

THE HOUR GLASS LIMITED
Co. Registration No: 197901972D

Unaudited Second Quarter and Half Year Financial Statement For The Period Ended 30 September 2017

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

		Group					
		Second Quarter ended			Half Year ended		
Note		30 Sep 17	30 Sep 16	Change	30 Sep 17	30 Sep 16	Change
		\$'000	\$'000	%	\$'000	\$'000	%
	Revenue	173,038	163,109	6%	337,411	311,298	8%
	Other income	869	937	-7%	2,363	2,173	9%
	Total revenue and other income	173,907	164,046	6%	339,774	313,471	8%
	Cost of goods sold	134,648	128,256	5%	264,228	242,491	9%
	Salaries and employees benefits	10,957	10,156	8%	20,760	19,704	5%
	Depreciation of property, plant and equipment	1,774	1,794	-1%	3,639	3,553	2%
	Selling and promotion expenses	3,642	3,674	-1%	8,041	7,541	7%
	Rental expenses	7,166	7,385	-3%	14,427	14,441	0%
	Finance costs	347	426	-19%	691	856	-19%
	Foreign exchange (gain)/loss	(96)	(74)	30%	84	222	-62%
	Other operating expenses	2,658	2,595	2%	6,618	4,960	33%
	Total costs and expenses	161,096	154,212	4%	318,488	293,768	8%
	Share of results of associates	998	1,161	-14%	1,515	2,031	-25%
	Profit before taxation	13,809	10,995	26%	22,801	21,734	5%
	Taxation	2,926	2,412	21%	4,802	4,849	-1%
	Profit for the period	10,883	8,583	27%	17,999	16,885	7%
	Profit attributable to:						
	Owners of the Company	10,697	8,317	29%	17,674	16,505	7%
	Non-controlling interests	186	266	-30%	325	380	-14%
		10,883	8,583	27%	17,999	16,885	7%

Note:

(i) Other income

		Group					
		Second Quarter ended			Half Year ended		
		30 Sep 17	30 Sep 16	Change	30 Sep 17	30 Sep 16	Change
		\$'000	\$'000	%	\$'000	\$'000	%
	Rental income	453	586	-23%	787	1,160	-32%
	Interest income	210	148	42%	398	294	35%
	Management fee	195	181	8%	363	335	8%
	Others	11	22	-50%	815	384	112%
		869	937	-7%	2,363	2,173	9%

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

Income Tax

- (Over)/under provision of tax in respect of prior years

Group					
Second Quarter ended			Half Year ended		
30 Sep 17	30 Sep 16	Change	30 Sep 17	30 Sep 16	Change
\$'000	\$'000	%	\$'000	\$'000	%
(12)	102	NM	(12)	102	NM

1(a)(iii) Statement of comprehensive income

Profit for the period

Other comprehensive income:

Item that may be reclassified subsequently to profit or loss:

Foreign currency translation

Other comprehensive (loss)/income for the period, net of tax

Total comprehensive income for the period

Total comprehensive income attributable to:

Owners of the Company

Non-controlling interests

Group					
Second Quarter ended			Half Year ended		
30 Sep 17	30 Sep 16	Change	30 Sep 17	30 Sep 16	Change
\$'000	\$'000	%	\$'000	\$'000	%
10,883	8,583	27%	17,999	16,885	7%
(989)	4,490	NM	(2,312)	1,979	NM
(989)	4,490	NM	(2,312)	1,979	NM
9,894	13,073	-24%	15,687	18,864	-17%
9,953	12,747	-22%	15,696	18,457	-15%
(59)	326	NM	(9)	407	NM
9,894	13,073	-24%	15,687	18,864	-17%

NM – Not Meaningful

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

	Group		Company	
	30 Sep 17 \$'000	31 Mar 17 \$'000	30 Sep 17 \$'000	31 Mar 17 \$'000
Assets				
Non-current assets				
Property, plant and equipment	34,148	37,109	10,819	12,212
Investment properties	71,649	71,825	12,137	12,137
Intangible assets	4,360	4,446	35	75
Investment in subsidiaries	-	-	52,074	52,074
Investment in associates	26,523	24,753	68	-
Loan to subsidiaries	-	-	815	809
Loan to an associate	2,241	2,224	-	-
Other receivables	7,358	7,341	3,698	3,535
Deferred tax assets	585	582	469	469
	146,864	148,280	80,115	81,311
Current assets				
Stocks	301,850	307,354	171,985	176,878
Trade and other receivables	21,066	17,704	6,518	5,779
Prepaid operating expenses	2,018	747	877	275
Amount due from associates	69	70	-	-
Amount due from subsidiaries	-	-	5,849	7,247
Cash and cash equivalents	120,432	124,849	49,212	52,626
	445,435	450,724	234,441	242,805
Total assets	592,299	599,004	314,556	324,116
Equity and liabilities				
Current liabilities				
Loans and borrowings	53,082	51,160	26,000	26,000
Trade and other payables	38,236	46,534	19,698	19,640
Amount due to subsidiaries	-	-	4,956	6,012
Provision for taxation	5,601	6,726	3,533	4,210
	96,919	104,420	54,187	55,862
Net current assets	348,516	346,304	180,254	186,943
Non-current liabilities				
Provisions	247	229	-	-
Deferred tax liabilities	909	1,386	-	-
Other non-current liabilities	1,339	1,171	1,339	1,171
	2,495	2,786	1,339	1,171
Total liabilities	99,414	107,206	55,526	57,033
Net assets	492,885	491,798	259,030	267,083
Equity attributable to owners of the Company				
Share capital	67,638	67,638	67,638	67,638
Reserves	412,435	410,839	191,392	199,445
	480,073	478,477	259,030	267,083
Non-controlling interests	12,812	13,321	-	-
Total equity	492,885	491,798	259,030	267,083
Total equity and liabilities	592,299	599,004	314,556	324,116

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

Amount repayable in one year or less, or on demand

As at 30 Sep 17		As at 31 Mar 17	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
25,083	27,999	25,160	26,000

Amount repayable after one year

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

Details of any collateral

The unsecured term loans of subsidiaries are covered by corporate guarantees given by the Company. Loans of \$25,083,000 (31 March 2017: \$25,160,000) are secured on certain properties of a subsidiary and corporate guarantees given by the Company.

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

	Group			
	Second Quarter ended		Half Year ended	
	30 Sep 17	30 Sep 16	30 Sep 17	30 Sep 16
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before taxation	13,809	10,995	22,801	21,734
Adjustments for:				
Finance costs	347	426	691	856
Interest income	(210)	(148)	(398)	(294)
Depreciation of property, plant and equipment	1,774	1,794	3,639	3,553
Amortisation of intangible assets	43	43	86	86
Foreign currency translation adjustment	115	(144)	7	(41)
Net loss on disposal of property, plant and equipment	-	15	-	76
Share of results of associates	(998)	(1,161)	(1,515)	(2,031)
Operating cash flows before changes in working capital	14,880	11,820	25,311	23,939
Decrease in stocks	13,672	21,084	4,506	8,267
Increase in receivables	(3,436)	(2,854)	(4,131)	(777)
Increase in prepaid operating expenses	(1,085)	(460)	(1,277)	(639)
(Increase)/decrease in amount due from associates	(2)	(4)	2	7
Increase/(decrease) in payables	3,193	2,712	(7,869)	(5,882)
Cash flows from operations	27,222	32,298	16,542	24,915
Income taxes paid	(4,345)	(2,549)	(6,006)	(4,867)
Interest paid	(347)	(426)	(691)	(856)
Interest received	210	148	398	294
Net cash flows from operating activities	22,740	29,471	10,243	19,486
Investing activities				
Investment in an associate	(68)	-	(68)	-
Purchase of property, plant and equipment	(326)	(1,837)	(845)	(6,287)
Net cash flows used in investing activities	(394)	(1,837)	(913)	(6,287)
Financing activities				
Proceeds from loans and borrowings	21,632	5,000	28,018	7,019
Repayment of loans and borrowings	(21,000)	(15,000)	(26,000)	(15,664)
Dividends paid to non-controlling interests	-	-	(500)	(188)
Dividends paid on ordinary shares	(14,100)	(14,100)	(14,100)	(14,100)
Net cash flows used in financing activities	(13,468)	(24,100)	(12,582)	(22,933)
Net increase/(decrease) in cash and cash equivalents	8,878	3,534	(3,252)	(9,734)
Effects of exchange rate changes on cash and cash equivalents	(665)	1,032	(1,165)	1,096
Cash and cash equivalents at beginning of financial period	112,219	80,694	124,849	93,898
Cash and cash equivalents at end of financial period	120,432	85,260	120,432	85,260

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

	Group	
	30 Sep 17	30 Sep 16
	\$'000	\$'000
Cash and bank balances	100,519	60,449
Fixed deposits with banks	19,913	24,811
	120,432	85,260

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

	Share capital \$'000	Foreign currency translation reserve \$'000	Capital Reserve \$'000	Asset revaluation reserve \$'000	Revenue reserve \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Group								
Balance at 1 April 2016	67,638	(13,872)	(142)	3,372	382,876	439,872	12,374	452,246
Total comprehensive income								
Profit for the period	-	-	-	-	8,188	8,188	114	8,302
Other comprehensive income								
Foreign currency translation	-	(2,478)	-	-	-	(2,478)	(33)	(2,511)
Total other comprehensive loss	-	(2,478)	-	-	-	(2,478)	(33)	(2,511)
Total comprehensive (loss)/income	-	(2,478)	-	-	8,188	5,710	81	5,791
Contributions by and distributions to owners								
Dividends paid to non-controlling interests	-	-	-	-	-	-	(188)	(188)
Total transactions with owners	-	-	-	-	-	-	(188)	(188)
Balance at 30 June 2016	67,638	(16,350)	(142)	3,372	391,064	445,582	12,267	457,849
Balance at 1 July 2016	67,638	(16,350)	(142)	3,372	391,064	445,582	12,267	457,849
Total comprehensive income								
Profit for the period	-	-	-	-	8,317	8,317	266	8,583
Other comprehensive income								
Foreign currency translation	-	4,430	-	-	-	4,430	60	4,490
Total other comprehensive income	-	4,430	-	-	-	4,430	60	4,490
Total comprehensive income	-	4,430	-	-	8,317	12,747	326	13,073
Contributions by and distributions to owners								
Dividends on ordinary shares	-	-	-	-	(14,100)	(14,100)	-	(14,100)
Total transactions with owners	-	-	-	-	(14,100)	(14,100)	-	(14,100)
Balance at 30 September 2016	67,638	(11,920)	(142)	3,372	385,281	444,229	12,593	456,822

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

<u>Group</u>	Share capital \$'000	Foreign currency translation reserve \$'000	Capital Reserve \$'000	Asset revaluation reserve \$'000	Revenue reserve \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 April 2017	67,638	(9,865)	(142)	3,372	417,474	478,477	13,321	491,798
Total comprehensive income								
Profit for the period	-	-	-	-	6,977	6,977	139	7,116
Other comprehensive income								
Foreign currency translation	-	(1,234)	-	-	-	(1,234)	(89)	(1,323)
Total other comprehensive loss	-	(1,234)	-	-	-	(1,234)	(89)	(1,323)
Total comprehensive (loss)/income	-	(1,234)	-	-	6,977	5,743	50	5,793
Contributions by and distributions to owners								
Dividends paid to non-controlling interests	-	-	-	-	-	-	(500)	(500)
Total transactions with owners	-	-	-	-	-	-	(500)	(500)
Balance at 30 June 2017	67,638	(11,099)	(142)	3,372	424,451	484,220	12,871	497,091
Balance at 1 July 2017	67,638	(11,099)	(142)	3,372	424,451	484,220	12,871	497,091
Total comprehensive income								
Profit for the period	-	-	-	-	10,697	10,697	186	10,883
Other comprehensive income								
Foreign currency translation	-	(744)	-	-	-	(744)	(245)	(989)
Total other comprehensive loss	-	(744)	-	-	-	(744)	(245)	(989)
Total comprehensive (loss)/income	-	(744)	-	-	10,697	9,953	(59)	9,894
Contributions by and distributions to owners								
Dividends on ordinary shares	-	-	-	-	(14,100)	(14,100)	-	(14,100)
Total transactions with owners	-	-	-	-	(14,100)	(14,100)	-	(14,100)
Balance at 30 September 2017	67,638	(11,843)	(142)	3,372	421,048	480,073	12,812	492,885

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

<u>Company</u>	Share capital \$'000	Revenue reserve \$'000	Total equity \$'000
Balance at 1 April 2016	67,638	185,937	253,575
Total comprehensive income			
Profit for the period	-	2,644	2,644
Total comprehensive income	-	2,644	2,644
Balance at 30 June 2016	67,638	188,581	256,219
Balance at 1 July 2016	67,638	188,581	256,219
Total comprehensive income			
Profit for the period	-	12,608	12,608
Total comprehensive income	-	12,608	12,608
Contributions by and distributions to owners			
Dividends on ordinary shares	-	(14,100)	(14,100)
Total transactions with owners	-	(14,100)	(14,100)
Balance at 30 September 2016	67,638	187,089	254,727

Balance at 1 April 2017	67,638	199,445	267,083
Total comprehensive income			
Profit for the period	-	3,393	3,393
Total comprehensive income	-	3,393	3,393
Balance at 30 June 2017	67,638	202,838	270,476
Balance at 1 July 2017	67,638	202,838	270,476
Total comprehensive income			
Profit for the period	-	2,654	2,654
Total comprehensive income	-	2,654	2,654
Contributions by and distributions to owners			
Dividends on ordinary shares	-	(14,100)	(14,100)
Total transactions with owners	-	(14,100)	(14,100)
Balance at 30 September 2017	67,638	191,392	259,030

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There has been no change in the number of issued shares in the capital of the Company since the end of the previous period reported on.

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

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

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

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

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

Not applicable.

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

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the Company's most recently audited annual financial statements have been applied

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

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and effect of, the change

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

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

	Group			
	Second Quarter ended		Half Year ended	
	30 Sep 17	30 Sep 16	30 Sep 17	30 Sep 16
(a) Weighted average number of ordinary shares for calculation of basic and diluted earnings per share	705,011,880	705,011,880	705,011,880	705,011,880
(b) Basic and diluted earnings per share (cents)	1.52	1.18	2.51	2.34

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

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

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

- (a) current financial period reported on; and
- (b) immediately preceding financial year

	Group		Company	
	30 Sep 17	31 Mar 17	30 Sep 17	31 Mar 17
Number of issued shares	705,011,880	705,011,880	705,011,880	705,011,880
Net asset value per ordinary share (in \$)	0.68	0.68	0.37	0.38

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on**

2Q FY2018 vs 2Q FY2017

Revenue for the quarter ended 30 September 2017 ("2Q FY2018") was 6% higher at \$173.0 million compared to \$163.1 million achieved in the same period last year ("2Q FY2017").

Gross margin was 22.2% (2Q FY2017: 21.4%). Profit after tax was \$10.9 million, an increase of 27% compared to 2Q FY2017.

1H FY2018 vs 1H FY2017

For the 6 month period ended 30 September 2017 ("1H FY2018"), revenue was 8% higher at \$337.4 million (1H FY2017: \$311.3 million) with gross margin at 21.7% (1H FY2017: 22.1%).

Operating expenses were higher as it included a one-time relocation expense of \$1.5 million incurred by The Hour Glass Australia. Profit after tax was \$18.0 million (1H FY2017: \$16.9 million).

As at 30 September 2017, Group inventory was lower at \$301.9 million. Cash and cash equivalents was \$120.4 million. Consolidated net assets were \$480.1 million or \$0.68 per share.

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

The Group's performance for the period under review is in line with the prospect statement in the results announcement for the period ended 30 June 2017.

10. **A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months**

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

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date Payable

Not applicable.

11. Dividend (Cont'd)

(d) Books Closure Date

Not applicable.

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

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

13. If the Company has obtained a general mandate from shareholders for interested person transactions ("IPT mandate"), the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have an IPT mandate.

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

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

Signed by Dr Henry Tay Yun Chwan and Dr Kenny Chan Swee Kheng on behalf of the Board of Directors.

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

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

BY ORDER OF THE BOARD

Christine Chan
Company Secretary
7 November 2017

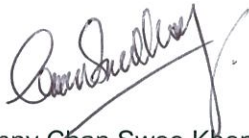
Statement Pursuant to Rule 705(5) of the Listing Manual

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

On behalf of the Board of Directors



Henry Tay Yun Chwan
Executive Chairman



Kenny Chan Swee Kheng
Group Managing Director

Singapore
7 November 2017