

THE HOUR GLASS

THE HOUR GLASS LIMITED

Co. Registration No: 197901972D

Unaudited First Quarter Financial Statement For The Period Ended 30 June 2015

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

		Group		
		First Quarter ended		
	Note	30 Jun 15	30 Jun 14	Change
		\$'000	\$'000	%
Revenue		159,343	157,015	1%
Other income	(i)	1,277	1,597	-20%
Total revenue and other income		160,620	158,612	1%
Cost of goods sold		122,990	124,591	-1%
Salaries and employees benefits		10,334	8,876	16%
Depreciation of property, plant and equipment		1,574	1,892	-17%
Selling and promotion expenses		4,522	4,354	4%
Rental expenses		6,411	5,556	15%
Finance costs		403	124	225%
Foreign exchange loss		222	81	174%
Other operating expenses		2,355	2,244	5%
Total costs and expenses		148,811	147,718	1%
Share of results of associates		1,845	673	174%
Profit before taxation		13,654	11,567	18%
Taxation		2,864	2,515	14%
Profit for the period		10,790	9,052	19%
Profit attributable to:				
Owners of the Company		10,474	8,369	25%
Non-controlling interests		316	683	-54%
		10,790	9,052	19%

Note:

(i) Other income

		Group		
		First Quarter ended		
		30 Jun 15	30 Jun 14	Change
		\$'000	\$'000	%
Rental income		700	244	187%
Interest income		133	175	-24%
Management fee		171	149	15%
Others		273	1,029	-73%
		1,277	1,597	-20%

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 2015 and 30 June 2014.

1(a)(iii) Statement of comprehensive income

	Group		
	First Quarter Ended		
	30 Jun 15 \$'000	30 Jun 14 \$'000	Change %
Profit for the period	10,790	9,052	19%
Other comprehensive income:			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Foreign currency translation	(5,523)	(102)	5315%
Other comprehensive loss for the period, net of tax	(5,523)	(102)	5315%
Total comprehensive income for the period	5,267	8,950	-41%
Total comprehensive income attributable to:			
Owners of the Company	5,177	8,343	-38%
Non-controlling interests	90	607	-85%
	5,267	8,950	-41%

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 15	31 Mar 15	30 Jun 15	31 Mar 15
	\$'000	\$'000	\$'000	\$'000
Assets				
Non-current assets				
Property, plant and equipment	30,092	31,504	11,116	11,986
Investment properties	64,175	65,442	13,576	13,576
Intangible assets	4,749	4,796	217	237
Investment in subsidiaries	-	-	50,459	50,459
Investment in associates	16,177	15,110	-	-
Loan to subsidiaries	-	-	794	836
Loan to an associate	2,183	2,297	-	-
Other receivables	7,038	5,486	3,525	2,846
Deferred tax assets	1,113	1,133	274	274
	125,527	125,768	79,961	80,214
Current assets				
Stocks	325,888	297,940	192,080	175,158
Trade and other receivables	19,619	15,718	10,159	3,800
Prepaid operating expenses	973	615	442	198
Amount due from associates	91	49	-	-
Amount due from subsidiaries	-	-	4,801	5,386
Cash and cash equivalents	74,527	98,332	12,842	34,109
	421,098	412,654	220,324	218,651
Total assets	546,625	538,422	300,285	298,865
Equity and liabilities				
Current liabilities				
Loans and borrowings	38,388	36,265	31,000	31,000
Trade and other payables	46,362	44,445	20,172	22,029
Provision for taxation	9,411	9,872	5,734	5,086
	94,161	90,582	56,906	58,115
Net current assets	326,937	322,072	163,418	160,536
Non-current liabilities				
Loans and borrowings	24,313	24,922	-	-
Provisions	245	232	-	-
Deferred tax liabilities	683	730	-	-
	25,241	25,884	-	-
Total liabilities	119,402	116,466	56,906	58,115
Net assets	427,223	421,956	243,379	240,750
Equity attributable to owners of the Company				
Share capital	67,638	67,638	67,638	67,638
Reserves	346,269	341,092	175,741	173,112
	413,907	408,730	243,379	240,750
Non-controlling interests	13,316	13,226	-	-
Total equity	427,223	421,956	243,379	240,750
Total equity and liabilities	546,625	538,422	300,285	298,865

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 15		As at 31 Mar 15	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
-	38,388	-	36,265

Amount repayable after one year

As at 30 Jun 15		As at 31 Mar 15	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
24,313	-	24,922	-

Details of any collateral

The unsecured term loans of subsidiaries are covered by corporate guarantees given by the Company. Loans of \$24,313,100 (31 March 2015: \$24,921,750) are secured on certain properties of a subsidiary and corporate guarantees given by the Company.

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

	Group	
	First Quarter ended	
	30 Jun 15	30 Jun 14
	\$'000	\$'000
Operating activities		
Profit before taxation	13,654	11,567
Adjustments for:		
Finance costs	403	124
Interest income	(133)	(175)
Depreciation of property, plant and equipment	1,574	1,892
Amortisation of intangible assets	47	20
Foreign currency translation adjustment	107	(2)
Share of results of associates	(1,845)	(673)
Operating cash flows before changes in working capital	13,807	12,753
Increase in stocks	(30,605)	(30,455)
(Increase)/decrease in receivables	(5,810)	2,377
Increase in prepaid operating expenses	(369)	(415)
Increase in amount due from associates	(44)	(44)
Increase/(decrease) in payables	2,543	(12,307)
Cash flows used in operations	(20,478)	(28,091)
Income taxes paid	(3,225)	(2,799)
Interest paid	(403)	(124)
Interest received	133	175
Net cash flows used in operating activities	(23,973)	(30,839)
Investing activities		
Purchase of property, plant and equipment	(608)	(1,913)
Net cash flows used in investing activities	(608)	(1,913)
Financing activities		
Proceeds from loans and borrowings	2,722	773
Repayment of loans and borrowings	(477)	-
Net cash flows from financing activities	2,245	773
Net decrease in cash and cash equivalents	(22,336)	(31,979)
Effects of exchange rate changes on cash and cash equivalents	(1,469)	(105)
Cash and cash equivalents at 1 April	98,332	116,379
Cash and cash equivalents at 30 June	74,527	84,295

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

	Group	
	30 Jun 15	30 Jun 14
	\$'000	\$'000
Cash and bank balances	50,829	46,808
Fixed Deposits with banks	23,698	37,487
	74,527	84,295

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	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 June 2014	67,638	(7,121)	3,101	310,585	374,203	11,484	385,687

Balance at 1 April 2015	67,638	(8,071)	3,101	346,062	408,730	13,226	421,956
Total comprehensive income							
Profit for the period	-	-	-	10,474	10,474	316	10,790
Other comprehensive income							
Foreign currency translation	-	(5,297)	-	-	(5,297)	(226)	(5,523)
Total other comprehensive income	-	(5,297)	-	-	(5,297)	(226)	(5,523)
Total comprehensive income	-	(5,297)	-	10,474	5,177	90	5,267
Balance at 30 June 2015	67,638	(13,368)	3,101	356,536	413,907	13,316	427,223

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 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 April 2015	67,638	173,112	240,750
Total comprehensive income			
Profit for the period	-	2,629	2,629
Total comprehensive income	-	2,629	2,629
Balance at 30 June 2015	67,638	175,741	243,379

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 15	31 Mar 15
705,011,880	705,011,880

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 2015, 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 2015. The adoption of these new/revised "FRSs" and "INT FRSs" does not result in substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

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

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

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

Group	
First Quarter Ended	
30 Jun 15	30 Jun 14
705,011,880	705,011,880
1.49	1.19

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

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 2015.

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 15	31 Mar 15	30 Jun 15	31 Mar 15
Number of issued shares	705,011,880	705,011,880	705,011,880	705,011,880
Net asset value per ordinary share (in \$)	0.59	0.58	0.35	0.34

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 2015 ("1Q FY2016") was \$159.3 million compared to \$157.0 million achieved in the same period last year ("1Q FY2015").

Gross margin was higher at 22.8% (1Q FY2015: 20.7%). Operating expenses, including rental and staff costs, were higher due to the expanded retail network. Profit after tax of \$10.8 million was a 19.2% increase compared to 1Q FY2015.

As at 30 June 2015, group inventory was \$325.9 million. Cash and cash equivalents were \$74.5 million. Consolidated net assets were \$413.9 million or \$0.59 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 2015.
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 continuing global economic and political uncertainty is expected to 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/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 three months ended 30 June 2015 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
6 August 2015

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 2015 to be false or misleading in any material respect.

On behalf of the Board of Directors



Kenny Chan Swee Kheng
Group Managing Director



Michael Tay Wee Jin
Group Managing Director

Singapore
6 August 2015