

THE HOUR GLASS

THE HOUR GLASS LIMITED

Co. Registration No: 197901972D

Unaudited Second Quarter and Half Year Financial Statement For The Period Ended 30 September 2014

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 14	30 Sep 13	Change	30 Sep 14	30 Sep 13	Change
		\$'000	\$'000	%	\$'000	\$'000	%
	Revenue	164,828	160,386	3%	321,842	315,057	2%
	Other income	954	575	66%	2,551	1,476	73%
	Total revenue and other income	165,782	160,961	3%	324,393	316,533	2%
	Cost of goods sold	128,800	125,073	3%	253,391	246,342	3%
	Salaries and employees benefits	10,071	10,232	-2%	18,947	19,569	-3%
	Depreciation of property, plant and equipment	2,008	1,589	26%	3,900	3,230	21%
	Selling and promotion expenses	3,693	4,638	-20%	8,047	8,717	-8%
	Rental expenses	5,844	5,418	8%	11,400	10,728	6%
	Finance costs	148	122	21%	271	238	14%
	Foreign exchange (gain)/loss	(265)	154	NM	(184)	519	NM
	Other operating expenses	1,590	2,262	-30%	3,833	4,349	-12%
	Total costs and expenses	151,889	149,488	2%	299,605	293,692	2%
	Share of results of associates	1,130	773	46%	1,802	1,120	61%
	Profit before taxation	15,023	12,246	23%	26,590	23,961	11%
	Taxation	2,848	2,469	15%	5,363	5,035	7%
	Profit for the period	12,175	9,777	25%	21,227	18,926	12%
	Profit attributable to:						
	Owners of the Company	11,746	9,459	24%	20,115	18,269	10%
	Non-controlling interests	429	318	35%	1,112	657	69%
		12,175	9,777	25%	21,227	18,926	12%

Note:

(i) Other income

		Group					
		Second Quarter ended			Half Year ended		
		30 Sep 14	30 Sep 13	Change	30 Sep 14	30 Sep 13	Change
		\$'000	\$'000	%	\$'000	\$'000	%
	Rental income	216	242	-11%	461	495	-7%
	Interest income	216	216	0%	391	417	-6%
	Net gain on disposal of property, plant and equipment	-	-	NM	-	32	NM
	Management fee	167	113	48%	316	213	48%
	Others	355	4	8775%	1,383	319	334%
		954	575	66%	2,551	1,476	73%

NM – Not Meaningful

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

No adjustment for under or overprovision of income tax in respect of prior years was made for the periods ended 30 September 2014 and 30 September 2013.

1(a)(iii) Statement of comprehensive income

	Group					
	Second Quarter Ended			Half Year ended		
	30 Sep 14 \$'000	30 Sep 13 \$'000	Change %	30 Sep 14 \$'000	30 Sep 13 \$'000	Change %
Profit for the period	12,175	9,777	25%	21,227	18,926	12%
Other comprehensive income:						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Net change in fair value of investment security	-	(2)	NM	-	3	-100%
Foreign currency translation	(1,459)	(1,584)	-8%	(1,561)	(5,792)	-73%
Other comprehensive loss for the period, net of tax	(1,459)	(1,586)	-8%	(1,561)	(5,789)	-73%
Total comprehensive income for the period	10,716	8,191	31%	19,666	13,137	50%
Total comprehensive income attributable to:						
Owners of the Company	10,069	7,968	26%	18,412	12,413	48%
Non-controlling interests	647	223	190%	1,254	724	73%
	10,716	8,191	31%	19,666	13,137	50%

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 14	31 Mar 14	30 Sep 14	31 Mar 14
	\$'000	\$'000	\$'000	\$'000
Assets				
Non-current assets				
Property, plant and equipment	32,937	33,072	14,005	13,536
Investment properties	21,425	21,786	13,278	13,278
Intangible assets	278	318	278	318
Investment in subsidiaries	-	-	20,459	20,459
Investment in associates	10,317	8,354	-	-
Loan to subsidiaries	-	-	783	770
Loan to an associate	2,152	2,118	-	-
Investment securities	-	24	-	-
Other receivables	5,890	6,009	2,297	2,299
Deferred tax assets	987	1,024	-	-
	73,986	72,705	51,100	50,660
Current assets				
Stocks	295,900	263,280	174,093	155,695
Trade and other receivables	15,057	20,220	7,057	10,081
Prepaid operating expenses	1,038	493	462	157
Amount due from associates	71	33	-	-
Amount due from subsidiaries	-	-	2,705	5,708
Cash and cash equivalents	88,599	116,379	36,541	48,318
	400,665	400,405	220,858	219,959
Total assets	474,651	473,110	271,958	270,619
Equity and liabilities				
Current liabilities				
Loans and borrowings	41,950	39,738	38,000	38,000
Trade and other payables	43,326	47,620	21,662	23,184
Provision for taxation	7,057	8,752	4,043	5,004
	92,333	96,110	63,705	66,188
Net current assets	308,332	304,295	157,153	153,771
Non-current liabilities				
Provisions	220	240	-	-
Deferred tax liabilities	23	23	23	23
	243	263	23	23
Total liabilities	92,576	96,373	63,728	66,211
Net assets	382,075	376,737	208,230	204,408
Equity attributable to owners of the Company				
Share capital	67,638	67,638	67,638	67,638
Reserves	302,534	298,222	140,592	136,770
	370,172	365,860	208,230	204,408
Non-controlling interests	11,903	10,877	-	-
Total equity	382,075	376,737	208,230	204,408
Total equity and liabilities	474,651	473,110	271,958	270,619

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 14		As at 31 Mar 14	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	41,950	-	39,738

Amount repayable after one year

As at 30 Sep 14		As at 31 Mar 14	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	-	-	-

Details of any collateral

The unsecured term loans of subsidiaries are covered by 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 14	30 Sep 13	30 Sep 14	30 Sep 13
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before taxation	15,023	12,246	26,590	23,961
Adjustments for:				
Finance costs	148	122	271	238
Interest income	(216)	(216)	(391)	(417)
Depreciation of property, plant and equipment	2,008	1,589	3,900	3,230
Amortisation of intangible assets	21	21	41	41
Foreign currency translation adjustment	(408)	(79)	(289)	(54)
Net gain on disposal of property, plant and equipment	-	-	-	(32)
Gain on disposal of investment in quoted shares	(168)	-	(168)	-
Share of results of associates	(1,130)	(773)	(1,802)	(1,120)
Operating cash flows before changes in working capital	15,278	12,910	28,152	25,847
(Increase)/decrease in stocks	(2,894)	3,457	(33,349)	(9,623)
Decrease/(increase) in receivables	2,786	(3,369)	5,163	(4,596)
Increase in prepaid operating expenses	(141)	(362)	(556)	(562)
Decrease/(increase) in amount due from associates	7	419	(37)	386
Increase/(decrease) in payables	8,551	3,831	(3,756)	2,504
Cash flows from/(used in) operations	23,587	16,886	(4,383)	13,956
Income taxes paid	(4,101)	(3,853)	(6,901)	(5,579)
Interest paid	(148)	(122)	(271)	(238)
Interest received	216	216	391	417
Net cash flows from/(used in) operating activities	19,554	13,127	(11,164)	8,556
Investing activities				
Additions to intangible assets	-	-	-	(399)
Proceeds from disposal of property, plant and equipment	-	-	-	32
Proceeds on disposal of investment of quoted shares	192	-	192	-
Purchase of property, plant and equipment	(2,277)	(1,170)	(4,190)	(2,548)
Net cash flows used in investing activities	(2,085)	(1,170)	(3,998)	(2,915)
Financing activities				
Proceeds from loans and borrowings	1,430	15,355	2,203	15,355
Repayment of loans and borrowings	-	(6,946)	-	(14,330)
Dividends paid to non-controlling interests	(228)	-	(228)	(66)
Dividends paid on ordinary shares	(14,100)	(12,925)	(14,100)	(12,925)
Net cash flows used in financing activities	(12,898)	(4,516)	(12,125)	(11,966)
Net increase/(decrease) in cash and cash equivalents	4,571	7,441	(27,287)	(6,325)
Effects of exchange rate changes on cash and cash equivalents	(267)	(275)	(493)	(1,250)
Cash and cash equivalents at beginning of financial period	84,295	64,795	116,379	79,536
Cash and cash equivalents at end of financial period	88,599	71,961	88,599	71,961

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

	30 Sep 14	30 Sep 13
	\$'000	\$'000
Cash and bank balances	66,184	37,581
Fixed Deposits with banks	22,415	34,380
	88,599	71,961

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	Fair value adjustment 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
Total comprehensive income								
Profit for the period	-	-	-	-	8,810	8,810	339	9,149
Other comprehensive income								
Net change in fair value of investment security	-	-	5	-	-	5	-	5
Foreign currency translation	-	(4,370)	-	-	-	(4,370)	162	(4,208)
Total other comprehensive income	-	(4,370)	5	-	-	(4,365)	162	(4,203)
Total comprehensive income	-	(4,370)	5	-	8,810	4,445	501	4,946
Contributions by and distributions to owners								
Dividends paid to non-controlling interests	-	-	-	-	-	-	(66)	(66)
Total transactions with owners	-	-	-	-	-	-	(66)	(66)
Balance at 30 Jun 2013	67,638	(4,678)	5	3,101	269,015	335,081	10,074	345,155
Balance at 1 July 2013	67,638	(4,678)	5	3,101	269,015	335,081	10,074	345,155
Total comprehensive income								
Profit for the period	-	-	-	-	9,459	9,459	318	9,777
Other comprehensive income								
Net change in fair value of investment security	-	-	(2)	-	-	(2)	-	(2)
Foreign currency translation	-	(1,489)	-	-	-	(1,489)	(95)	(1,584)
Total other comprehensive income	-	(1,489)	(2)	-	-	(1,491)	(95)	(1,586)
Total comprehensive income	-	(1,489)	(2)	-	9,459	7,968	223	8,191
Contributions by and distributions to owners								
Dividends on ordinary shares	-	-	-	-	(12,925)	(12,925)	-	(12,925)
Total transactions with owners	-	-	-	-	(12,925)	(12,925)	-	(12,925)
Balance at 30 September 2013	67,638	(6,167)	3	3,101	265,549	330,124	10,297	340,421

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

	Share capital \$'000	Foreign currency translation reserve \$'000	Fair value adjustment 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 2014	67,638	(7,095)	-	3,101	302,216	365,860	10,877	376,737
Total comprehensive income								
Profit for the period	-	-	-	-	8,369	8,369	683	9,052
Other comprehensive income								
Foreign currency translation	-	(26)	-	-	-	(26)	(76)	(102)
Total other comprehensive income	-	(26)	-	-	-	(26)	(76)	(102)
Total comprehensive income	-	(26)	-	-	8,369	8,343	607	8,950
Balance at 30 Jun 2014	67,638	(7,121)	-	3,101	310,585	374,203	11,484	385,687
Balance at 1 July 2014	67,638	(7,121)	-	3,101	310,585	374,203	11,484	385,687
Total comprehensive income								
Profit for the period	-	-	-	-	11,746	11,746	429	12,175
Other comprehensive income								
Foreign currency translation	-	(1,677)	-	-	-	(1,677)	218	(1,459)
Total other comprehensive income	-	(1,677)	-	-	-	(1,677)	218	(1,459)
Total comprehensive income	-	(1,677)	-	-	11,746	10,069	647	10,716
Contributions by and distributions to owners								
Dividends on ordinary shares	-	-	-	-	(14,100)	(14,100)	-	(14,100)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(228)	(228)
Total transactions with owners	-	-	-	-	(14,100)	(14,100)	(228)	(14,328)
Balance at 30 September 2014	67,638	(8,798)	-	3,101	308,231	370,172	11,903	382,075

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 2013	67,638	127,463	195,101
Total comprehensive income			
Profit for the period	-	1,719	1,719
Total comprehensive income	-	1,719	1,719
Balance at 30 June 2013	67,638	129,182	196,820
Balance at 1 July 2013	67,638	129,182	196,820
Total comprehensive income			
Profit for the period	-	2,542	2,542
Total comprehensive income	-	2,542	2,542
Contributions by and distributions to owners			
Dividends on ordinary shares	-	(12,925)	(12,925)
Total transactions with owners	-	(12,925)	(12,925)
Balance at 30 September 2013	67,638	118,799	186,437
Balance at 1 April 2014	67,638	136,770	204,408
Total comprehensive income			
Profit for the period	-	833	833
Total comprehensive income	-	833	833
Balance at 30 June 2014	67,638	137,603	205,241
Balance at 1 July 2014	67,638	137,603	205,241
Total comprehensive income			
Profit for the period	-	17,089	17,089
Total comprehensive income	-	17,089	17,089
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 2014	67,638	140,592	208,230

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the 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

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.

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 14	31 Mar 14
235,003,960	235,003,960

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

Not applicable.

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

The figures have not been audited or reviewed by the 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 2014, 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 2014. 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 14	30 Sep 13	30 Sep 14	30 Sep 13
(a) Weighted average number of ordinary shares for calculation of basic and diluted earnings per share	235,003,960	235,003,960	235,003,960	235,003,960
(b) Basic and diluted earnings per share (cents)	5.00	4.02	8.56	7.77

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 2014.

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 14	31 Mar 14	30 Sep 14	31 Mar 14
Number of issued shares	235,003,960	235,003,960	235,003,960	235,003,960
Net asset value per ordinary share (in \$)	1.58	1.56	0.89	0.87

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 FY2015 vs 2Q FY2014

Revenue for the quarter ended 30 Sep 2014 ("2Q FY2015") was \$164.8 million compared to \$160.4 million achieved in the same period last year ("2Q FY2014").

Gross margin maintained at 21.9% (2Q FY2014: 22.0%) despite a more competitive retail landscape. Operating expenses were lower due management's focus on controlling costs. Profit after tax was \$12.2 million, an increase of 25% compared to 2Q FY2014.

1H FY2015 vs 1H FY2014

For the 6 month period ended 30 Sep 2014 ("1H FY2015"), revenue was \$321.8 million (1H FY2014: \$315.1 million).

Gross margin dipped marginally to 21.3% (1H FY2014: 21.8%) due to the keener competition. Lower operating expense and improved contributions by associates resulted in a higher profit after tax, increasing 12% to \$21.2 million from 1H FY2014.

As at 30 Sep 2014, group inventory was \$295.9 million. Cash and cash equivalents were \$88.6 million. Consolidated net assets were \$370.2 million or \$1.58 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 2014.

- 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 economic and political uncertainty is expected to continue and affect consumer sentiment and the demand for watches and luxury goods.

Barring any unforeseen circumstances, the Group expects to remain 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

(d) Books Closure Date

Not applicable

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

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

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

The Company does not have an IPT mandate.

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

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company (comprising the statements of financial position, statements of changes in equity, consolidated income statement, consolidated statement of comprehensive income, and consolidated statement of cash flow together with their accompanying notes) for the six months ended 30 September 2014 to be false or misleading in any material respect.

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

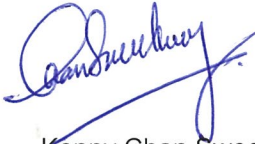
BY ORDER OF THE BOARD

Christine Chan
Company Secretary
13 November 2014

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 2014 to be false or misleading in any material respect.

On behalf of the Board of Directors



Kenny Chan Swee Kheng
Group Managing Director



Michael Tay Wee Jin
Executive Director

Singapore
13 November 2014