs	–	–	(1,706)	(349)	(2,055)
Foreign currency translation adjustment	(178)	–	(526)	(1)	(705)
At 31 March 2014 and 1 April 2014	4,904	194	20,740	484	26,322
Depreciation charge for the year	395	159	6,732	360	7,646
Disposals/write-offs	–	–	(1,425)	(235)	(1,660)
Foreign currency translation adjustment	(166)	17	(525)	17	(657)
Acquisition of a subsidiary	–	–	980	235	1,215
At 31 March 2015	5,133	370	26,502	861	32,866
Net carrying value:					
At 31 March 2015	13,901	6,705	9,894	1,004	31,504
At 31 March 2014	15,183	6,433	10,099	1,357	33,072

12. Property, plant and equipment (cont'd)

(a) Freehold premises (at cost)

	Group	
	2015	**2014**
	$'000	$'000
Singapore		
638 square metres office unit at 302 Orchard Road, Tong Building	7,664	7,664
Australia		
439 square metres shop unit at 70 Castlereagh Street, Sydney	7,580	8,320
294 square metres office unit at 70 Castlereagh Street, Sydney	1,859	2,040
318 square metres shop unit at 252 Collins Street, Melbourne	821	901
Malaysia		
116 square metres office unit at Wisma UOA II, 21 Jalan Pinang, Kuala Lumpur	161	169
281 square metres office unit at Wisma UOA II, 21 Jalan Pinang, Kuala Lumpur	949	993
	19,034	20,087

(b) Leasehold premises (at cost)

Singapore		
564 square metres warehouse unit at Eunos Warehouse Complex at Kaki Bukit Road 2	1,677	1,677
Hong Kong		
202 square metres office unit at Starhouse, No. 3 Salisbury Road, Kowloon	5,398	4,950
	7,075	6,627

A subsidiary's freehold premises with net carrying value approximately $6,355,000 (2014: $Nil) are charged to secure the bank borrowings of that subsidiary (Note 25).

12. Property, plant and equipment (cont'd)

	Freehold premises $'000	Leasehold premises $'000	Furniture and equipment $'000	Motor vehicles $'000	Total $'000
Company					
Cost:					
At 1 April 2013	7,664	1,677	17,511	964	27,816
Additions	–	–	2,932	814	3,746
Disposals/write-offs	–	–	(1,561)	(290)	(1,851)
At 31 March 2014 and 1 April 2014	7,664	1,677	18,882	1,488	29,711
Additions	–	–	3,547	–	3,547
Disposals/write-offs	–	–	(245)	–	(245)
At 31 March 2015	7,664	1,677	22,184	1,488	33,013
Accumulated depreciation:					
At 1 April 2013	3,014	17	10,245	420	13,696
Depreciation charge for the year	153	70	3,910	179	4,312
Disposals/write-offs	–	–	(1,543)	(290)	(1,833)
At 31 March 2014 and 1 April 2014	3,167	87	12,612	309	16,175
Depreciation charge for the year	153	58	4,597	289	5,097
Disposals/write-offs	–	–	(245)	–	(245)
At 31 March 2015	3,320	145	16,964	598	21,027
Net carrying value:					
At 31 March 2015	4,344	1,532	5,220	890	11,986
At 31 March 2014	4,497	1,590	6,270	1,179	13,536

13. Investment properties

Statements of financial position

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
At 1 April	21,786	19,434	13,278	12,126
Additions	43,567	–	–	–
Gain from fair value adjustments recognised in income statement	1,394	3,068	298	1,152
Foreign currency translation adjustment	(1,305)	(716)	–	–
At 31 March	65,442	21,786	13,576	13,278

Income statement

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Rental income from investment properties	1,420	968	639	726
Direct operating expenses arising from investment properties that generated rental income	399	215	80	75

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on latest valuations performed near to the end of reporting period. The valuations are performed by accredited independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. The valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market. Details of valuation techniques and inputs used are disclosed in Note 34.

13. Investment properties (cont'd)

The investment properties held by the Group as at 31 March 2015 are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
42 square metres unit at Centrepoint situated at 176 Orchard Road, Singapore	Shop	Leasehold	63 years
114 square metres unit at Peninsula Plaza situated at 111 North Bridge Road, Singapore	Shop	Leasehold	813 years
1,027 square metres unit at 252 Collins Street, Melbourne, Australia	Office	Freehold	N/A
95 square metres unit at 70 Castlereagh Street, Sydney, Australia	Office	Freehold	N/A
612 square metres unit at Eunos Warehouse Complex at Kaki Bukit Road 2, Singapore	Warehouse	Leasehold	26 years
1,029 square metres unit at 192 Pitt Street, Sydney, Australia	Shop and office	Freehold	N/A
752 square metres unit at 201 Elizabeth Street, Brisbane, Australia	Shop and office	Freehold	N/A

A subsidiary's investment properties with net carrying value of $43,021,000 (2014: $Nil) are charged to secure the bank borrowings of that subsidiary (Note 25).

14. Intangible assets

	Brand $'000	Franchise fees $'000	Total $'000
Group			
Cost			
At 1 April 2013	–	–	–
Additions	–	399	399
At 31 March 2014 and 1 April 2014	–	399	399
Acquisition of a subsidiary (Note 15)	4,594	–	4,594
At 31 March 2015	4,594	399	4,993
Accumulated amortisation			
At 1 April 2013	–	–	–
Amortisation charge for the year	–	81	81
At 31 March 2014 and 1 April 2014	–	81	81
Amortisation charge for the year	35	81	116
At 31 March 2015	35	162	197
Net carrying value			
At 31 March 2015	4,559	237	4,796
At 31 March 2014	–	318	318

14. Intangible assets (cont'd)

	Franchise fees
	$'000
Company	
Cost	
At 1 April 2013	–
Additions	399
At 31 March 2014, 1 April 2014 and 31 March 2015	399
Accumulated amortisation	
At 1 April 2013	–
Amortisation charge for the year	81
At 31 March 2014 and 1 April 2014	81
Amortisation charge for the year	81
At 31 March 2015	162
Net carrying value	
At 31 March 2015	237
At 31 March 2014	318

15. Investment in subsidiaries

	Company 2015 $'000	Company 2014 $'000
Shares, at cost	20,459	20,459
Acquisition of subsidiary	13,338	–
Additional investment in a subsidiary	16,662	–
	50,459	20,459

Details of the subsidiaries as at 31 March are:

Name of company/ principal activities	Country of incorporation	Percentage of equity held by the Group 2015 %	Percentage of equity held by the Group 2014 %	Cost of investments 2015 $'000	Cost of investments 2014 $'000
Held by the Company					
Retailing and distribution of watches, jewellery and related products					
① Dynasty Watch Pte Ltd	Singapore	100	100	500	500
① Glajz-THG Pte Ltd	Singapore	60	60	990	990
② The Hour Glass Sdn Bhd	Malaysia	95	95	430	430
② The Hour Glass (HK) Limited	Hong Kong	100	100	10,261	10,261
② The Hour Glass (Australia) Pty Ltd	Australia	100	100	21,308	4,646
③ The Hour Glass Japan Ltd	Japan	100	100	3,630	3,630
① Watches of Switzerland Pte Ltd	Singapore	100	–	13,338	–
Investment holding					
② ④ The Hour Glass Holding (Thailand) Co., Ltd	Thailand	49	49	2	2
				50,459	20,459
Held through subsidiaries					
Retailing and distribution of watches, jewellery and related products					
② THG (HK) Limited	Hong Kong	100	100		
② ④ The Hour Glass (Thailand) Co., Ltd	Thailand	49	49		

① Audited by Ernst & Young LLP, Singapore.

② Audited by member firms of Ernst & Young Global in the respective countries.

③ Not required to be audited under the laws of its country of incorporation.

④ The Group holds a 98.97% controlling interest in the subsidiary through its voting rights.

15. Investment in subsidiaries (cont'd)

The Group has the following subsidiary that has non-controlling interests ("NCI") that is material to the Group:

	Glajz-THG Pte Ltd	
	2015	**2014**
	%	%
Proportion of ownership interest held by NCI	40	40

	2015	**2014**
	$'000	$'000
Profit after tax allocated to NCI	1,387	1,157
Accumulated NCI at the end of the reporting period	11,418	9,393
Dividends paid to NCI	300	254

Summarised financial information about subsidiary with material NCI

	2015	**2014**
	$'000	$'000
Statement of financial position		
Non-current assets	78	163
Current assets	33,846	28,735
Current liabilities	(5,378)	(5,416)
Net assets	28,546	23,482
Statement of comprehensive income		
Revenue	47,199	50,598
Profit for the year, representing total comprehensive income for the year	3,467	2,892
Other summarised information		
Net cash flows from operations	246	337

15. Investment in subsidiaries (cont'd)

On 28 October 2014, the Company acquired 100% of the issued and paid-up share capital of Watches of Switzerland Pte. Ltd. ("WOS"). The acquisition will strengthen the Group's market position and expand the Group's operating network.

The following table summarises the fair value of the identifiable assets and liabilities at the acquisition date and effects of the acquisition on the Group's cash flows:

	Fair value recognised on acquisition
	$'000
(a) Effect on cash flows of the Group	
Cash paid	13,338
Less: cash and cash equivalents in subsidiary acquired	(510)
Net cash outflow on acquisition	12,828
(b) Identifiable assets acquired and liabilities assumed	
Intangible assets	4,594
Property, plant and equipment	167
Stocks	11,241
Trade and other receivables	281
Cash and cash equivalents	510
Total assets	16,793
Loans and borrowings	1,500
Trade and other payables	1,054
Provision for taxation	87
Deferred tax liabilities	814
Total liabilities	3,455
Net identifiable assets	13,338
Consideration transferred for the business	13,338

Measurement of fair values

The valuation techniques used for measuring the fair values of material assets acquired were as follows:

Assets acquired	**Valuation technique**	**Key assumptions**
Stocks	Replacement cost; factored in selling efforts	• Expected sales price reduced for costs expected to complete sales
Intangible assets (Brand)	Multi-period excess earnings method (MEEM)	• Constant gross margin • Discount rate of 10.5%

Intangible assets

The brand value of $4,594,000 is amortised over its estimated useful life of 50 years (Note 14).

15. Investment in subsidiaries (cont'd)

Transaction costs

Transaction costs related to the acquisition of $45,000 have been recognised in the "Other operating expenses" line item in the Group's profit or loss for the year ended 31 March 2015.

Impact on the acquisition on profit or loss

From the acquisition date, WOS has contributed $9,940,000 of revenue and loss of $546,000 to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the Group's revenue would have been $744,724,000 and the Group's profit net of tax would have been $59,766,000.

16. Investment in associates

	Group	
	2015	**2014**
	$'000	$'000
Unquoted shares, at cost	1,479	1,479
Share of post-acquisition reserves	13,090	7,355
Foreign currency translation adjustment	541	(480)
	15,110	8,354

Name of company / Principal activities	Country of incorporation	Proportion (%) of ownership interest	
		2015	**2014**
		%	%
Held through subsidiary			
① THG Prima Times Co., Ltd *Retailing and distribution of watches and related products*	Thailand	50	50
Held through associate			
① Royal Paragon Watch Limited *Retailing and distribution of watches and related products*	Thailand	60*	60*

① *Audited by Total Audit Solutions, Thailand.*

* *The effective percentage of equity held by the Group is 30%.*

16. Investment in associates (cont'd)

The summarised financial information of the associates, based on their FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	THG Prima Times Co., Ltd and subsidiary	
	2015	**2014**
	$'000	$'000
Statement of financial position		
Current assets	59,949	40,725
Non-current assets	8,809	4,111
Total assets	68,758	44,836
Current liabilities	25,514	18,974
Non-current liabilities	5,320	5,884
Total liabilities	30,834	24,858
Net assets	37,924	19,978
Proportion of the Group's ownership	50%	50%
Group's share of net assets	18,962	9,989
Other adjustments	(3,852)	(1,635)
Carrying amount of the investment	15,110	8,354
Statement of comprehensive income		
Revenue	145,292	91,720
Profit for the year, representing total comprehensive income for the year	15,273	8,097

17. Loan to subsidiaries

As at 31 March 2015, loan to a subsidiary of $836,000 (2014: $770,000) is non-trade, unsecured, and is not expected to be repaid within the next twelve months. The loan bears interest ranging from 4.68% to 4.82% (2014: 5.14% to 5.35%) per annum.

18. Loan to an associate

Loan to an associate is non-trade, unsecured, and is not expected to be repaid within the next twelve months. Interest is chargeable at Thailand's minimum lending rate ("MLR"), ranging from 6.65% to 6.75% (2014: 6.75% to 7.00%) per annum during the year. Loan to an associate is to be settled in cash.

19. Trade and other receivables

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Trade and other receivables (current)					
Trade receivables		10,325	15,092	810	5,915
Goodwill compensation		357	355	357	355
Deposits		2,433	1,395	770	1,034
Recoverables and sundry debtors		2,595	3,361	1,855	2,763
Staff loans		8	17	8	14
		15,718	20,220	3,800	10,081
Other receivables (non-current)					
Deposits		5,486	6,009	2,846	2,299
Total trade and other receivables (current and non-current)		21,204	26,229	6,646	12,380
Add:					
- Loan to subsidiaries	17	–	–	836	770
- Loan to an associate	18	2,297	2,118	–	–
- Amount due from associates	22	49	33	–	–
- Amounts due from subsidiaries	23	–	–	5,386	5,708
- Cash and cash equivalents	24	98,332	116,379	34,109	48,318
Total loans and receivables		121,882	144,759	46,977	67,176

Trade receivables are non-interest bearing and are generally up to 90 day's terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

The goodwill compensation receivable arises from a principal for giving up distribution rights in certain territories/countries in the Asia Pacific region. The goodwill compensation is receivable in eight equal instalments of 250,000 Swiss Franc per annum until year 2011. This receivable is past due more than 1,095 days (2014: 730 days) as at the end of the reporting period but not impaired.

19. Trade and other receivables (cont'd)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to approximately $1,069,000 (2014: $1,327,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2015	**2014**
	$'000	$'000
Trade receivables past due but not impaired:		
Less than 30 days	291	601
30 to 60 days	220	299
61 to 90 days	339	98
91 to 120 days	55	72
More than 120 days	164	257
	1,069	1,327

Trade receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movements of the allowance account used to record the impairment are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Trade receivables – nominal amounts	75	93
Allowance for impairment	(75)	(93)
	–	–
Movements in allowance account:		
At 1 April	93	165
Written back	(17)	(27)
Written Off	–	(41)
Foreign currency translation adjustment	(1)	(4)
At 31 March	75	93

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

19. Trade and other receivables (cont'd)

Other receivables (current) that are impaired

	Group	
	2015	**2014**
	$'000	$'000
Other receivables - nominal amounts	522	478
Allowance for impairment	(522)	(478)
	–	–
Movements in allowance account:		
At 1 April	478	471
Foreign currency translation adjustment	44	7
At 31 March	522	478

The following foreign currency denominated amounts, which differ from the functional currencies of the companies within the Group, are included in trade and other receivables:

	Group	
	2015	**2014**
	$'000	$'000
Swiss Franc	223	210
Australian Dollar	770	236
Singapore Dollar	–	7

20. Deferred tax (liabilities)/assets

	Group						Company	
	Consolidated statement of financial position		Consolidated income statement		Consolidated statement of comprehensive income		Statement of financial position	
	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities								
Differences in depreciation for tax purposes	–	(551)	(557)	(94)	–	–	–	(551)
Provisions	–	528	527	23	–	–	–	528
Fair value adjustment on acquisition of subsidiary	(730)	–	(78)	–	–	–	–	–
	(730)	(23)					–	(23)
Deferred tax assets								
Differences in depreciation for tax purposes	870	1,146	173	(192)	–	–	(306)	–
Revaluation of investment properties to fair value	(1,915)	(1,748)	323	574	–	–	–	–
Revaluation of premises to fair value	(24)	(27)	–	–	–	–	–	–
Provisions	2,231	1,620	(747)	(372)	–	–	580	–
Unrealised foreign exchange (loss)/gain	(29)	33	60	28	–	–	–	–
	1,133	1,024					274	–
			(299)	(33)	–	–		

Tax consequences of proposed dividends

There are no income tax consequences for 2015 and 2014 attached to the dividends to the shareholders proposed by the Company and hence no liability has been recognised in the financial statements (Note 10).

21. Stocks

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Statement of financial position:				
Finished goods				
- at cost	200,964	168,787	110,595	89,312
- at net realisable value	96,976	94,493	64,563	66,383
Total finished goods at lower of cost and net realisable value	297,940	263,280	175,158	155,695
Income statement:				
Inventories recognised as an expense in cost of sales	572,076	528,916	322,770	299,384
Inventories written-down	11,980	7,546	7,924	4,832
Reversal of write-down of inventories	(5,953)	(6,374)	(4,130)	(4,508)

The reversal of write-down of inventories was made when the related inventories were sold above their net realisable value during the year.

22. Amount due from associates

	Group 2015 $'000	Group 2014 $'000
Amount due from associates		
- trade	49	33

This amount represents trade receivables from the associates which are unsecured, non-interest bearing and are repayable on demand.

23. Amount due from subsidiaries

	Company 2015 $'000	Company 2014 $'000
Amounts due from subsidiaries		
- non-trade	5,386	5,708

Non-trade balances with subsidiaries are unsecured, non-interest bearing and repayable on demand.

24. Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following at the end of the reporting period:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Cash and bank balances	62,569	76,088	24,109	48,318
Fixed deposits with banks	35,763	40,291	10,000	–
	98,332	116,379	34,109	48,318

Cash and bank balances and fixed deposits with banks earn interest at floating rates based on bank deposit rates. Fixed deposits with banks are made for varying short term periods depending on the immediate cash requirements of the Group.

The following foreign currency denominated amounts, which differ from the functional currencies of the companies within the Group, are included in cash and cash equivalents:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
United States Dollar	559	126	559	126
Swiss Franc	761	248	753	234
Singapore Dollar	308	335	–	–
Others	141	62	133	55

25. Loans and borrowings

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Current loans and borrowings - unsecured	36,265	39,738	31,000	38,000
Non-current loans and borrowings - secured	24,922	–	–	–
	61,187	39,738	31,000	38,000

25. Loans and borrowings (cont'd)

(a) The Group's unsecured loans and borrowings comprise:

(i) Revolving credits of $32,650,000 (2014: $38,000,000) is repayable within 12 months after the reporting date. Interest is charged at rates ranging from 1.10% to 1.89% (2014: 0.98% to 1.13%) per annum. The loans are denominated in Singapore Dollar.

(ii) Revolving credits of $3,138,000 (2014: $1,738,000) is repayable within 12 months after the reporting date. Interest is charged at rates from 4.55% to 4.86% (2014: 3.93% to 4.18%) per annum. The loans are denominated in Malaysian Ringgit.

(iii) Revolving credit of $477,000 (2014: Nil) is repayable within 12 months after the reporting date. Interest is charged at rates ranging from 3.45% to 3.48% (2014: Nil) per annum. The loans are denominated in Australian Dollar.

The unsecured loans and borrowings of certain subsidiaries are covered by corporate guarantees given by the Company.

(b) The Group's secured loans and borrowings comprise:

(i) Term loan of $3,712,000 (2014: Nil) repayable in March 2018. Interest is charged at a rate of 3.64% per annum (2014: Nil).

(ii) Term loan of $21,210,000 (2014: Nil) repayable in December 2017. An interest rate swap is used to hedge cash flow arising from the interest payments for the floating rate bank loan. The Group pays a fixed rate of interest at 4.04% per annum (2014: Nil) based on the arrangement which has the same maturity terms as the bank loan.

The loans are secured by first mortgage over certain freehold premises (Note 12) and investment properties (Note 13) of the subsidiary and corporate guarantees provided by the Company (Note 31).

The secured loans are denominated in Australian Dollars.

26. Trade and other payables

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Financial liabilities					
Trade payables		13,963	18,080	2,682	3,502
Deposits from customers		7,117	8,067	3,713	4,430
Accruals		5,359	5,447	2,594	3,308
Other payables		1,306	1,377	750	978
		27,745	32,971	9,739	12,218
Non-financial liabilities					
Provisions		16,700	14,649	12,290	10,966
Total trade and other payables		44,445	47,620	22,029	23,184
Financial liabilities		27,745	32,971	9,739	12,218
Add: Loans and borrowings	25	61,187	39,738	31,000	38,000
Total financial liabilities carried at amortised cost		88,932	72,709	40,739	50,218

These amounts are non-interest bearing and are normally settled within the normal trade terms extended.

The following foreign currency denominated amounts, which differ from the functional currencies of the companies within the Group, are included in trade payables:

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Singapore Dollar	–	1,244	–	–
Swiss Franc	2,650	2,554	442	203
Others	115	19	15	19

27. Share capital

	Group and Company			
	2015		2014	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
Balance at beginning of the year	235,004	67,638	235,004	67,638
Sub-division of each of the ordinary share into three (3) ordinary shares (2014: Nil) *	470,008	–	–	–
Balance at end of the year	705,012	67,638	235,004	67,638

* *On 28 November 2014, each ordinary share of the Company was sub-divided into three (3) ordinary shares.*

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

28. Reserves

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Revenue reserve	346,062	302,216	173,112	136,770
Foreign currency translation reserve	(8,071)	(7,095)	–	–
Asset revaluation reserve	3,101	3,101	–	–
Total reserves	341,092	298,222	173,112	136,770

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of premises, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

29. Related party transactions

(a) Sale and purchase of goods and services

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place at terms agreed between the parties during the year:

	Sale of goods	Management fees received	Interest income	Purchase of goods	Rental expenses	Commission paid	Services rendered	Rental income
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2015								
Associates	63	632	146	492	–	–	2	–
Directors of the Company	91	–	–	–	–	–	–	–
Directors of the subsidiaries	208	–	–	23	120	–	–	–
Director-related companies	–	–	–	–	348	–	–	31
Other related entity	–	–	–	–	–	12	–	–
Key management personnel	3	–	–	–	–	–	–	–
2014								
Associates	3	453	162	–	–	–	10	–
Directors of the Company	286	–	–	–	–	–	–	–
Directors of the subsidiaries	146	–	–	–	120	–	–	–
Director-related companies	–	–	–	35	333	–	–	31
Other related entity	–	–	–	–	–	28	–	–
Key management personnel	13	–	–	–	–	–	–	–

29. Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group	
	2015	**2014**
	$'000	$'000
Short-term employee benefits	12,242	10,884
Provident fund contributions	107	142
Total compensation paid to key management personnel	12,349	11,026
Short-term employee benefits paid to the key management personnel comprised:		
- Directors of the Company	8,353	7,326
- Other key management personnel	3,996	3,700
	12,349	11,026

30 Commitments

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Capital expenditure approved and contracted for: furniture and fittings	465	1,013

(b) Operating lease commitments – As lessor

The Group and Company have entered into commercial property leases on its investment properties portfolio as disclosed in Note 13. These non-cancellable leases have varying terms, escalation clauses and renewal rights.

Future minimum lease payments receivable under non-cancellable operating leases at the end of reporting period but not recognised as receivables, are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Not later than one year	2,594	584	548	492
Later than one year but not later than five years	3,508	289	263	289
Later than five years	103	–	–	–
	6,205	873	811	781

30. Commitments (cont'd)

(c) Operating lease commitments – As lessee

The Group and the Company have entered into commercial leases on certain properties under lease agreements that are non-cancellable within the lease period. These leases have varying terms, escalation clauses and renewal rights.

Future minimum lease payments payable under non-cancellable operating leases at the end of reporting period but not recognised as liabilities are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Not later than one year	16,568	19,957	11,587	12,487
Later than one year but not later than five years	31,363	20,961	27,903	12,860
Later than five years	24,259	820	24,259	516
	72,190	41,738	63,749	25,863

31. Contingent liabilities

Guarantees

(a) The Company has provided corporate guarantees to banks for loans amounted to $5,265,000 (2014: $1,738,000) and $5,293,000 (2014: $4,390,000) taken by subsidiaries and associates respectively. The loans are repayable within the next 12 months.

(b) The Company has provided corporate guarantees to a bank for loans amounting to $24,922,000 (Note 25) taken by a subsidiary. The loans are repayable in December 2017 and March 2018.

32. Segment information

Reporting format

The primary segment reporting format is determined to be geographical segments as the operating businesses are organised and managed separately according to the location of the Group assets, with each segment representing a strategic business unit to serve that market.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the country of operation.

Business segment

The Group comprises only one business segment which is the retailing and distribution of watches and jewellery and other luxury products. All relevant information regarding the business segment has been disclosed elsewhere in the financial statements.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between geographical segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between geographical segments. These transfers are eliminated on consolidation.

32. Segment information (cont'd)

Geographical segments

The following table presents revenue, capital expenditure and certain assets and liabilities information regarding the Group's geographical segments as at and for the years ended 31 March 2015 and 2014.

	South East Asia and Australia $'000	North East Asia $'000	Total $'000	Eliminations $'000	Note	Group $'000
2015						
Segment revenue:						
Sales to external customers	633,930	101,008	734,938	–		734,938
Inter-segment sales	103	7,523	7,626	(7,626)	A	–
Interest income	503	176	679	–		679
Other income	32,992	28	33,020	(27,833)	B	5,187
Total revenue and other income	667,528	108,735	776,263	(35,459)		740,804
Segment results:						
Segment results	81,362	15,631	96,993	(27,817)	C	69,176
Finance costs						(901)
Fair value gain on investment properties						1,394
Share of results of associates						5,735
Profit before taxation						75,404
Taxation						(15,689)
Profit for the year						59,715
Other segment information:						
Segment assets	447,838	74,341	522,179	–		522,179
Investment in associates	15,110	–	15,110	–		15,110
Unallocated corporate assets					D	1,133
						538,422
Segment liabilities	98,186	7,678	105,864			105,864
Unallocated corporate liabilities					E	10,602
						116,466
Capital expenditure for the year	50,155	16	50,171	–		50,171
Depreciation and amortisation	7,190	572	7,762	–		7,762

32. Segment information (cont'd)

	South East Asia and Australia $'000	North East Asia $'000	Total $'000	Eliminations $'000	Note	Group $'000
2014						
Segment revenue:						
Sales to external customers	570,547	112,250	682,797	–		682,797
Inter-segment sales	418	10,131	10,549	(10,549)	A	–
Interest income	682	204	886	–		886
Other income	5,923	–	5,923	(663)	B	5,260
Total revenue and other income	577,570	122,585	700,155	(11,212)		688,943
Segment results:						
Segment results	47,185	18,202	65,387	(97)	C	65,290
Finance costs						(489)
Fair value gain on investment properties						3,068
Share of results of associates						2,959
Profit before taxation						70,828
Taxation						(14,462)
Profit for the year						56,366
Other segment information:						
Segment assets	379,010	84,722	463,732	–		463,732
Investment in associates	8,354	–	8,354	–		8,354
Unallocated corporate assets					D	1,024
						473,110
Segment liabilities	80,139	7,459	87,598	–		87,598
Unallocated corporate liabilities					E	8,775
						96,373
Capital expenditure for the year	10,854	417	11,271	–		11,271
Depreciation and amortisation	6,116	566	6,682	–		6,682

32. Segment information (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Inter-company dividends are eliminated on consolidation.

C The following items are added to/(deducted from) segment results to arrive at "Profit before taxation" presented in the consolidated income statement.

	2015 $'000	2014 $'000
Inter-company expenses	(65)	285
Inter-company dividends	(27,752)	(382)
Total	(27,817)	(97)

D The following items are added to segment assets to arrive at total assets presented in the consolidated statement of financial position.

	2015 $'000	2014 $'000
Deferred tax assets	1,133	1,024

E The following items are added to segment liabilities to arrive at total liabilities presented in the consolidated statement of financial position.

	2015 $'000	2014 $'000
Provision for taxation	9,872	8,752
Deferred tax liabilities	730	23
Total	10,602	8,775

33. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key risks include interest rate risk, foreign currency risk, other price risk, liquidity risk and credit risk. The Group reviews and agrees policies and procedures for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

33. Financial risk management objectives and policies (cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its loans and borrowings and its investment portfolio in fixed deposits. The Group's borrowings are predominantly denominated in floating rates and are expected to be repriced at intervals of less than one year from the financial year end. At present, the Group's policy is to obtain the most favourable interest rate arrangements available. An interest rate swap arrangement is used to hedge cash flow arising from the interest payments for a floating rate bank loan (Note 25).

Cash surpluses arising from operations, which are not redeployed as working capital, are placed with reputable banks.

As at the end of the reporting period, if the interest of the floating rate loans and borrowings had been 100 (2014: 100) basis points higher/lower with all other variables held constant, the Group's profit net of tax would have been $473,000 (2014: $328,000) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

Foreign currency risk

The Group has transactional currency exposure arising from purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Swiss Franc (CHF), Australian Dollar (AUD) and United States Dollar (USD).

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances amounted to $1,769,000 and $1,445,000 (2014: $771,000 and $415,000) for the Group and the Company respectively.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The currency exposures are limited to the Australian Dollar (AUD), Hong Kong Dollar (HKD), United States Dollar (USD), Japanese Yen (JPY), Malaysian Ringgit (MYR) and Thai Baht (BAHT). The Group's net investments in foreign operations are not hedged as they are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

At the end of the reporting period, reasonable fluctuations in CHF, AUD and USD against the SGD, with all other variables including tax rate being held constant, did not have a significant impact to the Group's profit net of tax for the years ended 31 March 2015 and 2014.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's exposure to liquidity risk is minimal. As at 31 March 2015, the Group has available cash and cash equivalents totalling approximately $98,332,000 (2014: $116,379,000) to finance its operations.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations of the Group.

Short-term funding may be obtained from short-term loans where necessary.

33. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	2015			2014		
Group	**One year or less** $'000	**One to five years** $'000	**Total** $'000	**One year or less** $'000	**One to five years** $'000	**Total** $'000
Financial assets						
Loan to associates	–	2,756	2,756	–	2,546	2,546
Trade and other receivables	15,718	5,486	21,204	20,220	6,009	26,229
Amount due from associates	49	–	49	33	–	33
Cash and cash equivalents	98,332	–	98,332	116,379	–	116,379
Total undiscounted financial assets	114,099	8,242	122,341	136,632	8,555	145,187
Financial liabilities						
Trade and other payables	27,575	–	27,575	32,913	–	32,913
Loans and borrowings	36,517	27,927	64,444	39,939	–	39,939
Total undiscounted financial liabilities	64,092	27,927	92,019	72,852	–	72,852
Total net undiscounted financial assets/(liabilities)	50,007	(19,685)	30,322	63,780	8,555	72,335
Company						
Financial assets						
Loan to subsidiaries	–	954	954	–	892	892
Trade and other receivables	3,800	2,846	6,646	10,081	2,299	12,380
Amount due from subsidiaries	5,386	–	5,386	5,788	–	5,788
Cash and cash equivalents	34,109	–	34,109	48,318	–	48,318
Total undiscounted financial assets	43,295	3,800	47,095	64,187	3,191	67,378
Financial liabilities						
Trade and other payables	9,650	–	9,650	12,165	–	12,165
Loans and borrowings	31,229	–	31,229	38,194	–	38,194
Total undiscounted financial liabilities	40,879	–	40,879	50,359	–	50,359
Total net undiscounted financial assets	2,416	3,800	6,216	13,828	3,191	17,019

All capital commitments are repayable within one year.

33. Financial risk management objectives and policies (cont'd)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. It is the Group's policy to transact with creditworthy counterparties. In addition, receivable balances are monitored on an on-going basis with the granting of material credit limits to counterparties being reviewed and approved by senior management.

With respect to credit risk arising from other financial instruments (including investment security, cash and cash equivalents), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents, investment security and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19 (trade and other receivables).

There is no significant concentration of credit risk within the Group and the Company.

34. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There was no transfer from Level 1 and Level 2 to Level 3 during the financial years ended 31 March 2015 and 2014.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group			
	2015			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) $'000	**Significant observable inputs other than quoted prices** (Level 2) $'000	**Significant unobservable inputs** (Level 3) $'000	**Total** $'000
Recurring fair value measurements				
Assets				
Financial assets:				
Loans and receivables				
Other receivables (Note 19)	–	–	5,486	5,486
Total financial assets	–	–	5,486	5,486
Non-financial assets:				
Investment properties	–	–	65,442	65,442
Total non-financial assets	–	–	65,442	65,442

34. Fair value of assets and liabilities *(cont'd)*

(b) Assets and liabilities measured at fair value (cont'd)

	Group			
	2014			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) $'000	**Significant observable inputs other than quoted prices** (Level 2) $'000	**Significant unobservable inputs** (Level 3) $'000	**Total**
Recurring fair value measurements				
Assets				
Financial assets:				
Available-for-sale financial assets				
Investment securities	24	–	–	24
Loans and receivables				
Other receivables (Note 19)	–	–	6,009	6,009
Total financial assets	24	–	6,009	6,033
Non-financial assets:				
Investment properties	–	–	21,786	21,786
Total non-financial assets	–	–	21,786	21,786

34. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair Value $'000	Valuation techniques	Unobservable inputs	Range
At 31 March 2015				
Other receivables	5,486	Discounted cash flow	Market incremental lending rate for similar types of borrowings at the balance sheet date [(1)]	1.59%
Investment properties	65,442	Capitalisation approach	Capitalisation rate [(2)]	Offices: 5.50% Shops: 4.75% - 6.00%
		Direct comparison method	Price per square metre [(3)]	Shops: $38,000 - $113,000 Warehouse: $2,400 - $4,100
At 31 March 2014				
Other receivables	6,009	Discounted cash flow	Market incremental lending rate for similar types of borrowings at the balance sheet date [(1)]	1.33%
Investment properties	21,786	Capitalisation approach	Capitalisation rate [(2)]	Offices: 6.25%
		Direct comparison method	Price per square metre [(3)]	Shops: $43,000 - $104,300 Warehouse: $2,500 - $3,300

(1) Any significant isolated increase/(decrease) in these inputs would result in a significantly lower/(higher) fair value measurement.

(2) The fair value measurement varies inversely against the capitalisation rate.

(3) Any significant isolated increase/(decrease) in these inputs would result in a significantly higher/(lower) fair value measurement.

34. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 assets and liabilities measured at fair value

During the year, the Group has recognised gains from fair value adjustments of investment properties which amounted to $1,394,000 (2014: $3,068,000) (Note 13). The disclosure of the movement in the investment properties balance in Note 13 constitutes a reconciliation of the movement of assets which are measured at fair value based on significant unobservable inputs.

(iii) Valuation policies and procedures

The senior management of the Group (the "Management") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Management reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. The Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, the Management reviews the appropriateness of the valuation methodologies and assumptions adopted. The Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the Management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(d) Fair value of financial instruments whose carrying amounts approximate their fair values

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, amounts due from/(to) subsidiaries, loans to subsidiaries and associates, amount due from associates, trade and other payables and loans and borrowings, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares or obtain new borrowings.

36 Authorisation of financial statements for issue

The financial statements for the year ended 31 March 2015 were authorised for issue in accordance with a resolution of the Directors on 2 June 2015.

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STATISTICS OF SHAREHOLDINGS AS AT 8 JUNE 2015

Number of Shares : 705,011,880
Class of Shares : Ordinary
Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	26	1.44	976	0.00
100 - 1,000	70	3.88	33,044	0.00
1,001 - 10,000	582	32.30	3,177,596	0.45
10,001 - 1,000,000	1,095	60.77	58,075,362	8.24
1,000,001 and above	29	1.61	643,724,902	91.31
Total :	**1,802**	**100.00**	**705,011,880**	**100.00**

PUBLIC FLOAT

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited requires a listed company to ensure that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public. The Company has complied with this requirement. As at 8 June 2015, approximately 36.37% of its ordinary shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public. The Company did not have any treasury shares as at 8 June 2015.

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares Direct	%	No. of Shares Deemed	%
TYC Investment Pte Ltd	324,865,191	46.08	-	-
Dr Henry Tay Yun Chwan	56,687,668	8.04	360,146,391 ①	51.08
AMSTAY Pte Ltd	35,281,200	5.00	-	-
Dato' Dr Jannie Chan Siew Lee	23,026,478	3.27	324,865,191 ②	46.08

① Dr Henry Tay Yun Chwan's deemed interests arise from his interests in TYC Investment Pte Ltd and AMSTAY Pte Ltd.

② Dato' Dr Jannie Chan Siew Lee's deemed interest arises from her interest in TYC Investment Pte Ltd.

Note: Percentage levels have been arithmetically rounded to two decimals.

TWENTY LARGEST SHAREHOLDERS AS AT 8 JUNE 2015

No.	Name	No. of Shares	%
1	TYC INVESTMENT PTE LTD	324,865,191	46.08
2	HENRY TAY YUN CHWAN	56,687,668	8.04
3	AMSTAY PTE LTD	35,281,200	5.00
4	HSBC (SINGAPORE) NOMINEES PTE LTD	35,120,508	4.98
5	RAFFLES NOMINEES (PTE) LIMITED	26,674,553	3.78
6	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	23,226,478	3.29
7	PHILLIP SECURITIES PTE LTD	20,208,153	2.87
8	LIM & TAN SECURITIES PTE LTD	19,873,382	2.82
9	DBS NOMINEES (PRIVATE) LIMITED	19,741,790	2.80
10	DB NOMINEES (SINGAPORE) PTE LTD	13,426,500	1.90
11	CITIBANK NOMINEES SINGAPORE PTE LTD	12,370,047	1.75
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	12,301,789	1.74
13	ONG YEK SIANG	6,141,123	0.87
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	4,463,306	0.63
15	UOB KAY HIAN PRIVATE LIMITED	4,028,475	0.57
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,623,135	0.51
17	CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,571,001	0.51
18	BNP PARIBAS SECURITIES SERVICES	3,035,000	0.43
19	CHIA KUM HO	3,015,000	0.43
20	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,222,547	0.32
	Total :	**629,876,846**	**89.34**

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