

THE HOUR GLASS

THE HOUR GLASS LIMITED

Co. Registration No: 197901972D

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

	Note	Group		
		First Quarter ended		
		30 Jun 14 \$'000	30 Jun 13 \$'000	Change %
Revenue	(i)	157,015	154,671	2%
Other income		1,597	900	77%
Total revenue and other income		158,612	155,571	2%
Cost of goods sold		124,591	121,268	3%
Salaries and employees benefits		8,876	9,337	-5%
Depreciation of property, plant and equipment		1,892	1,641	15%
Selling and promotion expenses		4,354	4,079	7%
Rental expenses		5,556	5,311	5%
Finance costs		124	116	7%
Foreign exchange loss		81	365	-78%
Other operating expenses		2,244	2,085	8%
Total costs and expenses		147,718	144,202	2%
Share of results of associates		673	346	95%
Profit before taxation		11,567	11,715	-1%
Taxation		2,515	2,566	-2%
Profit for the period		9,052	9,149	-1%
Profit attributable to:				
Owners of the Company		8,369	8,810	-5%
Non-controlling interests		683	339	101%
		9,052	9,149	-1%

Note:

(i) Other income

	Group		
	First Quarter ended		
	30 Jun 14 \$'000	30 Jun 13 \$'000	Change %
Rental income	244	253	-4%
Interest income	175	200	-13%
Net gain on disposal of property, plant and equipment	-	32	NM
Management fee	149	100	49%
Others	1,029	315	227%
	1,597	900	77%

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 June 2014 and 30 June 2013.

1(a)(iii) Statement of comprehensive income

	Group		
	First Quarter Ended		
	30 Jun 14 \$'000	30 Jun 13 \$'000	Change %
Profit for the period	9,052	9,149	-1%
Other comprehensive income:			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Net change in fair value of investment security	-	5	NM
Foreign currency translation	(102)	(4,208)	-98%
Other comprehensive loss for the period, net of tax	(102)	(4,203)	-98%
Total comprehensive income for the period	8,950	4,946	81%
Total comprehensive income attributable to:			
Owners of the Company	8,343	4,445	88%
Non-controlling interests	607	501	21%
	8,950	4,946	81%

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

	Group		Company	
	30 Jun 14	31 Mar 14	30 Jun 14	31 Mar 14
	\$'000	\$'000	\$'000	\$'000
Assets				
Non-current assets				
Property, plant and equipment	33,177	33,072	14,068	13,536
Investment properties	21,872	21,786	13,278	13,278
Intangible assets	298	318	298	318
Investment in subsidiaries	-	-	20,459	20,459
Investment in associates	8,962	8,354	-	-
Loan to subsidiaries	-	-	765	770
Loan to an associate	2,102	2,118	-	-
Investment securities	24	24	-	-
Other receivables	5,998	6,009	2,297	2,299
Deferred tax assets	1,033	1,024	-	-
	73,466	72,705	51,165	50,660
Current assets				
Stocks	293,759	263,280	172,206	155,695
Trade and other receivables	17,817	20,220	8,304	10,081
Prepaid operating expenses	910	493	513	157
Amount due from associates	77	33	-	-
Amount due from subsidiaries	-	-	6,441	5,708
Cash and cash equivalents	84,295	116,379	24,598	48,318
	396,858	400,405	212,062	219,959
Total assets	470,324	473,110	263,227	270,619
Equity and liabilities				
Current liabilities				
Loans and borrowings	40,513	39,738	38,000	38,000
Trade and other payables	35,389	47,620	14,731	23,184
Provision for taxation	8,482	8,752	5,232	5,004
	84,384	96,110	57,963	66,188
Net current assets	312,474	304,295	154,099	153,771
Non-current liabilities				
Provisions	230	240	-	-
Deferred tax liabilities	23	23	23	23
	253	263	23	23
Total liabilities	84,637	96,373	57,986	66,211
Net assets	385,687	376,737	205,241	204,408
Equity attributable to owners of the Company				
Share capital	67,638	67,638	67,638	67,638
Reserves	306,565	298,222	137,603	136,770
	374,203	365,860	205,241	204,408
Non-controlling interests	11,484	10,877	-	-
Total equity	385,687	376,737	205,241	204,408
Total equity and liabilities	470,324	473,110	263,227	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 Jun 14		As at 31 Mar 14	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	40,513	-	39,738

Amount repayable after one year

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

Details of any collateral

The unsecured term loans of a subsidiary 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.

Operating activities

Profit before taxation

Adjustments for:

Finance costs

Interest income

Depreciation of property, plant and equipment

Amortisation of intangible assets

Foreign currency translation adjustment

Net gain on disposal of property, plant and equipment

Share of results of associates

Operating cash flows before changes in working capital

Increase in stocks

Decrease/(increase) in receivables

Increase in prepaid operating expenses

Increase in amount due from associates

Decrease in payables

Cash flows used in operations

Income taxes paid

Interest paid

Interest received

Net cash flows used in operating activities

Investing activities

Additions to intangible assets

Proceeds from disposal of property, plant and equipment

Purchase of property, plant and equipment

Net cash flows used in investing activities

Financing activities

Proceeds from loans and borrowings

Repayment of loans and borrowings

Dividends paid to non-controlling interests

Net cash flows from/(used in) financing activities

Net decrease in cash and cash equivalents

Effects of exchange rate changes on cash and cash equivalents

Cash and cash equivalents at 1 April

Cash and cash equivalents at 30 June

Group	
First Quarter ended	
30 Jun 14	30 Jun 13
\$'000	\$'000
11,567	11,715
124	116
(175)	(200)
1,892	1,641
20	20
(2)	24
-	(32)
(673)	(346)
12,753	12,938
(30,455)	(13,080)
2,377	(1,227)
(415)	(200)
(44)	(33)
(12,307)	(1,327)
(28,091)	(2,929)
(2,799)	(1,726)
(124)	(116)
175	200
(30,839)	(4,571)
-	(399)
-	32
(1,913)	(1,378)
(1,913)	(1,745)
773	-
-	(7,384)
-	(66)
773	(7,450)
(31,979)	(13,766)
(105)	(975)
116,379	79,536
84,295	64,795

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

Cash and bank balances

Fixed Deposits with banks

30 Jun 14	30 Jun 13
\$'000	\$'000
46,808	39,311
37,487	25,484
84,295	64,795

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.

Group

Balance at 1 April 2013

Total comprehensive income

Profit for the period

Other comprehensive income

Net change in fair value of investment security

Foreign currency translation

Total other comprehensive income

Total comprehensive income

Contributions by and distributions to owners

Dividends paid to non-controlling interests

Total transactions with owners

Balance at 30 Jun 2013

	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
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 April 2014

Total comprehensive income

Profit for the period

Other comprehensive income

Foreign currency translation

Total other comprehensive income

Total comprehensive income

Balance at 30 Jun 2014

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

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

Company

Balance at 1 April 2013

Total comprehensive income

Profit for the period

Total comprehensive income

Balance at 30 June 2013

Share capital \$'000	Revenue reserve \$'000	Total equity \$'000
67,638	127,463	195,101
-	1,719	1,719
-	1,719	1,719
67,638	129,182	196,820

Balance at 1 April 2014

Total comprehensive income

Profit for the period

Total comprehensive income

Balance at 30 June 2014

67,638	136,770	204,408
-	833	833
-	833	833
67,638	137,603	205,241

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 Jun 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	
	First Quarter Ended	
	30 Jun 14	30 Jun 13
(a) Weighted average number of ordinary shares for calculation of basic and diluted earnings per share	235,003,960	235,003,960
(b) Basic and diluted earnings per share (cents)	3.56	3.75

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

There is no dilutive effect for EPS as the Company does not have any outstanding share convertibles as at 30 June 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 Jun 14	31 Mar 14	30 Jun 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 \$)	1.59	1.56	0.87	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**

Revenue for the quarter ended 30 June 2014 ("1Q FY2015") was \$157.0 million compared to \$154.7 million achieved in the same period last year ("1Q FY2014").

Gross margin was lower at 20.7% (1Q FY2014: 21.6%) due to a more competitive retail environment. Operating expenses were higher resulting from rental and depreciation expenses. Profit after tax was comparable at \$9.1 million.

As at 30 June 2014, group inventory was \$293.8 million. Cash and cash equivalents were \$84.3 million. Consolidated net assets were \$374.2 million or \$1.59 per share.

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

The Group's performance for the period under review is in line with the prospect statement in the results announcement for the year ended 31 March 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 three months ended 30 June 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
5 August 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 three months ended 30 June 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
5 August 2014